

Drivers of Agricultural Growth in Kenya in the past decade

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Tim Njagi, Lilian
Kirimi, & Gideon
Obare



**STAKEHOLDER
CONFERENCE**

29th - 30th,
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8 am - 5 pm

Sarova Panafric Hotel
Kenyatta Ave,
Nairobi, Kenya

SCAN TO REGISTER

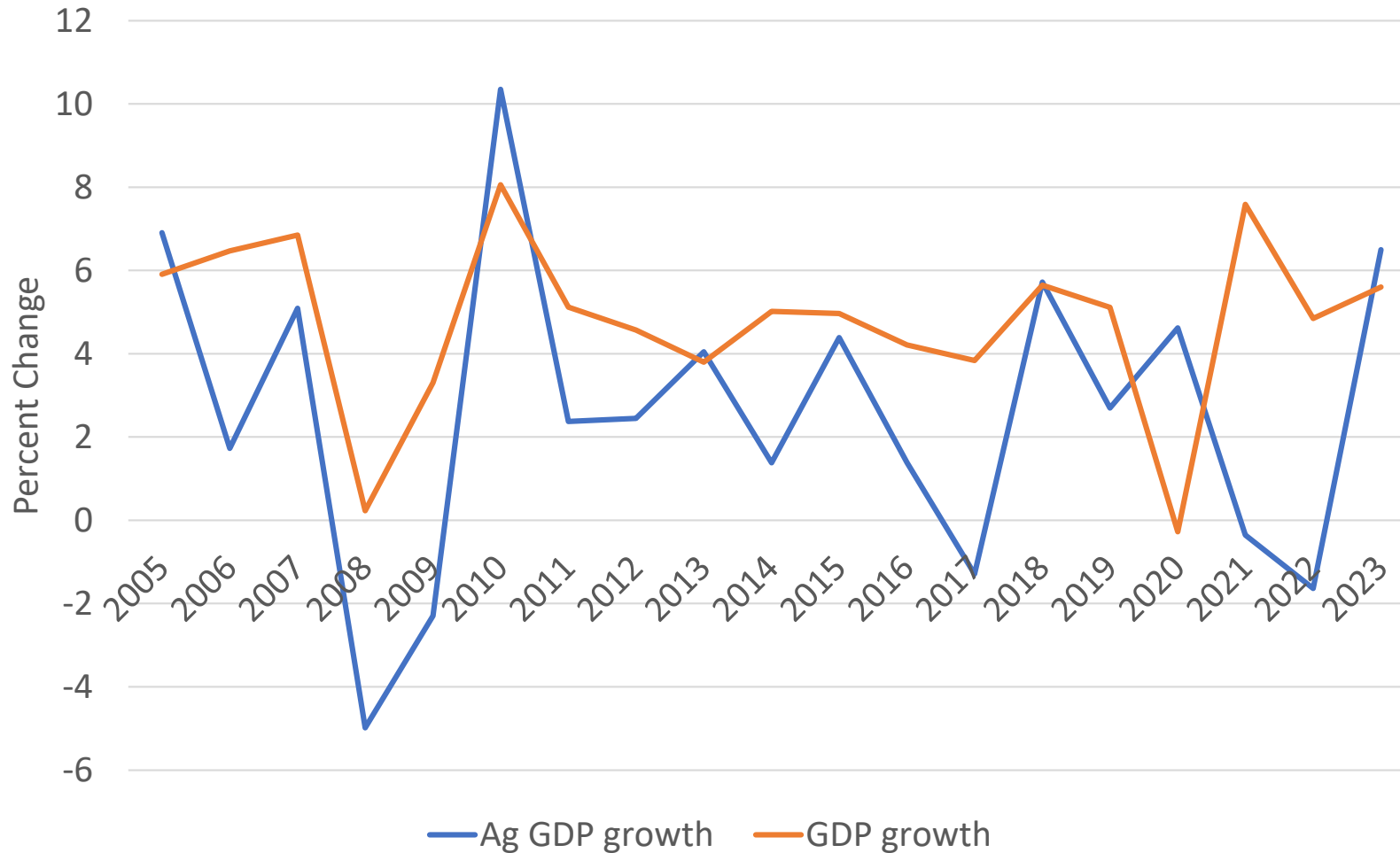


Theme
Shaping Sustainable
Futures: The Influence of
Policies, Programs and
Economic Factors in
Kenya's Agriculture and
Well-Being



