

Agricultural Policy Reform In Kenya: 2000-2016 Turning Vision Into Law

Gem Argwings-Kodhek
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Gem AK

Academic Experience, 1970-2000

- St Mary's, Nairobi
- University of Arizona, BSc (with Distinction), MSc.
 - Marketing order for Pecans. Like walnuts and almonds
 - Pearson, Monke, Policy Analysis Matrix
 - Egerton, Arizona, Stanford PAM Project => Tegemeo Institute
- Types of work done at Tegemeo
 - Districts – farm, post farm marketing, transport, processing at private and social prices
 - Commodity studies => synthesize => policy constraints
 - Household surveys – maize, urban consumption, rural HH surveys
 - Policy dialogue, outreach, media, parliament
 - Papers, journal articles, book chapters, book editor
- Networks
 - MSU, World Bank, USAID, Rockefeller, EU,
 - FAC-IDS – Communications, Early Career fellowships
- Profile

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Policy Experience

- All commodities, Parliamentary committees, bringing together the private sector

Government Experience, 2000-2009

- Poverty Reduction Strategy Paper – PRSP: 6 months representing the private sector
- NARC: Economic Recovery Strategy, Strategy for Revitalizing Agriculture, Vision 2030

- ASCU: Agricultural Sector Coordination Unit
- 10 ministries, 6 areas of action,
- Legal and Parastatal Reform, Food and Nutrition Policy
- Consultation: Concept paper, Cabinet Memo, draft Legislation, Advisor

- Pyrethrum Board of Kenya, Restructuring Team/MD
- Strategy, implement, manage, promote
- Financial restructuring, retrenchment of 166, elections, valuation, legal

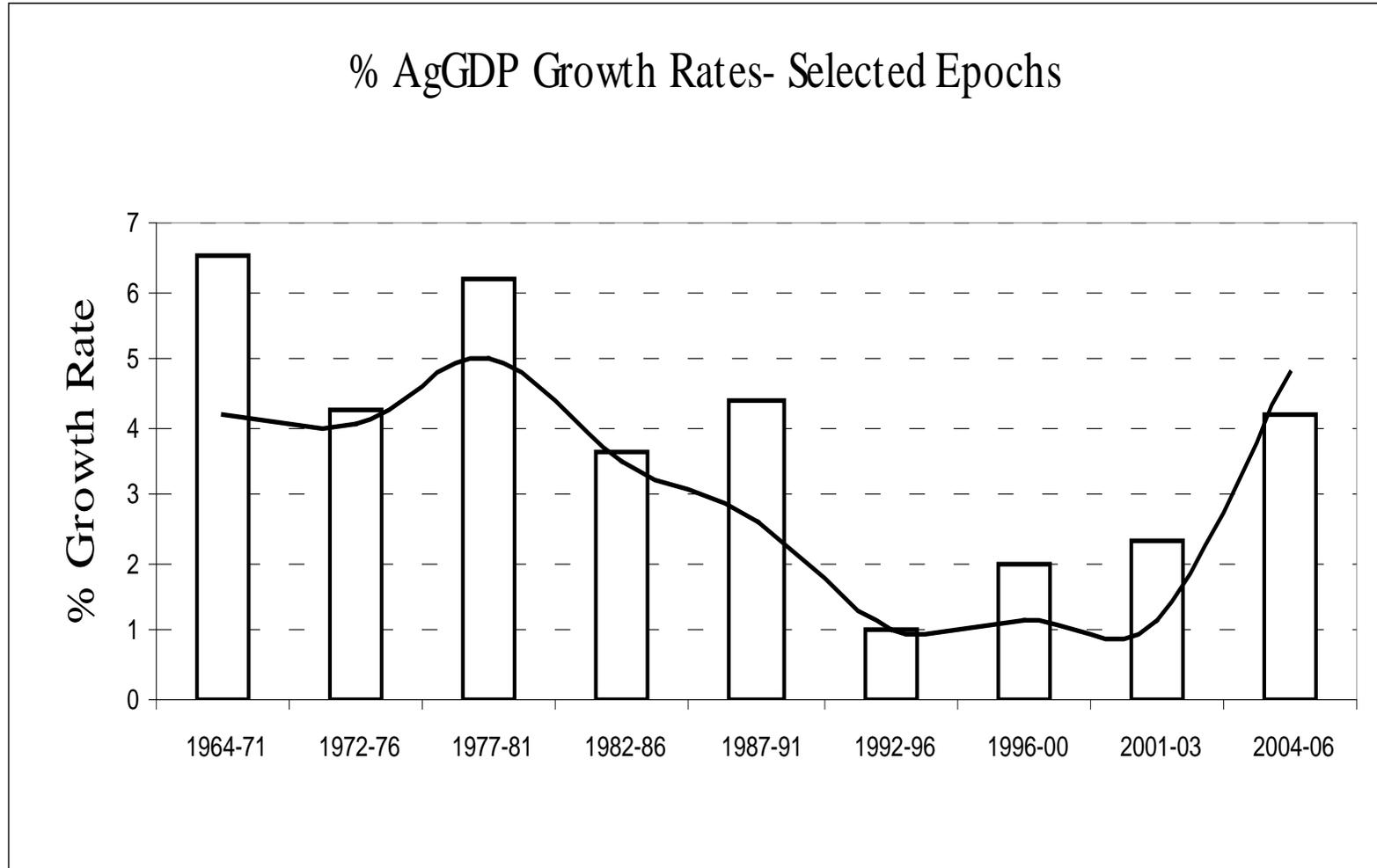
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Private Sector Experience, 2010 -

