AGRA Kenya Operational Plan
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>ASDS</td>
<td>Agriculture Sector Development Strategy</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>EAC</td>
<td>East Africa Community</td>
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<tr>
<td>CAADP</td>
<td>Comprehensive Africa Agriculture Development Programme</td>
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<td>MOALF</td>
<td>Ministry of Agriculture Livestock and Fisheries</td>
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<td>COG</td>
<td>Council of Governors</td>
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<td>CS</td>
<td>Cabinet Secretary</td>
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<td>MTIP</td>
<td>Medium Term Investment Plan</td>
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<td>ASWG</td>
<td>Agriculture Sector Working Group</td>
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<td>WRS</td>
<td>Warehouse Receipt System</td>
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<td>GODAN</td>
<td>Global Open Data on Agriculture and Nutrition</td>
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<td>JKIA</td>
<td>Jomo Kenyatta International Airport</td>
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<td>MT</td>
<td>Metric Tonne</td>
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<tr>
<td>FO</td>
<td>Farmer Organization</td>
</tr>
<tr>
<td>GOK</td>
<td>Government of Kenya</td>
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<td>MTP</td>
<td>Medium term Plan</td>
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<td>ARD</td>
<td>Agriculture and Rural Development Donor Group</td>
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<td>PROFIT</td>
<td>Program for Rural Outreach in Financial Innovations and Technologies</td>
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<td>JASSCOM</td>
<td>Joint Agriculture Sector Steering Committee Meeting</td>
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<td>JAS</td>
<td>Joint Agriculture Secretariat</td>
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<td>JATESC</td>
<td>Joint Agriculture Technical Steering Committee</td>
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<tr>
<td>IGTRC</td>
<td>Intergovernmental Relations Technical Committee</td>
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<td>IGR</td>
<td>Intergovernmental Relations Summit</td>
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<td>IGF</td>
<td>Intergovernmental Forum on Agriculture</td>
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Executive Summary

Kenya is a country with strong fundamentals boasting a GDP growth of 5.6% p.a. and a vast and vibrant agricultural sector that contributes 30% to the GDP, 65% of all exports and employs more than 75% of the country’s population. In response to changes in Kenya’s macro economic context and country constitutional shift to a devolved structure, Kenya is developing a new agricultural strategy and positioning itself to transform its agricultural systems and increase the productivity and income of smallholder farmers. There is a great likelihood of successful transformation given the high agricultural potential, vibrant private sector ready to invest in agriculture and government commitment.

However, the Kenyan agricultural sector still faces constraints that prevent it from becoming competitive and fostering inclusive economic growth. These constraints include (1) weak sector coordination mechanisms and limited evidence-based policy making, (2) unstructured value chains limiting access to major grain markets and high post harvest losses, (3) lack of resilience to climate change (4) limited access to agriculture credit currently at 4%

AGRA’s strategy prioritizes initiatives that complement the work of other actors to significantly increase smallholder farmers’ income, food security and nutrition by driving productivity, strengthening linkages between market and production systems, supporting government to deliver on its priorities and supporting development of an improved enabling environment. AGRA’s strategy emphasizes gender inclusive transformation through gender integrated approaches to drive equitable access to inputs, finance and agriculture education. The strategy draws heavily from lessons learned from AGRA’s past investments totaling ~$43 million in Kenya’s agriculture in input systems development, market development and post harvest management. AGRA priority and investment will focus on the following strategic choices:

• Support to the government on planning, coordination and implementation and creation of a private sector enabling environment: Partnering with the Government of Kenya in the review of the sector strategy (ASDS) with the view of identifying and operationalizing flagship projects that will drive sector growth and strengthen the agricultural sector coordination and delivery.

• Scaling up system and farmer level initiatives in four selected priority value chains selected due to their strategic importance for food security, nutrition and income growth. In these value chains AGRA will seek to:
  ✓ Unblock systemic issues around access to markets, inputs and finance, participation of women and youth in Agriculture
  ✓ Expanded market access through value addition, structured trade, quality enhancement and aggregation
  ✓ Address policy issues constraining private sector investment

Targeted interventions will address critical resource gaps to catalyze private and public sector investments in each of the 4 value chains with the overall goal of impacting 1.65 million smallholder farmers over the next 5 years. The cost of this five-year plan is estimated to be USD 25M.
Kenya’s Agricultural Context
Kenya’s Agricultural agenda is shaped by a few macroeconomic and contextual factors

1. Kenya GDP growth rate reached 5.6% in 2015 with Agriculture growing by 6.2%, growth driven by cash crops
   - Main contributors to the economy are agriculture (30%), industry and manufacturing, services (including tourism, financial services, wholesale and retail trade, real estate)
   - Agriculture GDP is driven by Horticulture and cash crops
   - Annual growth of the agri. sector has fluctuated between 2% and 6.2% peaking at 6.2% in 2015
   - Sector provides 65% towards exports and employs 75% of the population
   - Women comprise 50% - 80% of production labour force in Ag but receive only 1% of agriculture credit and 7% of extension services compared to men

2. The current Government has prioritized a number of investments to food security
   - USD 720 Mn in The Galana/Kulalu Food Security Project Model Farm that aims to put a million acres under irrigation
   - USD 456 Mn into input subsidy reducing the cost of fertilizer by 28% for subsidy and 29% in open market reaching 1.5 Mn Farmers. Also, operationalization of 2 blending facilities producing 300,000 MT
   - USD 2.2 Mn agriculture insurance targeting 14 Arid and Semi Arid Lands (ASAL) counties, covers pastoralists from losses owing to adverse weather conditions covering 70,060 Tropical Livestock Units (TLUs)