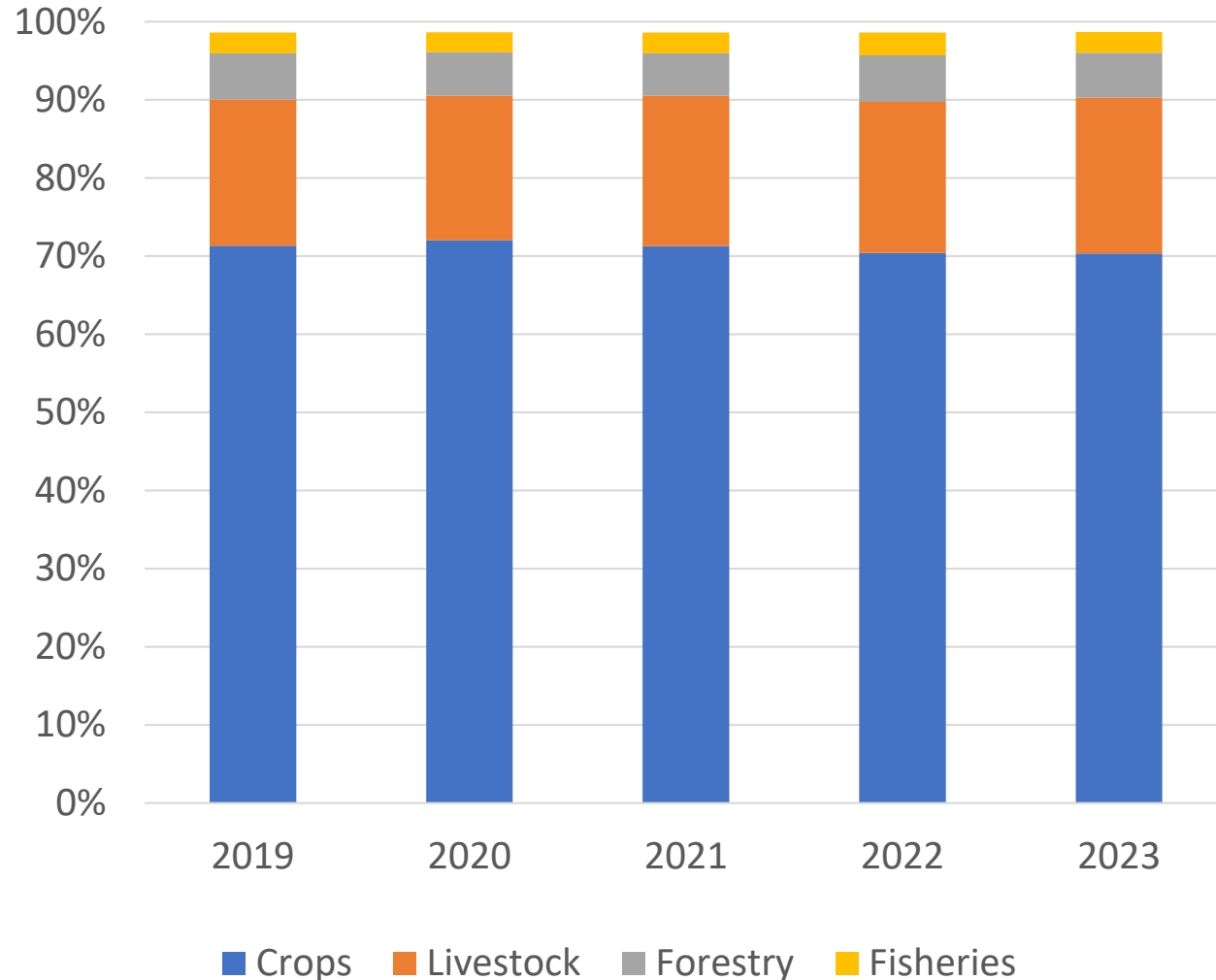
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Trends in agriculture performance over the past decade