- Africa Enterprise Challenge Fund
 - 257 companies in 24 countries, \$250m => \$500m. 10m households benefitting
 - AGRA - KPMG
- Research Into Business
- Agribusiness Africa Window – Tanzania, S. Sudan, Fragile States
- REACT
 - Renewable Energy and Adaptation to Climate Change Technologies
 - Mkopa Solar, Future Pump vs Solar Now, Takaful Insurance
 - Review concept notes, short list, select, develop business plans, due diligence, contracting, supervision visits, monitoring impact, systemic change, reporting
- My Portfolio
 - Rice/fish farm, Pest control trio, chicken vaccine, new soil test, TC laboratory,
 - Cotton ginning, oil milling, minimum tillage, ag waste cookstove fuel + plus CDM, storene fuel,, Ethio Chick, Meru Greens, etc
 - Malawi Mangoes, Ex Agris, Peacock Seeds

Context of ERS and SRA

Agricultural Growth => Economic Growth



The Economic Recovery Strategy for Wealth and Employment Creation

- 2003 New Government
- Economic Recovery Program
 - Focus on **creating jobs, reducing poverty**
 - Based on
 - PRSP
 - NARC Manifesto
 - Post Election Action Plan
- Published June 2003, expires 2007
 - 4 pillars
 - 3 Productive Sectors

ERS Main Strategies

- 4 Pillars
 - Macro-economic stability
 - Strengthening institutions of governance
 - Rehabilitation/expansion of physical infrastructure
 - Investment in the human capital of the poor

ERS Goals To Be Achieved Through 3 Productive Sectors

- Agriculture
- Tourism
 - Image, Marketing, Diversify Products,
 - Improve Security, Standards
- Trade and Industry
 - High cost of doing business, Governance
 - SME's, export strategy

Agriculture, Livestock and Fishing in the ERS

- Problems:

- Governance of sector institutions
- Hesitant private sector
- Limited access to credit, inputs, technologies, infrastructure, security
- Inefficient use of limited public resources
- HIV/AIDS

Agricultural Interventions

- **Legal and institutional reform**
 - Consolidation of legislation
- **Reforms in research and extension**
- **Improve access to credit**
 - New institutions, AFC, GMR
- **Irrigation development**
- **Value addition**
- **Cooperative governance**

Livestock and Fish

- **Dairy**

- policy, standards, marketing infrastructure
- Improve animal health
- Dairy Goats

- **Fish**

- Beach infrastructure, micro-finance
- Promote aquaculture, exploitation of the sea

- **ASAL**

- Boreholes, infrastructure, disease control, tourism

SRA Content

The Vision

- “To transform Kenya’s agriculture into a profitable, commercially oriented and internationally competitive economic activity”.