3. Key challenges to the sector:
   - Currently, there’s 5.8 mil ha arable land available out of which 2.67 m Ha is under cereal production
   - 30% of cultivated land is prepared via mechanized means
   - Rain-fed agriculture is the dominant type across all agro-ecological zones with only 0.04% of potential irrigation land put into use
   - The adoption rate of improved seeds is between 57% and 88% across different ecologies and fertilizer usage is at 45kg/ha
   - Recurrent drought contributing to 42.7% of the population being food insecure (ranked at 83/113) globally and rising food prices/high inflation
   - Headline poverty level 46% and 49% in rural areas
   - Reliance on an ag. sector which is subsistence and dependent on rainfall continues to be a big challenge

4. Government prioritization of agriculture has not been matched with increased investment
   - Public sector financing has averaged between 3% - 6%, below the 10% CAADP target
   - Lending to agriculture sector by banks is at 4% of total loans in 2016
   - The Ministry’s absorptive capacity is 69% total, with development absorption at 63.9% and recurrent at 87.9%
   - A large number of donors invest in the sector though few provide general budget support
   - Key donors supportive of the review of for ASDS are USAID, World Bank, FAO
   - There is need for increased investment in the resilience capacity to weather climate change shocks

In its strategy, Kenya seeks to move to an innovative, commercially orientated, competitive and modern agricultural sector

The Agriculture Sector Development Strategy (ASDS 2010-2020) has a vision for a **food secure and prosperous nation** and aims for **7% year on year growth** and strives to move **from subsistence agriculture to an innovative, commercially** oriented, competitive and modern agricultural system. Investments for the ASDS are guided by the Medium Term Investment Plan (MTIP) 2013-2017 which is synchronized with the Country’s Medium Term Plan (MTP) II

### Description

- Increase sector growth from 3% to 7% annually
- Reduce number of people living below absolute poverty line to less than 25%
- Reduced food insecurity by 30%
- Increased contribution of agriculture to the GDP by more than USD 800Mn

### Core objectives

- Increasing productivity, food security;
- Promoting investment and encourage private sector participation;
- Promoting sustainable land and natural resources management;
- Reforming delivery of agricultural services;
- Increasing market access and trade;
- Ensuring effective coordination and implementation
- Creation of enabling environment for agricultural development

### Priority investment areas

- Input subsidy programme has managed to increase use of fertilizer and certified seeds and has seen increase in yields for Maize
- Various rural access road and market places were rehabilitated and helped increase amount produce that reached markets
- The number of laws and regulations governing agricultural service delivery were harmonized and reduced from 130 to 3 reducing the cost of doping business.
- Fertilizer blending facility opened in Eldoret
- Kenya National Agriculture Insurance program.
- Program for Rural Outreach of Financial innovation and Technologies (PROFIT)

### Major investments

- Total budget for ASDS 2010 - 2020 is USD 4.62 billion for 2013 - 2017: Recurrent expenditure 44.1% Development expenditure 55.9%
- Government contribution USD 2.05Bn – 44.64%
- Development Partners Contribution USD 1.04 Bn – 22.66%
- Private Sector USD 100Mn – 2.41%
- Others USD 900Mn – 19.64%
- Financing Gap USD 480Mn – 10.64%

**SOURCE:** ASDS 2010-2020, MTIP 2013 – 2017 for ASDS
Sector governance is the purview of the Ministry of Agriculture with implementation run under County Governments.

**National agriculture agenda**

1. **President**
   - Overall in charge of setting country strategic direction and priorities
   - Chairs the IGR Summit – Inter governmental Relations Summit

2. **Ministry of Agriculture Livestock and Fisheries**
   - Overall in charge of agriculture related policies
   - Ministry regards ASDS as the master plan of agricultural transformation in the country

3. **Ministry of Finance and Planning**
   - Authority over agriculture budgets and spending
   - Checks/balances with the MoALF

4. **County Governments**
   - Implementation of Agriculture strategy at County level
   - (Kenya’s system of government is devolved)
   - Agriculture services are 90% devolved with county governments responsible for agriculture service provision

5. **Donors [ARD – Agriculture and Rural Development Group]**
   - Chaired by USAID.
   - Other members include FAO, EU, WB, AfDB, DFID, Swedish Embassy, WFP, IFAD, AGRA
   - Troika Group – outgoing, sitting and incoming chair of ARD

6. **Agriculture Sector Working Group**
   - Co-Chaired by CS of MoALF and Chair of COG
   - Other members include non-state actors, private sector, development partners

**Institutional arrangement and responsibilities**

- **Ministry of Water and Irrigation** responsible for Irrigation and water services management
- **Ministry of Land and Settlement** responsible for efficient land administration and management
- **Ministry of devolution and Planning** responsible for leadership, coordination, an enabling environment for planning, transformed public service delivery and management of devolved system of government
- **Ministry of Natural Resources** responsible for protection, restoration, conservation of the environment and natural resources
- **Ministry of Industry and Trade** responsible for promoting Industrialization and Enterprise Development.
- **Ministry of Transport and Communications** responsible for provision of transport infrastructure
A number of mechanisms exist to enhance inter-ministerial and overall national and subnational sector coordination