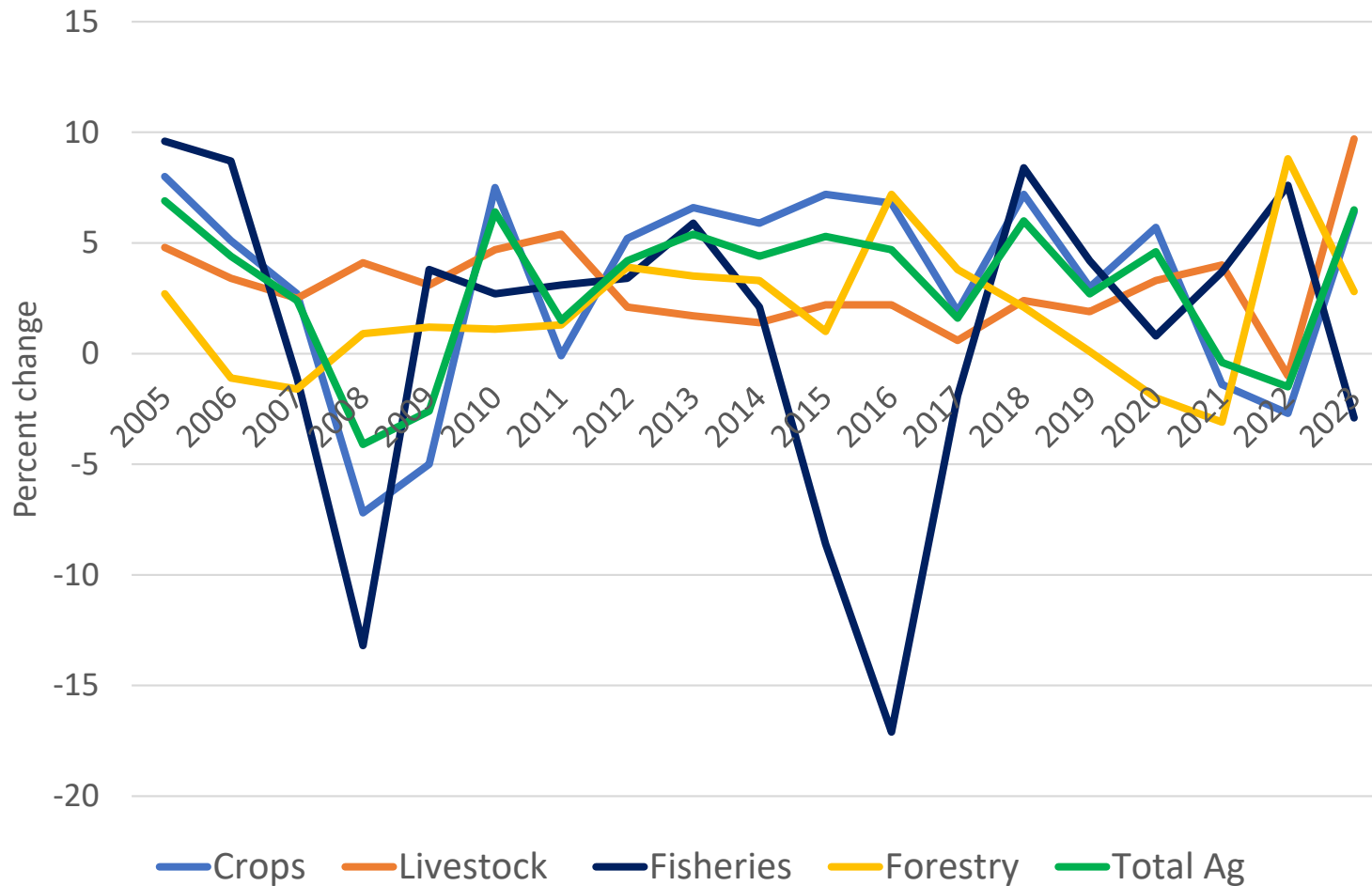
- Ag GDP growth trends downwards and was volatile due to the increased frequency of shocks
- Co-movements between Ag and overall GDP became less prominent
- The sector remains a significant contributor to GDP (22% in 2023)

