Agricultural Policy in Kenya: Issues and Processes

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by

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Contents

Acronyms and Abbreviations

ASAL	Arid and Semi-Arid Lands
ASIP	Agricultural Sector Investment Program
CBK	Central Bank of Kenya
CBO	Community based Organization
CDF	Constituency Development Fund
COMESA	Common Market for Eastern and Southern Africa
COTEPA	Coffee and Tea Parliamentary Group
DfID	Department for International Development
DFRD	District Focus for Rural Development
EAC	East African Community
EU	European Union
ERSWEC	Economic Recovery Strategy for Wealth and Employment Creation
FBO	Faith Based Organization
FPE	Free Primary Education
GDP	Gross Domestic product
GOK	Government of Kenya
ICC	Inter-ministerial Coordination Committee
IPAR	Institute of Policy Analysis and Research
KARI	Kenya Agriculture Research Institute
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KPCU	Kenya Coffee Planters Co-operative Union
KTDA	Kenya Tea Development Authority
LATF	Local Authority Transfer Fund
MDGs	Millennium Development Goals
MOA	Ministry of Agriculture
MOCD	Ministry of Co-operative Development
MOF	Ministry of Finance
MOL	Ministry of Lands
MOLG	Ministry of Local Government
MP	Member of Parliament
MTEF	Medium Term Expenditure Framework
MVP	Millennium Villages Project
NARC	National Rainbow Coalition
NGO	Non Governmental Organization
NPEP	National Poverty Eradication Plan
PER	Public Expenditure review
PIU	Project Implementation Unit
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
REF	Rural Electrification Fund
RMLF	Road Maintenance Levy Fund
SAPs	Structural Adjustment Programs
SRA	Strategy for Revitalizing Agriculture
SUPA	Sugar Parliamentary Group
SWAP	Sector Wide Approach
TA	Technical Assistance
TIC	Technical Inter-ministerial Committee

1. Introduction

Agriculture remains the backbone of the Kenyan economy. It is the single most important sector in the economy, contributing approximately 25% of the GDP, and employing 75% of the national labour force (Republic of Kenya 2005). Over 80% of the Kenyan population live in the rural areas and derive their livelihoods, directly or indirectly from agriculture. Given its importance, the performance of the sector is therefore reflected in the performance of the whole economy. The development of agriculture is also important for poverty reduction since most of the vulnerable groups like pastoralists, the landless, and subsistence farmers, also depend on agriculture as their main source of livelihoods. Growth in the sector is therefore expected to have a greater impact on a larger section of the population than any other sector. The development of the sector is therefore important for the development of the economy as a whole.

The importance of the sector in the economy is reflected in the relationship between its performance and that of the key indicators like GDP and employment. Trends in the growth rates for agriculture, GDP and employment, show that the declining trend experienced in the sector's growth especially in the 1990s, is reflected in the declines in employment and GDP as a whole (fig. 1. in Appendix). Policies that affect the performance of the sector have important implications for the economy.

Policies for agriculture consist of government decisions that influence the level and stability of input and output prices, public investments affecting agricultural production, costs and revenues and allocation of resources. These policies affect agriculture either directly or indirectly. Improved agricultural production has been seen as one of the overall objectives for poverty reduction in the country. The objectives of agricultural sector strategy have been increasing agricultural growth, seen as important for increasing rural incomes and ensuring equitable distribution. Due to limited availability of high potential land, it has been envisaged that increasing agricultural production will have to come from intensification of production through increased use of improved inputs, diversification especially from low to high value crops, commercialisation of smallholder agriculture, and increased value addition through stronger linkages with other sectors. In the following sections, we review some of the key policy issues and concerns with respect to the sector's development.

2. Key Policy Issues

Agricultural policy in Kenya revolves around the main goals of increasing productivity and income growth, especially for smallholders; enhanced food security and equity, emphasis on irrigation to introduce stability in agricultural output, commercialisation and intensification of production especially among small scale farmers; appropriate and participatory policy formulation and environmental sustainability. The key areas of policy concern, therefore, include:

- Increasing agricultural productivity and incomes, especially for small-holder farmers.
- Emphasis on irrigation to reduce over-reliance on rain-fed agriculture in the face of limited high potential agricultural land.
- Encouraging diversification into non-traditional agricultural commodities and value addition to reduce vulnerability.