The Mission

- “To promote and guide sustainable development of agriculture, livestock, fisheries and agro-based production systems and strengthen related institutions now and in the future”.

Objectives of SRA

To provide a conducive policy and institutional environment for increasing agricultural productivity;

- Policy review, govt. exit commercial functions
- Encourage private sector participation and investment
- Raise productivity, commercialize, irrigation
- Adequate budgetary resources, infrastructure
- Improve governance of agricultural institutions

Government Policy Economic Recovery Strategy =>

Strategy for Revitalizing Agriculture: 2004-2014

- Need Competitive Sectors
- Require Best Services
- Focus Government Vs Private Sector Roles
 - 1. Legal and Regulatory Reform
 - 2. Reform of Parastatals and Govt Departments
 - 3. Reform of Agricultural Research and Extension
 - 4. Agricultural Inputs and Financial Services
 - 5. Agribusiness, Market Access, Value Addition
 - 6. Food and Nutrition Policy
- All have legal and regulatory implications!!

3. Reform of Agricultural Research & Extension

• **Research**

- National Agricultural Research System Policy
 - Universities, private sector
 - Rationalize research institutions
- Rolling out new but on the shelf technologies and enterprises
 - Oil palm, vanilla, dairy goat,

• **Extension**

- NASSEP, Harmonization of projects (30)
- Regulatory/Accreditation mechanisms
 - Extension Regulatory Committee (Board)
 - Pilot alternative financing and methods (KAPP)
 - E.g. radio, printed material, newspapers, field days, exchange visits

4. Increasing Access to Agricultural Inputs and Financial Services

- National Accelerated Agricultural Inputs Access Programme (NAAIAP)
- Accessible credit to farmers,
 - AFC reforms, Micro-finance Bill
- Updating of Seed regulations

5. Agribusiness, Market Access, and Value Addition

- Value addition - Agenda in the National Economic and Social Council
- Progress to date;-
 - Concept paper on value addition in 4 priority commodities
 - Tea, cotton, pyrethrum, hides and skins
- Expected output:-
 - Action Plan of policy, legal, and taxation measures to promote agricultural marketing and value addition

Categories of Interventions In Value Addition

- Address producer issues, spur quality primary production
 - Improve rural incomes
 - Cotton
 - Hides and Skins
 - Fish
- Liberalization
 - Instill competition to improve prices, spur growth
 - Coffee
 - Pyrethrum
 - Nuts – Macadamia, Cashew
- Value addition through processing / product transformation
 - Tea
 - Hides and Skins
- Fiscal Incentives