Crops remains the most dominant subsector



- Crops value added dominant propelled by cash crops (Tea, Coffee, Horticulture)
- Livestock & fisheries have enormous potential to increase economic contribution through agro-processing & value addition

High volatility depicted in sector growth due to shocks & policy



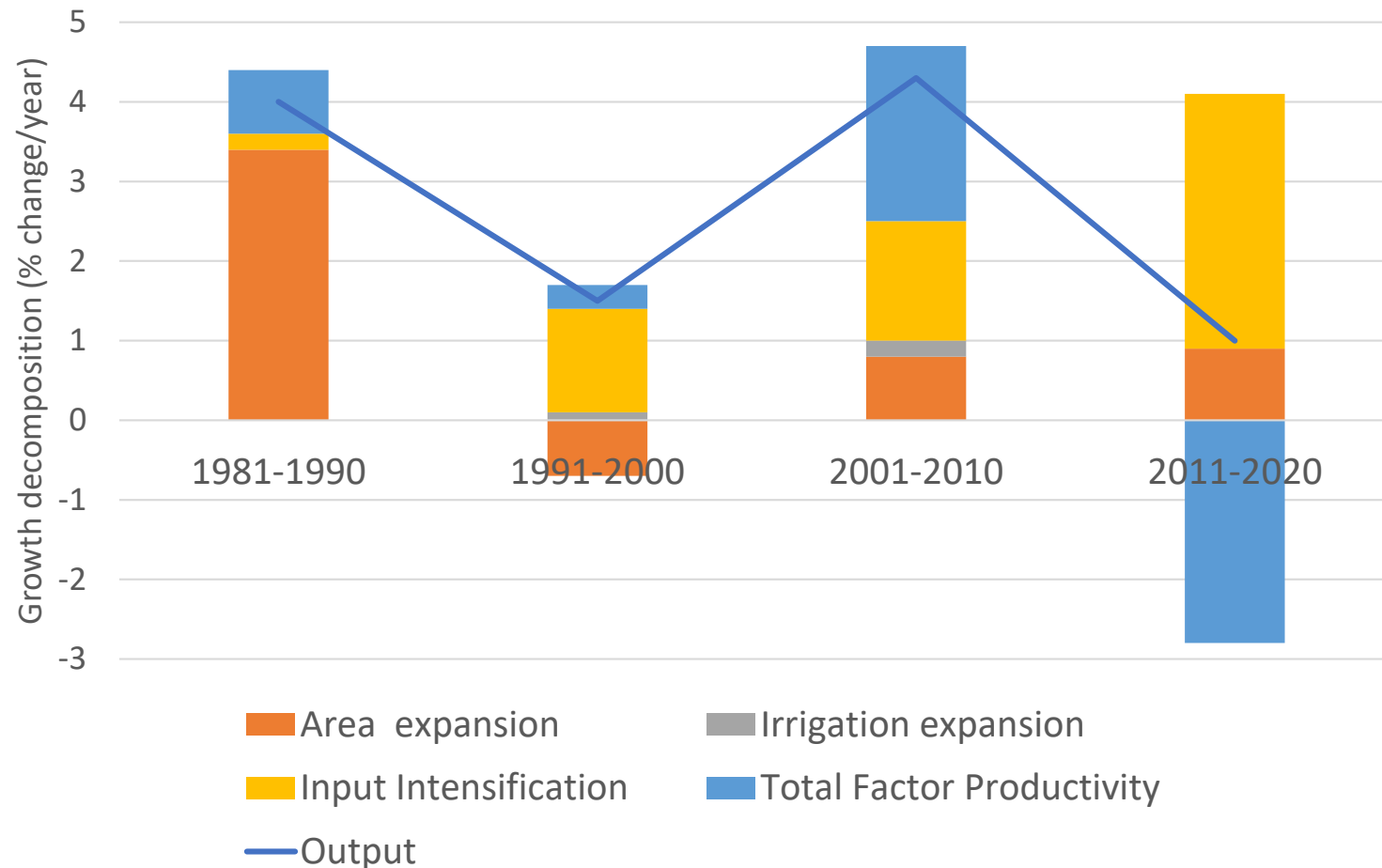
- Fisheries had the highest volatility in the past decade
 - Devolution accounts for key changes
- Crops & livestock susceptible to weather shocks