### National agriculture agenda

1. **Coordination with, and buy-in from National and County leadership**
   - Intergovernmental Relations Technical Committee (IGTRC) is a body formed by an act of parliament to establish a framework for consultation and co-operation between the National and County Governments and amongst county governments.
   - The Inter-Governmental Relations Summit (IGR), coordinated by the IGTRC and chaired by the President and reported into by the Intergovernmental Forum on Agriculture (IGF)
   - Intergovernmental Forum on Agriculture (IGF) for High-level consultations between the national and county governments & other key sector stakeholders chaired by CS and Chair CoG
   - Joint Agriculture Technical Steering Committee (JATESC) Provide regular policy and strategic direction for the sector
   - Sectoral Working (Agriculture) Groups (SWAGs) Facilitate coordination, harmonization & liaison between national and county governments

2. **Support inter-ministerial coordination**
   - Inter Governmental Relations Technical Committee (IGTRC) as defined by the constitution
Despite being a vibrant sector and having clear sector governance structures, Agriculture is still mired with food insecurity and low incomes.

Opportunities for sector transformation may lie in prioritizing areas that have the most impact on food security, improving sector coordination especially with devolution and timely implementation of flagship programs.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
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<tbody>
<tr>
<td>• 6.2% Ag GDP growth</td>
<td>• GDP growth due to cash crops, stagnation in staples</td>
</tr>
<tr>
<td>• Increased cereal productivity (5.5% increase in yields between 2010 and 2015)</td>
<td>• Low yields compared to global benchmarks</td>
</tr>
<tr>
<td>• Strong private sector engagement in the sector</td>
<td>• High food insecurity – 42.7%</td>
</tr>
<tr>
<td>• 50% increase in financial inclusion in the last decade</td>
<td>• 2.6% Increase in poverty levels from 2008 - 2015</td>
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<tr>
<td>• Declining % of under-nourished adults (from 25% in 2010 to 21% in 2015)</td>
<td>• Only 4% lending to Ag sector</td>
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AND

<table>
<thead>
<tr>
<th>Sector strategy, governance and coordination</th>
</tr>
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<tbody>
<tr>
<td><strong>Strengths</strong></td>
</tr>
<tr>
<td>• Strategy relevance - prioritizes food security and commercialization of smallholder farming</td>
</tr>
<tr>
<td>• Clear sector governance, national and inter-ministerial coordination structures as defined by the constitution</td>
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Lessons AGRA has learned from its investments in Kenya
Over the last decade, AGRA has invested over $42 million in Kenya and contributed to sector development...

AGRA’s focus was to strengthen public institutions with human capacities necessary to drive the sector technological needs to improve yields while supporting private sector and other institutions to deliver services to farmers

**Research and Development**
- 20 PhDs funded in Plant Breeding
- 4 PhDs funded in Agronomy
- 19 MSCs funded in crop science
- 9 MScs funded in soil science

**Input production and distribution**
- 94 varieties released
- 71 varieties commercialized
- 5 seed companies supported
- 23K MT of seed produced
- 5K agro-dealers trained
- >100K MT inorganic fertilizer sold by the agro dealers

**Awareness creation on agriculture transformation**
- 6.9K lead farmers trained in ISFM
- 0.3K extension agents trained in ISFM
- 2K FOs trained in ISFM
- 24 lab technicians trained in plan and soil analysis
- 127K farmers trained in PHH, quality, storage and structured trading
- 196K farmers with knowledge in ISFM
- 10K farmers trained in governance, group dynamics and leadership

**Adoption**
- 142K farmers using ISFM technologies
- 102K Ha cropped with ISFM technologies

**Production, post-harvest and marketing**
- 85K MT commodity aggregated at a value of US$ 19.2M

**Innovative finance**
AGRA/GOK/Equity Bank Scheme worth 5M leveraged 50M that benefitted 43.7K smallholder farmers, 1.5K large scale farmers and >400 agribusinesses

Developed 5 partnership/platforms to provide improved access to financial /savings services through mobile telephony to farmers

Through Program for Rural Outreach for Innovative Financial Technologies (PROFIT) US$ 6 m loaned to farmers
AGRA has learned a number of lessons on developing agriculture systems that have implication driving future programming and investments in Kenya

**Coordination and Enablers**

- Coordination: With devolution, working with government at only central level is ineffective. Clear governance structures as defined in the constitution, don’t automatically translate into a well coordinated sector (coordination needed especially between CoG and MoA)

- Importance of coordination and leverage: AGRA’s investment represents less than 1% of the total agricultural investments. Increased engagement with government, private sector players and institutional partners at the country-level can increase investment in the sector, influence prioritization of funds flow and can also create market-enhancing mechanisms for sustaining agricultural growth (*e.g.*, change in taxation of the Sorghum industry allowed farmers to resume profitable production). Coordinated approaches optimize for sustained and inclusive growth beyond the 6% currently realized.

- Importance of private sector as a driver of growth: Kenya’s agriculture transformation has been largely driven by strong private sector investment to develop systems that support growth both in input systems and market development especially in horticulture and other cash crop sectors; there is opportunity to build on this to improve food security.

- Strong commitment and consistency are critical to driving inclusive growth: Though the sector has grown by 6%, public expenditure to agriculture has declined. AG GDP growth has come from commercial and cash crops farmers.