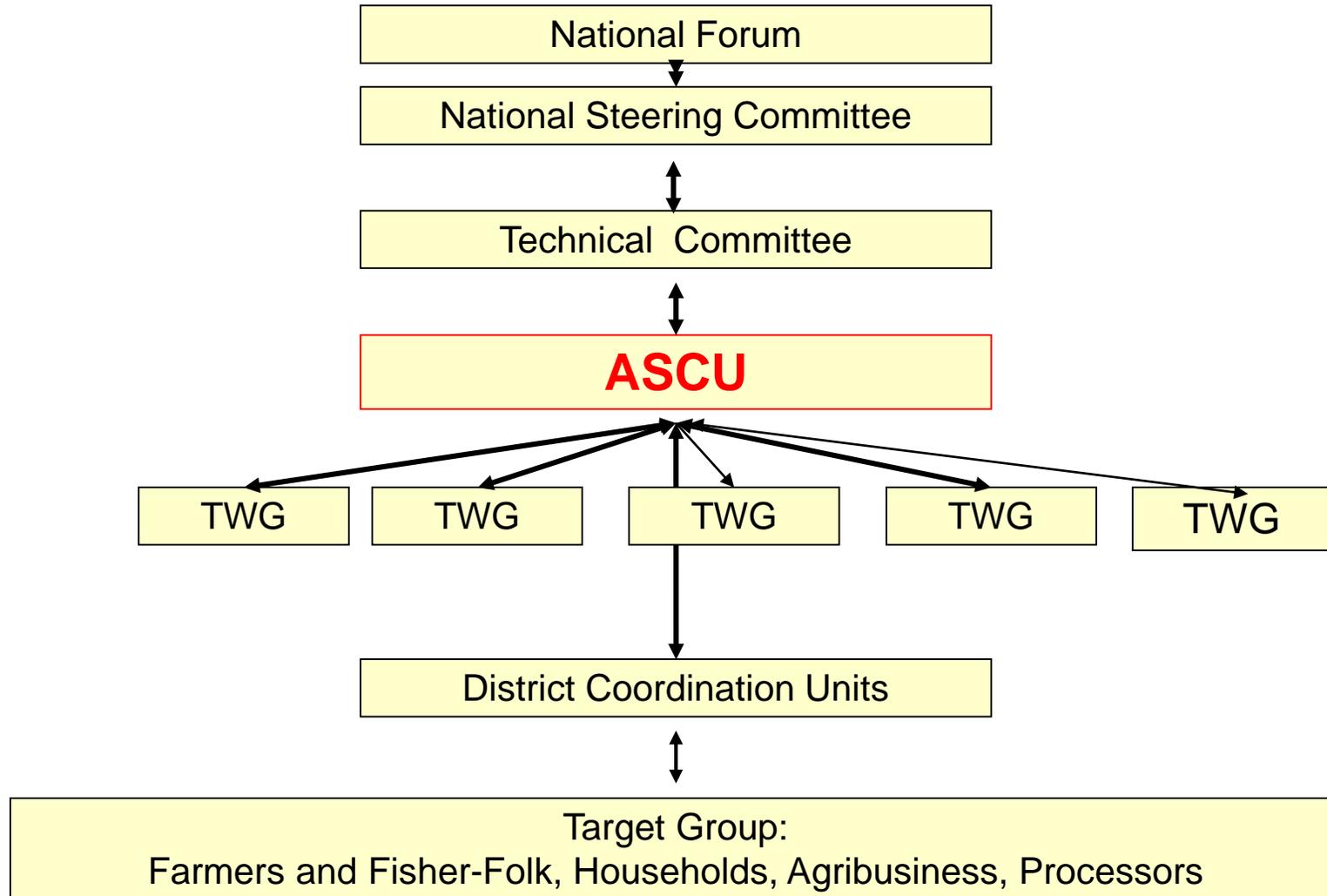
6. Food and Nutrition Policy and Programs

- National Food and Nutrition Policy (NFNP)
 - Food a tool for nutrition and well being
 - 17 million Kenyans are poor, hungry, malnourished
 - Low food prices increase access
 - 2 - 4 million access famine relief
 - Development cheaper than emergency relief
 - Cash transfers cheaper than food distribution
- Programmes to implement the NFNSP
 - *Njaa Marufuku*, NAAIP

ASCU Approach to SRA Implementation

- Thematic Working Groups
 - Private sector chair
 - Directors are conveners
 - ASCU provides secretariat and Advisor
 - Relevant public and private sector members.
- Consultative Forum –
 - 30 experts to critique the output of the core TWG
- Stakeholders Forum

Institutional Framework



Agricultural Sector Coordination Unit (ASCU)

- Role
 - spearheading the reform agenda
 - coordinating implementation of SRA
- Staff of 10
 - 1 Coordinator
 - 6 Program Officers, 2 each – MoA, MoLFD, MoCD&M
 - 3 Advisors
- New Building, 2 Vehicles