Source: KNBS, 2024

Selected priorities over the past decade

MTP 1 (2008-2012)	MTP 2 (2013-2017)	Big 4 Agenda (2018-2022)
Enhance access to extension services	Market access & value addition programmes	Fertilizer blending
Seed/Breeds quality improvement	Improve access to drought tolerant & early maturity varieties	Climate smart agriculture
Promotion of low cost irrigation	Development of large-scale irrigation	Large scale irrigation & crop production
Ag reforms targeting consolidation of regulatory institutions	Ag reforms & legislation targeting regulatory & research SAGAs	Development of regulations governing the sector
Improve access to farm inputs through subsidies	Inputs subsidy programs	Prioritisation of value chains & their development
Agricultural land use master plan	Land use and spatial planning	Enhance value addition and agro-processing through SMEs & farmer organisations
Cooperatives development & promotion	Crops/Livestock insurance	Crop/Livestock insurance
	Fisheries Development (Aquaculture)	Aquaculture & Blue Economy development

Ag output contracted in the past decade, and was driven by area expansion & input intensification (Kenya's TFP growth remained negative)



- Growth in the past decade was driven by inputs intensification & area expansion
- However, these strategies are not viable in the long term
 - Area constrained by increasing population & conversion to other uses
 - Inputs intensification constrained by soil health & weather shocks

Source: GAP Report, 2024

Drivers of Ag growth in the past decade

- Inputs intensification (Fertilizer, feeds, mechanization)
- Growth in smallholder irrigation
- Increase in supply of germplasm and crop varieties
- Use of improved and locally adapted livestock breeds
- Emergence and growth of peri-urban agriculture
- Value addition - dairy
- Innovations in inputs, digital services
- Development of transport infrastructure



Govt contribution to growth drivers

- Public policy (SRA, ASDS, Big 4 Agenda, ASTGS)
- GoK mega projects (Cotton program, ASDSP, Galana/Kulalu, KCEP, KCSAP, NARIGP)
- Subsidies on inputs (fertilizer, Ag machinery, Agrochemicals), food imports, fuel
- Public sector financing (low - 2%), support to Ag R&D low
- Training & capacity building - Universities, TIVETs
- Incentives for development partner investments (including CGIAR)