- Enhancing the food security and a reduction in the number of those suffering from hunger and hence the achievement of MDGs.
- Encouraging private-sector-led development of the sector.
- Ensuring environmental sustainability.

Key policy concerns

i. ***Declining agricultural performance:*** Declining performance of the sector in terms of its growth, has been one of the major concerns facing policy makers and those having interests in the sector. The performance of agriculture, which remains the backbone of the economy slackened dramatically over the post independence years from an average of 4.7% in the first decade to only below 2% in the 90s. This decline culminated in a negative growth rate of -2.4% in 2000. As a sector that engages about 75% of the country's labour force, such a decline implies lower levels of employment, incomes and more importantly, food insecurity for a vast majority of rural Kenyans. It is instructive to note that a sizeable proportion of the rural labour force (over 51%) are engaged in small-scale agriculture and that women are the majority in the sector. A decline in agriculture has thus far reaching implications in terms of employment and income inequality as well as food security for the country (UNDP 2002).

- Despite its declining performance, agriculture has continued to support the livelihoods of over two thirds of the labour force. This was mainly because the decline in agriculture's performance since the mid 1980s was not matched with any real transformation in the economy which would have ensured that the share of other sectors in GDP and employment increased as agriculture's share declined (ILO 1999). As a result, incomes have continued to decline as poverty has continued to entrench itself in the rural areas.

- It is recognised that low productivity, reflected in low yields per acre of land is among the main sources of high unit production costs in agriculture in Kenya. Among the reasons that explain this is the inability by farmers to afford readily available modern technologies of farming. The objective of policy makers in this area, therefore, is to increase output using improved technologies of farming, which would inevitably increase farm productivity and hence farmers incomes.

- Agricultural productivity can be increased, farmers incomes raised, more people fed and in deed, the general economic welfare enhanced. The SRA (2004-2014) recognises this and that to improve smallholder farm productivity as well as increase incomes, smallholder farming must be changed from producing for subsistence to commercial profitable businesses. It will then attract private entrepreneurs willing to invest therein and employ modern farming techniques necessary to achieve increased productivity. When agriculture is technology-led, not only is food security achievable but also poverty alleviation is also possible. Inability to afford new and readily available farming technology, however, is partly blamed on poor access to financial resources, especially in a nation where the majority, and not only farmers, are poor and the financial markets have not developed to support agricultural investment.

- Poor marketing facilities and institutions are some of the constraints to increased agricultural production. The major marketing constraints comprise high transportation costs due to dilapidated roads, improper handling, poor storage facilities and wastage. These result in fluctuations in both productions and incomes. For livestock marketing, limited cattle holding grounds and meddling with stock-routes has limited access to markets. Promoting marketing of agricultural produce will require that holding grounds, watering points, stock-routes and livestock markets be developed; the private sector be encouraged to invest in slaughter houses and cold storage; local authorities in collaboration with the private sector invest in storage facilities; the government provides all-weather rural access roads, improve communication facilities and market information systems among others. The two sets of interventions, in enhancing agricultural productivity and marketing systems as recognized too by the SRA (2004-2014) will lead to agricultural growth.

ii. ***Limited high potential agricultural land and over-reliance on rain fed agriculture.*** Only about 17% of the country's land is high and medium potential agricultural land where most intensive crop and dairy production take place. The rest is arid and semi arid, not suitable for rain fed agriculture. This means that increasing agricultural production will have to come from intensification of land use in the high and medium potential lands. The high reliance on rain fed agriculture vulnerable to weather variability leads to fluctuations in production and incomes especially for rural areas. There is low utilisation of irrigation potential with only less than 7% of the cropped land under irrigation[1]. Poor rains always lead to poor agricultural performance and the subsequent famines affecting large sections of the population. This spills over to negatively affect agricultural incomes and hence investments in rural areas.