The Plan

- Develop MTIP –
 - investment plan for the sector
 - Based on the outputs of TWGs
 - Aligned to the sector MTEF

Example of Linking TWG's to Section of SRA Implementation Matrix

Fast Track	Program	Implementers	Budget
Extension & Market Access	Disease Free Zones	MoLFD, MoCoop KAPP/KARI <i>AfDB, EU, NEPAD</i>
Food Policy	Cut malnutrition: Nutrition education	MoH, MoEduc MoLFD, MoA <i>UNICEF, USAID</i>
Legal and Parastatal Reform	Privatization of Sugar Factories (Nzoia)	MoA, MoF KSB <i>WBank, IFC, EU</i>

What Ministers would get From ASCU

- Legislation – Bill, Cabinet Memo
- National Food and Nutrition Policy
- 3 year Investment Plan (Ksh 20Bn)
- 2 day Consultation Ministers, PS's, ALNR MP's
- SRA National Conference
- Negotiation on Projects for Implementation

Strategy for Revitalizing Agriculture: 2004-2014

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 - 6. Food and Nutrition Policy
- ASCU => 6 TWG's

Legal and Regulatory Reform TWG

- Terms Of Reference
- Membership
- Review of Work Done So Far (by others)
- Our Working Proposal
- Next Steps
- Challenges

Terms Of Reference

- Guide Preparation of an Updated Legal Framework of the Agricultural Sector
- By overseeing/guiding:
 1. Review the legal and regulatory framework in the agricultural sector
 2. Define concept and scope of the review
 3. Coordinate the updating and harmonizing of policies
 4. Gather information on the legal and regulatory frameworks in other countries
 5. Consult widely to gather input/ideas and generate support
 6. Prepare legal instruments:
 - Concept Paper, Cabinet Memo, Sessional Paper, Draft Legislation

Membership

- Sicily Kariuki
Chief Executive FPEAK
- J. K. Mungai
Director Policy MoAgriculture
- Christine Agimba
DSG State Law Office
- Dr. Jane Dwassi
Faculty of Law, UoNairobi
- Emily Gatuguta
DS/State Corporations, MOA
- Dr H. Kirigia
Vet Dept, MOLFD
- Dr. W. Otieno
DDirector, KEPHIS
- A. Mwiti
ASCU – Min of Coops
- G. Kodhek
Advisor - ASCU

Ongoing Policy Reviews

- **65** at 2 per year maximum/in a good year
- **Agriculture:** Umbrella, CAP 318, SRA, Food and Nutrition,
 - Coffee, Sugar, Cotton, Pyrethrum, Cereals, Potato, Sisal, Horticulture, Oil Crops, Nut Crops
 - Extension, Research, Seed, Fertilizer, Pest Control Products, Value Addition
- **Livestock:** Livestock, Dairy, Feeds, Veterinary, Fish, Animal Diseases
- **Other Related:** Land, Forests, Environment Regulations, Water, Wildlife, Arid lands, State Corporations

Reviewed Already Completed Work
Tegemeo/Parliament/Ministries
Sorted/Read /summarized 60 most relevant Laws

ACTIONS

- Repeal
- Amend
- Keep
- Move to rules/subsidiary
- Merge
- Transfer key provisions to new legislation