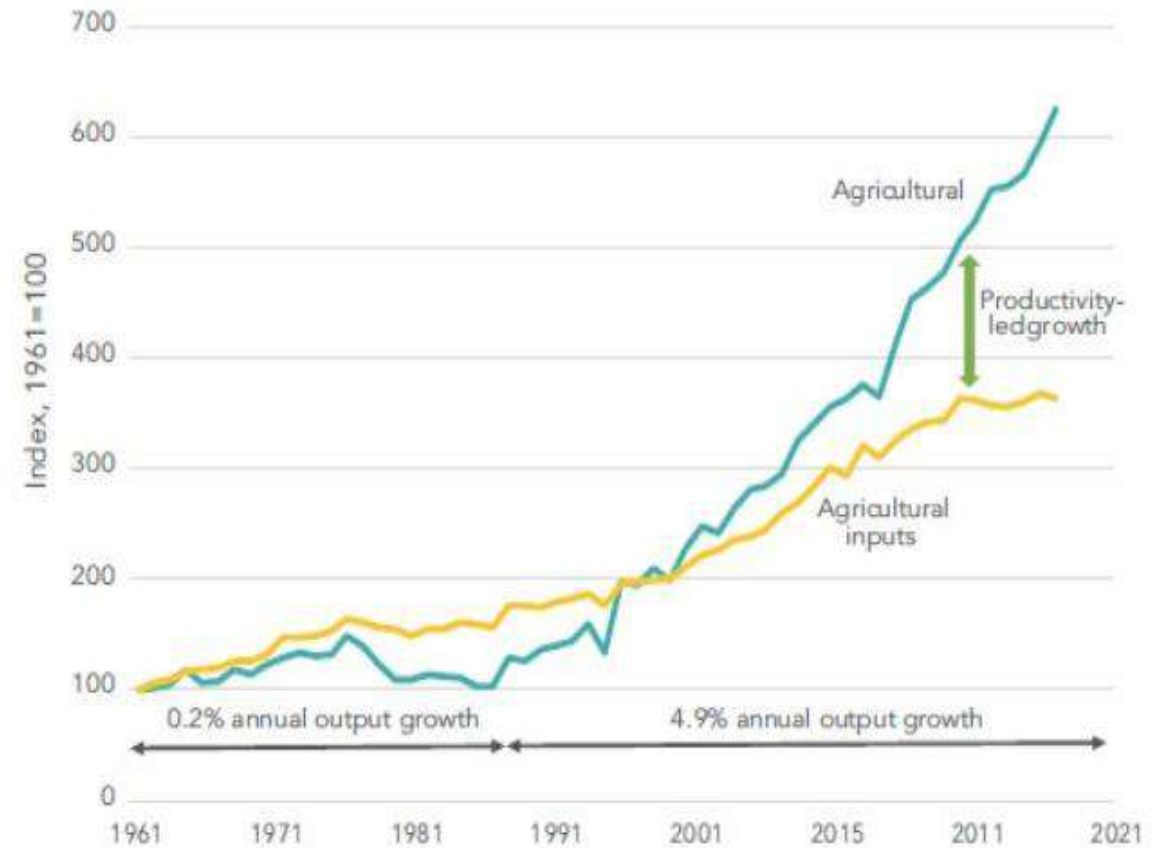
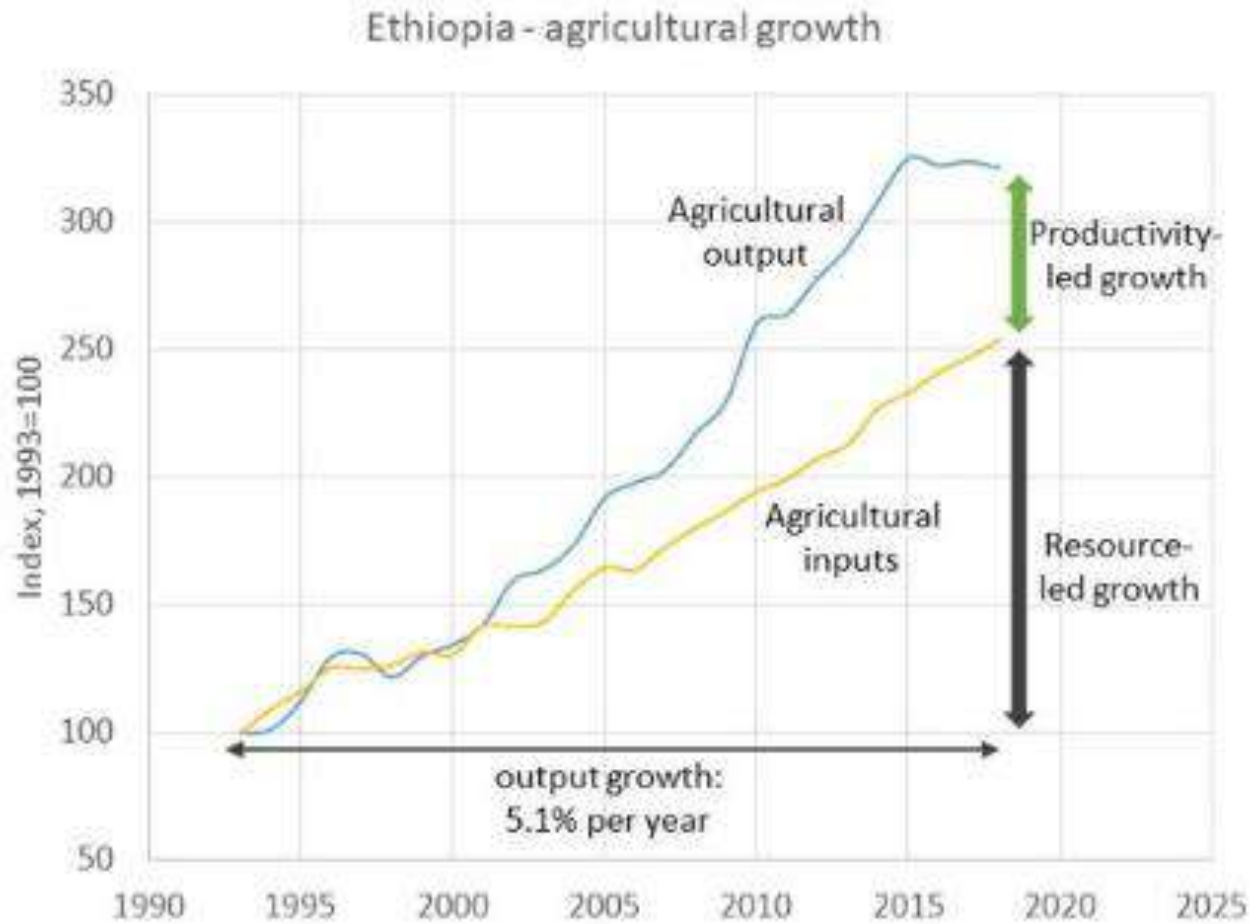
Constraints for future agricultural growth