- Droughts and floods have increased in frequency and intensity in the immediate past three decades, resulting in high crop failure and livestock deaths. The current ravaging drought is a stark reminder to this. In addition, increased land degradation has also decreased land resilience thereby exacerbating the effects of droughts and floods leading to devastating famines that claim increasing human and livestock lives. Recurrent droughts, floods and the associated losses are concerns that have featured much in public debate in the recent past.

- Over reliance on rain-fed agriculture, therefore, can be seen as one of the major causes of food insecurity. Despite the enormous potential for irrigation, irrigation based farming is not widely practiced. It is developed under large-scale irrigation schemes for crops like rice a few farmers have their own irrigation systems for export crops like horticultural produce and a limited number of smallholders practice small scale irrigation farming. This has been due to low utilisation of water, lack of efficient technologies, destruction of rainfall catchment areas, poor management of government irrigation schemes, degradation of surface water, uncontrolled exploitation of underground water, leading to a drop in the water table and increase of water extraction costs, sluggishness in permit allocation for use of water, the lop sided Nile Treaty among others. Putting more emphasis on

[1] Kenya has 540,000 hectares of irrigable land but less than 90,000 hectares have been irrigated (SRA 2004).

irrigation is important in increasing arable land, productivity per acre of land, stability of agricultural output during adverse weather conditions and stemming famines achievable only with addressing factors that hinder irrigation efforts.

iii. ***Limited diversification of Agricultural production:*** Narrow base of agricultural products, especially exports leads to high vulnerability of incomes to the international market trends. The sector is characterised by weak vertical integration, made worse by weak institutions and support services for agricultural exports. Only a few commodities (coffee, tea, dairy, maize, wheat, beef, and horticulture provide livelihood for over 85% of the population while coffee and tea alone provide 45% of the wage employment in the sector. Closely linked to this is the narrow base for agricultural exports (UNDP 2002).

- Primary agro-based products constitute about 51% of the country's total exports, with the value of exports from agricultural sector accounting for 64% of total exports (Kenya 2003)a. Despite the potential for exports of fresh produce and the, it only accounts for 3% of the total production of fresh produce. This is mainly due to limited diversification, and low value addition in agricultural exports. The challenges to the diversification of agricultural exports, which hinder the realisation of the potential include; poor outdated technology that hinders the processing of agricultural products into high value products, limited access to breeds with high yield potentials, WTO regulations that increase the cost of imported seeds and planting materials, limited capacity by quality assurance bodies to ensure compliance with international standards and the imposition of non tariff barriers to trade like sanitary and phytosanitary standards.

- Kenya has not exploited its agricultural potential to the full which is necessary to diversify into no-traditional commodities. This would improve and stabilise agricultural output, productivity, incomes, significantly check famine and thus food insecurity. The country has varied climatic conditions suitable for diversified agriculture into specialised niches like horticulture, herbs, spices, fruits and even lean beef, but which have not been exploited to the fullest despite very good efforts made in horticulture and fruits. There is also a vast fish potential that has remained unexploited. The inability to effectively monitor and enforce compliance and rules governing offshore territorial waters has curtailed full exploitation of the offshore fishing potential. However, full exploitation of this potential has been hindered too by lack of equipment to undertake deep-sea fishing and the availability of more lucrative alternative sources of livelihood found in the tourist industry.

- Produce from agriculture is commonly marketed with minimal processing resulting in low revenue earning capacity to farmers, fishermen and creation of fewer employment opportunities for citizens. Efforts should be made to enhance agro-processing to increase value of agricultural exports and enhance their income earning potential. Some of these measures recognized by SRA (2004-2014) include, provision of appropriate incentives for establishing agro-industries in rural areas; focused research on value addition regarding processing, storage and packing of agricultural produce; promotion of partnerships between smallholders and agribusiness; improvement of supportive infrastructure, e.g., rural access roads, rural electrification, water and telecommunications; and undertake training for farmers and farmer institutions in value addition among others. The media has recently highlighted the plight of mango farmers who cannot market their bumper produce.