**Systems Development**

- Reliable and low cost access to inputs including improved crop varieties can only be achieved if the flow of new and improved varieties is maintained through functional input systems

- On technology adoption – Scaling of technologies requires significant investments in systems development to increase access; it also requires investing in policies that allow for robust Private sector participation/investments.

- Stand-alone interventions that are characteristic of most Ag investment today are not integrated enough to provide comprehensive solutions that allow for sustainable adoption and scaling of technologies; they often lack markets and postharvest management and hardly ever address resilience and policy issues that prevent scaling

- Predictability in the sector including forward contracting accompanied by appropriate legislation and new ways of lending *e.g.* group lending that recognize farmer constraints
These lessons culminate in a critical recognition that AGRA’s funds are insufficient to drive transformation in Kenya

AGRA recognizes that with $25 million its investments are < 1% needed of what is needed to drive an inclusive agriculture transformation in Kenya; therefore going forward, AGRA will selectively invest where it sees opportunities to be catalytic

Proposed expenditure and investments¹

- AGRA’s strategic vision in Kenya can only be achieved through strong partnerships with other players in Kenya
- AGRA will prioritize interventions that catalyze and complement funding committed by the Government and donors
- As such, AGRA is committed to:
  - Alignment with Government priorities and programs
  - Boosting government capacity for strategic planning and implementation
  - Participating in and supporting government coordinating mechanisms
  - Committing resource to catalytic system development that allow for scale known models and technologies

1: Figure not drawn to scale
2: Proposed country investments for country strategy 2017 - 2021
3: FAOSTAT 2014 data flat-lined for 5 years
4: Official Development Assistance (ODA) flows, Other Official Flows (OOFs) and Private Grant/Flows reported by donor countries, multinational organizations and private entities to OECD DAC Directorate for all purposes related to agriculture except forestry and general environment protection
5: Exact estimates for private sector investment are unknown and therefore conceptual

SOURCE: FAOSTAT; ReSAKKS; AGRA analysis
AGRA’s Strategic Choices and Operational Plan
AGRA’s Vision in Kenya

Having worked in Kenya over the last 10 years, AGRA and partners have build an asset base in technologies, partnerships and models that if scaled can have significant impact on the status of inclusive agriculture in Kenya. AGRA’s new strategy seeks to bring all of these elements together and contribute to the National strategy.

Kenya’s vision for Agriculture development
Kenya in its Agriculture Sector Development Strategy (ASDS 2010-2020) has a vision for a food secure and prosperous nation and aims for 7% year on year growth and strives to move from subsistence agriculture to an innovative, commercially oriented, competitive and modern agricultural system.

<table>
<thead>
<tr>
<th>Increase food productivity, food security</th>
<th>Promote investment and encourage private sector participation</th>
<th>Promote sustainable land and natural resource mg</th>
<th>Reform delivery of agricultural services</th>
<th>Increasing market access and trade</th>
<th>Effective coordination and implementation</th>
<th>Creation of an enabling environment for ag. Devt.</th>
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</table>

AGRA’s strategy for Kenya
To catalyze and sustain inclusive agriculture transformation in Kenya by contributing to
1) the government’s need for a strong Agriculture sector with effective coordination and implementation capabilities;
2) Strengthening the Agriculture sector delivery systems for improved productivity and marketing of produce to impact incomes and improve food security for at least 1.65 million smallholder households.
Therefore, AGRA’s approach in Kenya will focus on Country Support and policy engagement and support to systems development to impact key value chains

AGRA believes that in Kenya there is room to drive scale through: a) a well planned and coordinated approach to resources in the public domain including coordinated engagement at country level, b) working with private sector to build systems that improve access and drive sustainability

1) Country Support and Policy Engagement

- Enhanced sector evidence based planning and analytics: Support Ministry in the development of a new Agriculture Sector Growth and Transformation Strategy
- Enhanced sector coordination and implementation: Support development of inter-ministerial and county coordination; build implementation capabilities at National and country levels; Provide expert advisory support to Ministry of Agriculture e.g. communication, coordination of GODAN
- Support development of an enabling environment e.g., by Supporting the development of a policy matrix aligned to the new sector strategy

2) Value chains and Market Systems development

- Support the development of integrated value chain system; including forward contracting, pricing, quantity projections, transportation costs, digital extension, Mechanization Hire services
- Support the commercialization of seed varieties in Sorghum, Pulses, Irish Potato & drought tolerant maize that are adapted for climate variability and diseases
- Support improved private sector investment in Agriculture through Public Private Partnerships
- Build the capacity of financial institutions to better understand the agriculture sector and develop agriculture products and delivery mechanisms
- Support the growth of digital financial solutions
- Support Risk Sharing facilities to financial institution to increase their appetite to lend to the agriculture sector
- Improve the capability of women to access inputs, extension and financial services and market information and services
AGRA’s support to Country and policy engagement started in 2016 and has focused mainly around strengthening the Ag sector plan to accommodate devolution.