- Declining agricultural productivity & profitability
 - Contributing to structural changes (land fragmentation)
 - High costs of doing business in agriculture (production, trading & distribution)
- Climate shocks & overreliance on rainfed agriculture
 - Increase in pest & disease outbreaks
- Low investments in agriculture (public & private sectors)
 - Inefficient use of limited resources
- Global market shocks
 - Supply chain constraints, trade barriers, macroeconomic environment
- Incoherent public policy

Opportunities for future agricultural growth

- Incentivize **private sector investments** in agriculture
 - Enhance public sector budgetary support to agriculture (increase in public goods supply)
- Enhance agricultural **productivity & competitiveness**
 - Africa Fertilizer & Soil Health Action Plan
 - Enhance irrigation and mechanization programs
- Leverage **digital technologies and innovations**
- Enhance **climate-smart and resilience-building** programs
- Leverage **trade opportunities** (AfCFTA, Bilateral agreements)
 - Emerging value chains eg nutrition sensitive & dense value chains
- Inclusivity for **women, youth** and marginalized communities
- Enhance the efficiency of county governments
 - Policy & institutional reforms
 - Budget implementation support

Success in growing the sector reliant on productivity led growth – Kenya must learn from successful countries in the region



Source: Fuglie, 2020

Acknowledgement

Tegemeo Institute of Agricultural Policy and
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