- There is also limited exploitation of the regional market potential. The regional markets that have resulted from regional integration, e.g., in the East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), etc., and trade liberalisation are yet to be exploited to a significant level. The government needs to encourage trade in agricultural produce across borders, improve and/or provide quality control services, capacity build farmers and fish traders on sanitary, phytosanitary and zoo sanitary measures and international standards, build effective systems to gather and utilize information on external market opportunities, enhance efficiency in port and airport handling services to eliminate delays and costs, designate disease free zones to speed up access to export markets for livestock and their products. Furthermore, the country can become a regional hub for exports to the opened up markets through regional integration and trade liberalisation to the Far East as well.

iv. ***Poor and inadequate rural infrastructure***: Poor infrastructure including poor rural roads, markets and transport systems that result in high transactions costs for farmers and inaccessibility to input and output markets are among the main concerns for the sector. The performance of the sector is affected right from the production to marketing domestically and even internationally. For exports this means lack of sustainable supply of raw materials due to uncontrolled production, with gluts alternating with shortages as well as uncompetitiveness since high transport costs are reflected in high prices. Poor infrastructure has also contributed to the poor market integration in the country.

- Although agriculture has over the years contributed more than proportionately to GDP growth in comparison to other sectors, this has been partly due to infrastructure established through efforts made for specific commodities. Some of these include provision and maintenance of rural access roads to facilitate the movement of agricultural produce to markets, establishment of agro-based industries to increase the value of agricultural produce, education, training and extension services to enhance the adoption of modern farming techniques, establishment of local market centres to open up markets for farmers produce, rural electrification to facilitate agro-processing and safe storage for the produce. Most of these services have been provided centrally by the government through various concerned implementing ministries, until when new fiscal reforms were initiated after the realisation that the productivity of the funds ware not very effective.

v. ***Inadequate and declining research in agriculture***: During the first decade of independence, agricultural research emphasised cash crops and major food crops led to major break throughs in these commodities, which largely contributed to increased agricultural production. There was however insufficient appreciation of the economic aspects of small scale farming, leading to research being based on input levels that were uneconomical to the small farmers. Productivity from small scale farms has therefore been lower than from the large scale farms. Agricultural research was also not coordinated, until the creation of the national scientific and research council. Training for agricultural extension staff also expanded.

- Inadequate research, especially demand driven research, coupled with ineffective extension and delivery system of research findings has been yet another concern. The decline in government allocation to the sector has contributed to this continuing trend. The results here include decline in other agricultural services like artificial insemination services, lack of good quality seed and planting materials for farmers. High costs have led to inadequate application of improved purchased inputs on most of the farms. A major concern with respect to research is also that the limited research activities generally cover only export crops, ignoring the essential food crops. The research system in place for agriculture also faces a number of problems like lack of strong research-extension-farmer linkages, inadequate funding, and high turnover of research scientists due to poor incentives.

- The provision of services has also been affected by too many official interventions especially in commodity marketing and pricing, characterised by proliferation of parastatal activities in pricing controls of agricultural commodities. Institutional failure due to lack of capacity by the private sector to take over the functions previously performed by the state after liberalisation of the sector. Limited investment and coordination by local research institutions like KARI and institutions of higher leaning is also a concern.

- A number of constraints have however hindered further progress in research. Lack of well defined priorities that reflect policy pronouncements, lack of monitoring and evaluation, the low use of trained scientists from institutions of higher learning and low funds for research have all contributed to the concern. The ability of Kenyan agriculture to play its role in the economy depends on the research agenda that the country charts out for its national agricultural research system. The international agricultural research centres should therefore only complement local research output. Although agricultural research is currently coordinated by Kenya Agricultural Institute (KARI), a critical problem is availability of research funds. Research expenditure as a percentage of GDP remains below 10%, although most financing has been done by donors.

vi. ***Agricultural sector financing and related activities***. The lack of finance for agriculture limits increasing production and investment in value addition activities in agriculture. Inaccessibility to credit especially for small scale farmers and especially women has limited the range of activities, the type of technology used and the scale of operations that a farmer can adopt on his farm. Agricultural credit available to farmers has tended to diminish over time since independence. Although there have been a number of institutions that have been involved in agricultural financing over time, actual investment in the sector has been small. Thus to improve agricultural productivity and incomes, especially of smallholders most of whom reside in rural areas, access to affordable financial credit is important to enable them acquire new farming technology - a necessary input in realising the higher productivity goal.