1. **Government Engagement**
   - June and August 2016: AGRA strategy validation with Ministry officials and development partners
   - September 2016 – HoS hosted AGRF 2016; Strong engagement with government in lead-up to the forum
   - Q4 2016 – Cabinet Secretary’s informal request for AGRA support in development of Sector Strategy and specific flagships (e.g., Youth, Mechanization)
   - March 2017 – AGRA meeting with Cabinet Secretary where explicit formal request for support was made
   - March 2017 – AGRA invited to join Task Force overseeing development of new sector strategy. Ongoing active engagement with the DPP and ministry staff

2. **Assessment of gaps, challenges**
   - Government identified that the Sector strategy (ASDS) is based on centralized sector governance and does not effectively capture the devolution to county governments
   - Disconnect between investments and sector strategy - Current flagship programs not clearly identified to reflect the sector goals and not necessarily linked to country targets.
   - New sector coordination mechanism (JASSCOM – Join Agriculture Sector Secretariat Committee between the Ministry and County governments) is in place but inter-ministerial coordination may require additional support

3. **Development of Support Package**
   - Immediate term:
     - Working with government to define a package to support sector strategy revision
     - Agree on areas of support by AGRA and by other actors (including development partners, private sector and civil society)
   - Next steps:
     - Medium to long term - once new strategy and government is in place, re-engage to identify more comprehensive support package to anchor implementation (support to flagships etc.), support coordination and respond to emerging needs

4. **Validation and Political Commitment**
   - Not Complete
   - On-going discussions with government (CS, PS and respective Directors)
   - Next steps:
     - GoK (both national and counties), and partners review and validate proposed support package for revision of strategy

5. **Execution and Performance Measurement**
   - Not done
   - Next steps: Once validation is confirmed, deploy AGRA’s technical support that:
     - Augments AGRA’s own technical expertise with external expertise through e.g. consultants, partnerships, grants, etc.
     - Crowds in other development partners investments and expertise to provide comprehensive support
     - Tracks performance against policy and country support dashboard
Initial areas for investment in Country support and Policy engagement include strategic planning, coordination and policy engagement

Based on the country’s needs and leveraging AGRA’s comparative advantage in supporting governments in building institutional capacity and creating a favorable environment for the private sector, AGRA will drive strengthened capacity for driving evidence based planning, implementation alignment between government bodies, increased coordination between MoALF and external stakeholders, and an enhanced policy environment for private sector investments.

<table>
<thead>
<tr>
<th>Strategic engagement area</th>
<th>indicative interventions</th>
<th>Potential partners</th>
<th>Link to results framework</th>
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<tbody>
<tr>
<td>Enhanced sector evidence based planning and analytics</td>
<td>Support Ministry in the development of a new Agriculture Sector Growth and Transformation Strategy</td>
<td>FAO, USAID, McKinsey Consulting</td>
<td>IO 8.1</td>
</tr>
<tr>
<td>Enhanced sector coordination</td>
<td>Identify strategic country support initiatives towards strengthening:</td>
<td>FAO, USAID</td>
<td>IO 8.1</td>
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<tr>
<td></td>
<td>- Strategy leadership &amp; alignment</td>
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<td></td>
<td>- Planning and coordination capabilities of the Joint Agriculture Technical Steering Committee (JATESC)</td>
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<tr>
<td></td>
<td>- Implementation capabilities at National and County levels</td>
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<tr>
<td>Support development of an enabling environment</td>
<td>Support the development of a policy matrix aligned to the new sector strategy</td>
<td>USAID</td>
<td>IO 8.1 CC 9</td>
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<td></td>
<td>Provide communication advisory support to Ministry of Agriculture</td>
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<td></td>
<td>Provide technical assistance in the coordination of GODAN</td>
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To deliver on Value Chains and Market system strengthening, AGRA will prioritize high potential value chains - Maize, Potatoes, Sorghum & Pulses.

**Crop 1 – Maize**
- Maize is a major crop for food security in Kenya and grown in all the select areas and usually intercropped.
- Maize is also a government priority under ASDS.
- AGRA shall focus on promoting drought tolerant varieties in the ASAL Regions of Kitui, Machakos, Makueni, Kilifi, Kwale, Tana River, Tharaka Nithi, Taita Taveta.

**Legend**
- Orange: Irish Potato
- Green: Maize
- Light Green: Maize_Pulses
- Blue: Maize_Sorghum_Pulses
- Dark Green: Sorghum_Pulses_IrishPotato
- Light Brown: Pulses
- Red: Sorghum_Pulses
- Dark Brown: Sorghum
- Grey: Other Counties

**Crop 2 – Irish Potatoes**
- Selected for food security as it’s the second most consumed crop after maize. However, it has low use of certified seed, lack of processing variety seeds.
- Very little government investment.
- There is an opportunity to commercialize existing KARLO seed varieties.
- Areas: Nakuru, Nyandarua, Elgeyo Marakwet, Meru, Uasin Ngishu, Kiambu, Narok, Bungoma, Nyeri, Muranga.
- 859,518 farmers; 1,458,670 MT

**Crop 3 - Sorghum**
- Selected for commercial opportunity given the strong brewing market but suffers from low productivity. The regions of Nyanza & Western Kenya have the biggest opportunity to make income from sorghum.
- Very little government investment.
- Areas: Kitui, Homabay, Kisumu, Busia, Siaya, Tharaka Nithi, Meru, Machakos, Migori, Embu.
- 672,018 farmers; 155,896 MT

**Crop 4 - Pulses**
- Pulses have a very strong Asian Market, very low production and poor GAP, low use of certified seed, lack of seeds. KARLO now has released seed varieties that can be commercialized.
- Kenya India Partnership offers market opportunity.
- Areas: Makueni, Kitui, Machakos, Tharaka Nithi, Embu, Meru, Kwale, Lamu, Kisumu, Tana River.
- 558,857 farmers; 249,638 MT