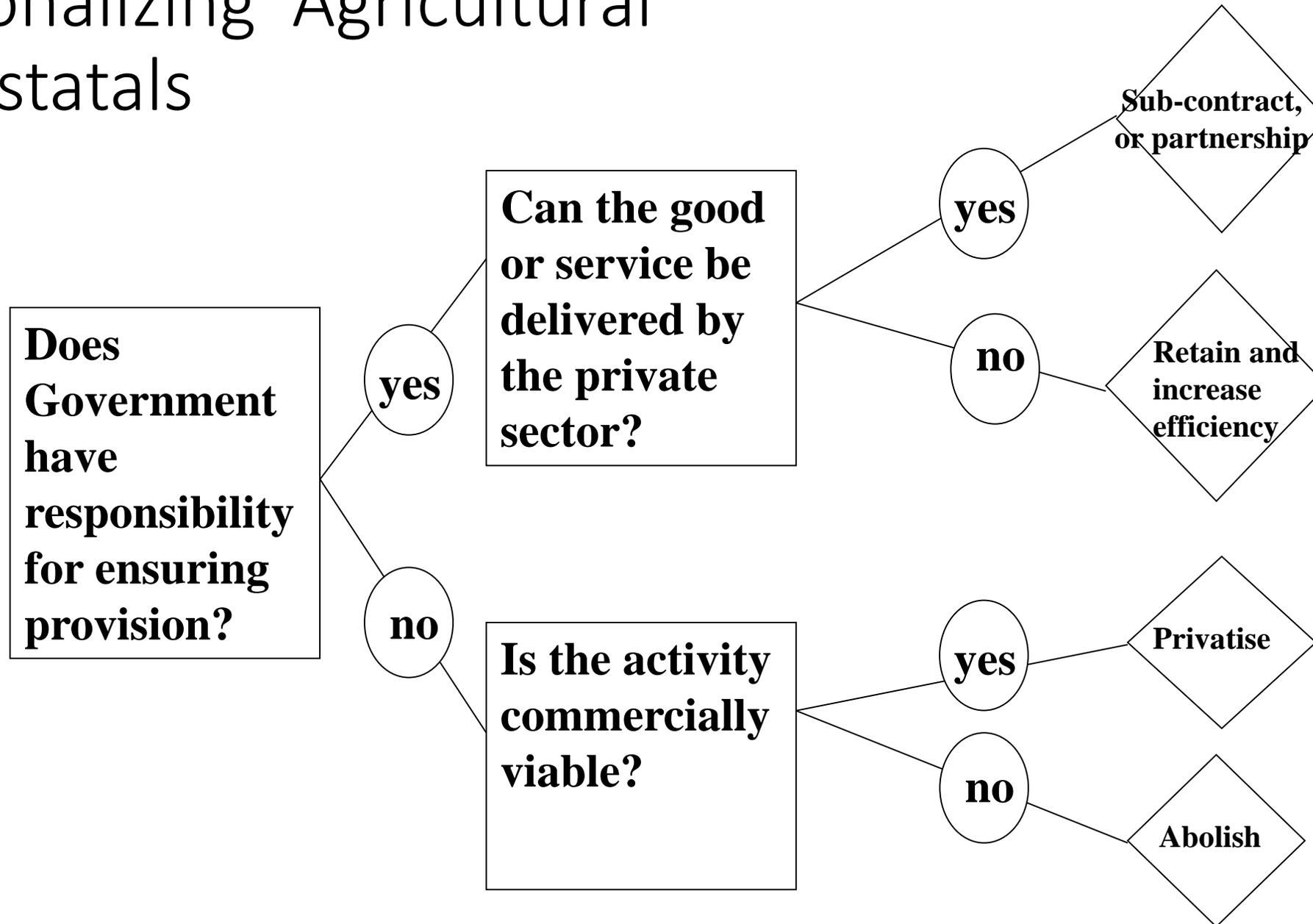
REASONS

- Against Govt. Policy
- Outdated
- Unenforceable
- Infringes basic rights
- Adequately covered elsewhere
- Requires too frequent parliamentary input

Conceptual Issues

- Role Of Government/Public Enterprises
 - Regulation
 - Promotion and Development
 - Commercial Functions
 - Provide Employment
- How To Reform
 - By Commodity
 - By Function
 - By Ministry
 - Timing, Politics, Political commitment, Parliamentary Calendar
- CAP 318
 - Old Umbrella, Needed Updating
 - Ministers Powers : Subsidiary Legislation for individual commodities
To Make Rules, Create Agencies

Rationalizing Agricultural Parastatals



Alternative Approaches to Umbrella Reforms

By Commodities

- Food Crops
- Cash Crops
- Livestock

By Ministries

- Agriculture, Livestock
- Research: Crop + Livestock
- Development: Crop + Livestock
- Regulation: Crop + Livestock