- There has been a bias of credit towards large farms and cash enterprises. Poor mobilisation of financial resources through weak cooperative system, and grass roots organisations needs to be addressed.

vii. ***Limited development and exploitation of the livestock sector***. Despite the long recognised potential of the livestock sector, this potential remains largely unexploited. Kenya's livestock sector contributes 10% to the GDP and about 42% of total agricultural output (Republic of Kenya 2002). It supplies the domestic requirements of meat, milk, dairy products and other livestock products, and accounts for about 30% of all marketed agricultural output. The sector also earns foreign exchange through the export of live animals, hides and skins, dairy products and processed pork products besides providing raw materials for agro-based industries. It employs 50% of total agricultural labour force. Although livestock keeping is commonly practiced through out Kenya, more than 60% of all Kenya's livestock is found in the ASAL where it employs 90% of the local population. The livestock sector is charged with ensuring self sufficiency in livestock products (Republic of Kenya 2002; Ministry of Livestock and Fisheries Development 2006).

- The development of the livestock sector is however constrained by a number of factors. Recurrent droughts that lead to massive losses in livestock and therefore livelihoods for the pastoralists are a major concern. This, coupled with lack of reliable markets has seriously undermined efforts to realise the full development potential of the sector. Since the liberalisation of domestic marketing of agricultural products, which reduced the role of marketing boards like Kenya Meat Commission (KMC) and Kenya Cooperative Creameries (KCC), the marketing of livestock and livestock products was left to private traders, who lacked the capacity to take over the role of the state corporations (ILO 2002). The marketing problem has been aggravated by the poor state of infrastructure, which increases the marketing costs.

- The high costs of inputs and veterinary services have also constrained the development of the sector. The withdrawal of government subsidies as part of economic reforms meant that many farmers became unable to afford such services, leading to reduction in their use. The privatisation of artificial insemination services has in effect increased costs, which has led to decline in the use of such services. This has led to the problem of poor quality livestock through problems of inbreeding and limited use of improved inputs. Diseases and pests also pose a challenge to the sub-sector due to weak inspectorate and quality assurance as well as lack of enforcement of the existing rule and regulations governing the movement of livestock and their products.
- The high potential for exports from livestock and livestock products remains unexploited due to inadequate capacity in standardisation and quality control as well as inadequate processing capacity. This has meant that the livestock sector is largely dominated by primary production with little processing of produce. The shortage of high quality breeding stock acts as a further constraint to the exploitation of exports from the livestock sector. The lack of quality control and standardisation of livestock products has significantly hindered access to foreign markets as local farmers fail to meet export health standards and quality requirements.

- Due to pressure from other competing land uses, the high and medium potential areas have been turned into growing of subsistence crops. This has meant that alternative management systems for livestock production have to be adopted. While in the high potential areas livestock production is threatened by population pressure, in the ASALs, it is problems of land degradation, droughts, and soil erosion that are the main threat. Inadequate water facilities, poor marketing infrastructure and poor animal husbandry practices as well as poor slaughtering practices limits the quality of hides for exports.
- Other policy concerns in the livestock sector arise from the marketing of products like dairy. Milk marketing was liberalised in 1992, leading to the proliferation in the market of private processors and informal traders/hawkers of raw milk. Critical issues that have emerged influencing the development of the sector therefore include, marketing arrangements for private traders, product quality control and assurance as well as the management of strategic reserves. The production and marketing of beef products has been affected mainly by the collapse of the KMC. Although Kenya has the potential to meet her domestic demand for meat and realise a surplus for export, local producers continue to face problems of drought, and poor marketing outlets that limit their production. Poor timing of livestock sales, with majority of pastoralists selling their stock under very desperate circumstances, is another problem.
- There is therefore need for programmes that enhance access to appropriate production technologies and inputs as well as increasing the efficiency and overall productivity of the sector.
- The revitalisation of the livestock sector will therefore require among other things, the rehabilitation of marketing infrastructure facilities, facilitating the private sector to invest in both primary and secondary livestock processing plants close to production areas. It will also be necessary to develop programmes that promote and support the production of feeds that augment the conventional feeds. Reviving and privatising the KMC to provide a market outlet for livestock will also contribute to reducing the vulnerability of livestock farmers especially pastoralists whose livelihoods depend on livestock. This is especially important in addressing the problem of food security in the ASALs.