**Table:**

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<tr>
<th>Crop</th>
<th>Acreage, ha</th>
<th>Farmers,</th>
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<tbody>
<tr>
<td>Potatoes</td>
<td>134,630</td>
<td>859,518</td>
</tr>
<tr>
<td>Sorghum</td>
<td>213,520</td>
<td>672,018</td>
</tr>
<tr>
<td>Pulses</td>
<td>581,044</td>
<td>558,857</td>
</tr>
<tr>
<td>Maize</td>
<td>480,390</td>
<td>491,881</td>
</tr>
</tbody>
</table>
An assessment of the partner landscape shows significant donor and private sector presence working across value chains.
Specific areas of the value chain in potatoes, sorghum & pulses are currently under-resourced, constraining farmer opportunities

<table>
<thead>
<tr>
<th>Seed supply &amp; research</th>
<th>Fertilizer supply &amp; research</th>
<th>Other ag. inputs</th>
<th>Infrastructure</th>
<th>Farmer access (agrodealers)</th>
<th>Farmer awareness (extension)</th>
<th>Farmer organization</th>
<th>Market linkages</th>
<th>Post-harvest management, quality and standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a challenge; or, outside AGRA’s core focus areas</td>
<td>Challenge area; effective partners already present or intend to intervene in alignment with AGRA’s Theory of Change</td>
<td>Challenge area; partners already present or considering entering; AGRA’s expertise/influence could guide more effective or scaled interventions</td>
<td>Challenge area; partners not present</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Potatoes**
- Seed supply & research
- Fertilizer supply & research
- Other ag. inputs
- Infrastructure
- Farmer access (agrodealers)
- Farmer awareness (extension)
- Farmer organization
- Market linkages
- Post-harvest management, quality and standards

**Sorghum**
- Seed supply & research
- Fertilizer supply & research
- Other ag. inputs
- Infrastructure
- Farmer access (agrodealers)
- Farmer awareness (extension)
- Farmer organization
- Market linkages
- Post-harvest management, quality and standards

**Pulses**
- Seed supply & research
- Fertilizer supply & research
- Other ag. inputs
- Infrastructure
- Farmer access (agrodealers)
- Farmer awareness (extension)
- Farmer organization
- Market linkages
- Post-harvest management, quality and standards

**Maize**
- Seed supply & research
- Fertilizer supply & research
- Other ag. inputs
- Infrastructure
- Farmer access (agrodealers)
- Farmer awareness (extension)
- Farmer organization
- Market linkages
- Post-harvest management, quality and standards

**National & regional policy**

**Agricultural finance**

**Human & institutional capacity**

The focus on value chains is driven by the recognition that they are grown across various regions and there are regions that should be focusing on other value chains other than what they are focusing on today.
## Value chains strengthening (1/2)

AGRA will invest in developing integrated value chains linking organized groups of farmers to markets, finance and productive technologies and addressing policy bottlenecks.

<table>
<thead>
<tr>
<th>Strategic choices</th>
<th>Intervention description &amp; AGRA’s role</th>
<th>Potential partners</th>
<th>Approach to scaling</th>
<th>Results framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value chains and Input systems strengthening</td>
<td>Support private sector investment in value addition and seed systems development</td>
<td>Processors</td>
<td>Once the constraints in the value chains have been de-risked and private companies are making profit they will continue to make more investment and new players will emerge.</td>
<td>IO 5.1, 5.2, 5.3</td>
</tr>
<tr>
<td></td>
<td>Support the development of integrated value chain system; including forward contracting, pricing, quantity projections, transportation costs, digital extension, Mechanization Hire services</td>
<td>ICFA, 2Kuze, G-Soko/ Food trade/EACG, Processors/Buyers/aggregators, Mechanization vendors, Input companies</td>
<td>Well functioning integrated value chains have opportunities to improve food security and increase incomes of farmers and agribusinesses and ensure sustainable provision of services; this can lead markets to a tipping point beyond which scale will be market driven</td>
<td>IO 2.2, 5.1, 5.2, 5.3</td>
</tr>
<tr>
<td></td>
<td>Support the commercialization of seed varieties in Sorghum, Pulses, Irish Potato &amp; drought tolerant maize that are adapted for climate variability and diseases</td>
<td>KARLO Private Investors</td>
<td>If the farmers meet the quality and quantity needs of markets we shall have developed virtuous sustainable seed systems and investment in seed companies will grow and drive scale</td>
<td>IO 1.1, 1.3,</td>
</tr>
<tr>
<td></td>
<td>Support the introduction of new agricultural technologies through field days and demo plots; scale up ICT, video and radio based extension messaging, and BDS to FOs</td>
<td>ICT Partners, Mediae, County Governments, Input companies, Researchers</td>
<td>The introduction of new technologies will be integrated in agribusiness platforms whose partners will then drive scale</td>
<td>IO 2.1, 2.2, 6.1, 6.2</td>
</tr>
</tbody>
</table>
### Value chains strengthening (2/2)

AGRA will develop integrated value chains linking organized groups of farmers to markets, **finance** and productive technologies and addressing policy bottlenecks