By Functions

- Regulation
 - Service Providers
 - Marketing Rules
 - Public Health
- Promotion
 - Generic Promotion
 - Export Marketing
- Development
 - Credit/Devpt. Fund
 - Research
 - Tribunal

Our Working Proposal

- **Umbrella I: Two Development Parastatals**
 - Create Agricultural Development Board,
 - Create Livestock Development Board
 - Development roles in individual Commodities Subsidiary Legislation
 - Research, Breed Improvement, Extension
 - Marketing, Market Access, Financial Services, Policy,
 - Cover “Orphan” crops and animal species
 - Strengthen Producer/Industry Organizations Eventually => hand over
- **Umbrella II: One Regulatory Parastatal**
 - non- biological threats
 - Service Providers, dispute resolution,
 - grades and standards, marketing arrangements,
- **Umbrella III: One Safety/Certification Parastatal**
 - Biological hazards
 - Import, Export + domestic: Plant, Animal, Food Safety
 - KE(A)PHIS + Food Safety Agency

Agricultural Sector Revitalization Act (Bill)

- Establish **Two** Development Boards
 - Agriculture, Livestock
- Establishment of Industry Development Funds
- Establish **One** Regulatory Agency
- Agricultural Appeals Tribunal
- Repeal and Transitional Provisions
 - 10 Crop Acts, 9 Livestock Acts, 9 Regulatory
 - Focus commodities (7 Crop, 7 Livestock)
 - Nominating Commodity and Professional Associations
 - Provisions for Ministers to make rules and subsidiary Legislation

Legal, Regulatory and Parastatal Reform

- Update/Consolidate Agricultural Legislation
 - Agricultural Development Board
 - a Livestock Development Board, and
 - 1 regulatory agency covering crops, livestock and food safety issues.
 - => Reduction in agricultural Parastatals 31 => 7
 - => More space for the Private sector
- Draft Policy, Draft Bill, Draft Cabinet Memo
 - Evolving through consultation and further analysis
 - PS's including Treasury, Investment Secretary, SCAC
 - Parliamentary Committee, Parastatals, Producer organisations
 - Vets, Public Health,
- Ministers consultation – esp. Agriculture, Livestock, Coops, Health

Repeal Legislation

Outdated, Unenforceable, Irrelevant, Better Covered Elsewhere

Cap 358	The Cattle Cleansing Act			
Cap 498	Stock Traders and Licensing Act			
Cap 355	Stock and Produce Theft Act			
Cap 359	Hides, Skins and Leather Trade Act			
Cap 356	The Meat Control Act			
Cap 363	The Kenya Meat Commission Act			
Cap 336	The Dairy Industry Act			
Cap 362	Uplands Bacon Factory Act			
Cap 361	The Pig Industry Act			
Cap 328	The Canning Crops Act			
Cap 341	The Sisal Industry Act			
Cap 332	The Coconut Preservation Act			
Cap 331	The Coconut Industry Act			
Cap 327	The Grass Fires Act			

Next Steps

- Identify winners and loser, supporters and opposers
- International Experiences
- Communications Strategy, Consultation and Lobbying
- Analysis/enriching Concept
 - Target Completion: **July 2006**
- Our Main Challenge: *A very political process*
 - Vocal opposition vs. muted support
 - How much ownership/leadership/political support?
 - How can this be demonstrated

Epilogue

- Vision 2030 and the 2007 elections
- 2008: Post election violence and a coalition government
- 2010: Referendum
- Parliamentary Committee on Agriculture Lands and Natural Resources
- Minister Sally Kosgei
- 2011: Vision 2030 Delivery vs. anti reformers
- 2012: Last days of President Mwai Kibaki: He signed the 5 Acts into law
- 2016: Non-reformist ministry, devolution,
 - Agricultural private sector booming, domestic and foreign investment,
 - young people