viii. ***Lack of a comprehensive land use policy*:** This has over time led to difficulties of access and utilisation of land. The country lacks a clearly articulated land policy with the result that issues like land use, management, tenure reforms and environmental protection are inadequately addressed through the existing systems (Kenya 2001). Land is an important resource in agriculture in Kenya and lack of access to or ownership of land is considered one of the major causes of poverty (UNDP 2002). The scarcity of agricultural land makes the issue of land use policy a critical one. Only less than 20% of the country's land surface is high and medium potential. The PRSP identifies the improvement of land uses management as one of the ways of improving agriculture.

- Issues on land that are relevant to agricultural development include conflicts between different land uses due to the lack of a coordinating body that can ensure harmony between different users (Kenya 1994). Harmonisation of different development activities that can foster optimal land use and control of environmental degradation is a critical issue..
- The failure by the existing land conservation policy and the need to have attendant laws to generate environmentally sound land use habits for sustainable

development is a relevant concern for agriculture. There has been an over emphasis on the protection of property rights and inadequate provision for the regulation of the rights in the interest of soil conservation. This is compounded by the lack of a well coordinated land management policy with respect to various land uses. The existence of numerous legislations and complex procedures relating to plan approvals, subdivisions and registration prevent the various government agencies from keeping up with the demand for their services.

- The lack of accurate and up to date database information on land is also a critical issue. Most information on land continues to originate from the districts.
- The problems of pastoral land tenure relations, with its roots in the dispossession of pastoral communities of their lands by the colonial administration, has implications for agricultural development especially food security and sustainability. There should also be security and equity in access to and use of land in pastoral areas. There is therefore need to provide a legal framework that defines and recognises pastoral land and related natural resource rights. There is need to recognise pastoralism as a legitimate land use system as the basis for legal backing.

Possible Policy Concerns

- Maize is the main staple commodity in the country and therefore important for food security. National food policy and the ability to meet the country's food security needs is therefore a major concern with respect to maize. The majority of Kenyans are food insecure due to inadequate strategic reserves in major food commodities, and lack of proper distribution systems that can facilitate the efficient movement of food commodities from surplus to deficit areas. They have no access to adequate quantities of food and even what they have access to, has poor nutritional value. The main cause of shortfalls especially in maize has over time resulted from the low use of fertilisers, lack of finance and the withdrawal of other services like extension by the government. Lack of guarantee for markets for maize produce has compounded the problem as farmers have no incentive to invest in productivity increasing practices. The incidence and prevalence of food insecurity, however, is greatest in the arid and semi-arid lands (ASALs) due to poor resource endowment and scanty and unpredictable rainfall patterns. While the area is endowed with livestock production potential, lack of markets for livestock has increased the vulnerability of pastoralists whose livelihoods depend on livestock products but are negatively affected by weather variations. This has compounded the problem of food security in the ASALs. Pastoralists often remain with inadequate livestock to sustain their livelihoods after prolonged droughts

- That famine is a frequent phenomenon in the country is a source of great concern to policy makers while its regular highlights in the media reflect the media's distaste for it. It is not easy to reconcile that in a country where agriculture is the mainstay of the economy, famine is so frequent. Some of the famines experienced could have been avoided or their impacts significantly mitigated. These include, famine brought about by drought, floods and rapid deforestation. Inadequate early warning systems, disaster unpreparedness, farming practices that do not hinge on environmental sustainability, rampant destruction of rainfall catchment areas especially through rapid encroachment of human settlements, lack of implementation of elements of the food security policy are some of the culprits of the frequent occurrence of famine. Further, poor logistics worsen famine management even with bumper harvests in the food basket regions of the country particularly the north rift. The current ravaging famine in the ASALs would have been significantly checked if logistics were right to move surplus food from the basket zones. Famine amidst plenty reflects generally on the country's state of unpreparedness in the face of a disaster. Measures to address these handicaps and those that would match population growth to food production that include family life education - family planning - ought to be adopted.