<table>
<thead>
<tr>
<th>Strategic choices</th>
<th>Intervention description &amp; AGRA’s role</th>
<th>Potential partners</th>
<th>Approach to scaling</th>
<th>Results framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building the capacity of financial institutions to better understand the agriculture sector and develop agriculture products and delivery mechanisms</strong></td>
<td>Build the capacity of financial institutions to better understand the agriculture sector and develop agriculture products and delivery mechanisms</td>
<td>BDO, Fineline, Deloitte</td>
<td>Financial institutions are the partners to scale financing to farmers; by AGRA’s investment in capacity and product development additional finance will be unlocked</td>
<td>IO 6.1,6.2</td>
</tr>
<tr>
<td><strong>Support the growth of digital financial solutions</strong></td>
<td>Support the growth of digital financial solutions</td>
<td>ICT Solution Providers, Financial Institutions</td>
<td>Digital solutions provide a path to scale through innovation and lower distribution costs - With growth in digital solutions it will reduce costs for financial institutions leading to profitability and increased scale</td>
<td>IO 6.1,6.2</td>
</tr>
<tr>
<td><strong>Build the capacity of farmers and SMEs to increase their capacity to uptake financial services</strong></td>
<td>Build the capacity of farmers and SMEs to increase their capacity to uptake financial services</td>
<td>Deloitte, LDA, SNV</td>
<td>The focus is on scale through sustainability - Farmers and SMEs will have the capacity to absorb financial products and increase earnings and re-invest</td>
<td>IO 6.1,6.2, CC 12</td>
</tr>
<tr>
<td><strong>Provide Risk Sharing facilities to financial institution to increase their appetite to lend to the agriculture sector</strong></td>
<td>Provide Risk Sharing facilities to financial institution to increase their appetite to lend to the agriculture sector</td>
<td>Financial Institutions</td>
<td>Risk sharing facilities offer significant opportunities for leverage in the scale of up to 1:10 - With Risk Sharing Facilities banks will test the viability of lending to agriculture and the success thereof becomes key lesson in advancing agriculture financial services</td>
<td>IO 6.1,6.2</td>
</tr>
</tbody>
</table>
For isolated communities with significant potential for productivity and ability to drive own food security; AGRA will seek to increase access to markets while strengthening market outlets for key value chains of the desired quality and quantity.

<table>
<thead>
<tr>
<th>Strategic choices</th>
<th>Intervention description &amp; AGRA’s role</th>
<th>Potential partners</th>
<th>Approach to scaling</th>
<th>Results framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Systems Development</td>
<td>Facilitate the establishment of the Farm to market Alliance platform in Kenya</td>
<td>WFP, USAID, DFID, TGCU</td>
<td>This platform seeks to reach 100,000 SHF through an integrated model that provides structured access to inputs, markets, finance and training. The model can be replicated and taken up by the markets</td>
<td>IO 5.1, 5.2, 5.3</td>
</tr>
<tr>
<td></td>
<td>Support the development of integrated value chain Consortia and stakeholder forums that work to industry related issues including self regulation</td>
<td>EAGC, CGA, NPCK, Kenya Pulses Platform</td>
<td>Well functioning integrated value chains Consortia and Stakeholder forums have industry players who have stake in the sector and hence will continue to operate and invest in the sector</td>
<td>IO 5.1, 5.2, 5.3</td>
</tr>
<tr>
<td></td>
<td>Support development of structured trade through large off-take agreements</td>
<td>TBD</td>
<td>Partnerships with various stakeholders remove ensure that you have various players carrying the vision of success</td>
<td>IO 5.1, 5.2, 5.3, CC 13, 3.1, 3.2</td>
</tr>
<tr>
<td></td>
<td>Exploration and development of Public Private Partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment in Postharvest loss reduction and improved produce quality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Support farmer organization and improved access to private sector initiatives for improved produce marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Country results framework and budget
Kenya Results Framework

- AGRA’s overall goal in Kenya is to Catalyze and Sustain an Inclusive Agricultural Transformation to increase Incomes and improve Food Security of 1.65 million smallholder farming households through strategic country support and government engagement coupled with a set of targeted catalytic downstream and systemic investments made through its alliance of partners.

- Agricultural transformation is defined as a process by which farmers shift from highly diversified, subsistence-oriented production towards more specialized production oriented towards the market or other systems of exchange, involving a greater reliance on input and output delivery systems and increased integration of agriculture with other sectors of the domestic and international economies.

- Kenya’s goal and objectives are directly contributing to the SDG two of ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture. AGRA is equally committed to implementing interventions that are contributing to the AU Malabo declaration, aligning the Kenya Results Framework with the CAADP framework.

- To achieve its ambitious goal, AGRA seeks to contribute to four inter-related and inter-dependent objectives: 1) Increased staple crop productivity for smallholder farmers, 2) Strengthened and expanded access to output markets, 3) Increased capacity of smallholder farming households and agricultural systems to better prepare for and adapt to shocks and stresses, and 4) Strengthened continental, regional and government multi-sectoral coordination and mutual accountability in the agriculture sector. Interventions in Kenya will contribute directly to the 8 overall AGRA Primary Outcomes, all the five cross-cutting outcomes and directly contribute to most of the overall AGRA’s intermediate outcomes.
Kenya results framework

Goal: Catalyze and Sustain an Inclusive Agricultural Transformation in Africa to increase incomes and improve food security

- **Objective 1:** Increased staple crop productivity for smallholder farmers
- **Objective 2:** Strengthened and expanded access to output markets
- **Objective 3:** Increased capacity of small holder farming households and agricultural systems to better prepare for and adapt to shocks and stresses
- **Objective 4:** Strengthened continental, regional and government multi-sectoral coordination, and mutual accountability in the agricultural sector

**Primary Outcomes**

1. **Outcome 1:** Strengthened agricultural input systems, technology development and supply chain
   - 1.1 Increased commercialization and availability of improved seed and other technologies
   - 1.2 Increased production of appropriate fertilizer blends and other soil management technologies/practices
   - 1.3 Increased operational capacity of local input market systems
2. **Outcome 2:** Increased adoption of Agriculture productivity enhancing technologies
   - 2.1 Increased access to focus agricultural value chain knowledge/information
   - 2.2 Increased use of inputs and other improved technology innovations
3. **Outcome 3:** Reduced post-harvest losses
   - 3.1 Increased access to improved crop storage infrastructure
   - 3.2 Increased use of improved post-harvest technologies and practices by small holder farmers
4. **Outcome 4:** Increased agricultural employment and entrepreneurship
   - 4.1 Increased sustainable improved technology producing enterprises
   - 4.2 Improved operational efficiency of SME’s along the focus agricultural value chains
5. **Outcome 5:** Increased use of structured markets
   - 5.1 Increased linkage to structured markets for small holder farmers
   - 5.2 Increased quality of produce by small holder farmers
   - 5.3 Increased operational capacity of local output market systems
6. **Outcome 6:** Strengthened and expanded business development, financial and risk management services in agriculture value chain
   - 6.1 Increased access to business development and affordable financial services by SHFs and SMEs
   - 6.2 Increased use of agricultural business development and financial services by small holder farmers and ag value chain SMEs
7. **Outcome 7:** Reduced impact of agricultural volatility
   - 7.1 Increased use at scale of climate smart agricultural technologies and practices
   - 7.2 Increased use of early warning systems and other absorptive technologies
8. **Outcome 8:** Strengthened national and regional level agriculture sector system functioning
   - 8.1 Strengthened government and agricultural planning, coordination, performance and ag advocacy
   - 8.2 Increased national annual budget allocation to agriculture sector
   - 8.3 Harmonized system for tracking and measurement of ag transformation at national and continental levels

**Cross-cutting outcomes**

9. Strengthened regional and national agricultural enabling policy environment
10. Increased women empowerment and livelihoods in agriculture
11. Increased youth empowerment and livelihoods in agriculture
12. Strengthened capacity for farmers and other focus agricultural value chain actors
13. Strengthened Public and Private Partnerships in agriculture
### Kenya - Key Country Indicators and Targets

AGRA is tracking 73 indicators across its strategy and at country level, but a version of the following dashboard will be tracked for ongoing management and summary reports.

<table>
<thead>
<tr>
<th>1 GOAL LEVEL IMPACT INDICATORS</th>
<th>Baseline 2017</th>
<th>2018 Target</th>
<th>2019 Target</th>
<th>2020 Target</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of months of adequate household food provision</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Improved food security: Household dietary diversity index</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 OBJECTIVE LEVEL OUTCOME INDICATORS</th>
<th>Baseline 2017</th>
<th>2018 Target</th>
<th>2019 Target</th>
<th>2020 Target</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average yield (MT/ha) of Crop1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Average yield (MT/ha) of Crop 2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Average yield (MT/ha) of Crop 3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 PRIMARY LEVEL OUTCOMES INDICATORS</th>
<th>Baseline 2017</th>
<th>2018 Target</th>
<th>2019 Target</th>
<th>2020 Target</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption rate of target improved productivity technologies or management practices at farmer level</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of crop losses (After harvest, threshing and storage levels)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of jobs created by SMEs receiving AGRA support along the focus value chains</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of total household produce sold through structured market facilities/arrangements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of loan/risk facilities directed to agricultural activities/SMEs in target financial/risk providers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Kenya - Key Country Indicators and Targets

#### INTERMEDIATE OUTCOMES LEVEL INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline 2017</th>
<th>2018 Target</th>
<th>2019 Target</th>
<th>2020 Target</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity (MT) of targeted improved seeds of focus crops produced by enterprises/entities supported by AGRA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quantity (MT) of fertilizer blends produced by local fertilizer producers supported by AGRA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of households using target certified seed of improved varieties, fertilizer blends and other improved productivity technologies or management practices</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cubic meter of storage space developed or refurbished/rehabilitated</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Average fertilizer use (Kg/Ha)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of farming households using post-harvest technologies/facilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of target SMEs along focus value chains operating profitably</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent of farmers using structured trading facilities/arrangements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quantity (MT) of target crops sold through structured markets)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Percent target farmers using financial/risk management services of engaged institutions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of post-harvest technologies sold/distributed to farmers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
The Kenya operational plan is scheduled for full roll-out in 2018. A catalytic fund exists out of which high priority investments in Kenya can be made e.g., in the area of country support.
AGRA’s organizational capacity to deliver
Kenya’s country office will be the frontline for delivering AGRA’s interventions in country

- Geographic service teams (GSTs) will lead regional and country delivery

- POs and APOs will be responsible for managing an integrated portfolio of ongoing programs, as well as new initiatives reflecting the new organizational strategy

- New initiatives will be developed on the frontlines, but draw on the expertise and existing body of knowledge within the Nairobi teams (i.e., Program Development & Innovation, Business Development and Strategic Partnerships)

PO – program officer
APO – Associate Program Officer