- Increasing importance of small scale agriculture in the sector, coupled with its declining productivity and low incomes are a concern especially relevant to poverty reduction efforts. The small scale sector contributes 75% of total agricultural production and over 70% of the total marketed production, reflecting the increasing importance of smallholder farms in agricultural production, and absorbs about 51% of the total labour force in the sector. Food production also accounts for a major share of small scale agricultural production (Republic of Kenya 1999). The importance of agriculture especially smallholders as a source of livelihoods in the rural areas is therefore a major concern for agricultural and rural development. This is because of the high poverty levels in the rural areas especially among smallholder subsistence farmers.

- The significant involvement of women in small scale agriculture is an important factor among measures to improve agricultural performance. Women provide 75% of the labour force in small scale agriculture and manage 40% of the small scale farms. Upto 2/3 of the female population in rural areas is engaged in subsistence farming. Despite women's significant contribution to agriculture, they face a number of constraints, especially limited access to productive resources like improved inputs, extension, and marketing facilities which limit their productivity. Institutional factors also limit women's access to financial services. The expansion of rural investments like infrastructure is likely to have more beneficial effect on women, the majority of whom are among the.

- The increasing disparities in opportunities and incomes between agriculture and rural areas on the one hand and non agricultural urban areas on the other hand is also a concern. These disparities have meant that poverty levels have continued to be higher in the rural areas where the majority of the population reside.

- Environmental degradation and rising poverty is a major concern relevant to agricultural development. As agricultural land continues to be scarce, and rural poverty continues to increase, agricultural practices that conflict with the environment have increased. High levels of poverty in the rural areas, where agriculture is the main source of livelihoods, have significant implications for environmental sustainability. The poor engage in farming practices that negatively affect the environment and reduce the potential for ASALs. With increased pressure on the natural resource base and the need to increase productivity, the challenge remains that of intensifying land use while enhancing the long run productive capacity of the resource base. Low productivity, with pressure on the natural resource base has led to migration into Arid and Semi Arid Lands (ASALs) with inappropriate farming practices and negative environmental consequences. A big proportion of the country, (84%), is classified as ASALs and unsuitable for rain-fed agriculture. But even in these regions, most of the activities people engage in are agricultural. Livestock keeping predominates, with limited small-scale crop farming practiced in some areas.

Consistency of policy concerns with SRA priorities

The key policy concerns discussed so far are to a large extent consistent with SRA priorities. The overriding objective of the SRA is to achieve a progressive reduction in unemployment and poverty. The primary objective of the strategy is to provide a policy and institutional environment that is conducive to increasing agricultural productivity, promoting investment, and encouraging private sector involvement in agricultural enterprises and agribusiness. Important for this environment is the creation of a legal and regulatory framework that is fair to all farmers, producers, processors and marketers of agro products. Among the objectives of the institutional reform agenda set out in the SRA are: increasing productivity to lower per unit costs of production, improve the extension service system, improve the link between research, extension and the farmer, improve access to financial services, encourage growth of agribusiness, reduce taxation of agriculture, increase market orientation and improve the regulatory framework.

The objectives and policy concerns among policy makers can be discussed in terms of whether they are consistent with what is outlined in the SRA 2004-2014. These are the areas of concern for the development of agricultural sector in terms of boosting productivity and incomes, and ensuring food security, irrigation farming and enhancing diversification into non-traditional commodities.

In the recent past, efforts aimed at addressing the problems of poverty have been participatory in their approach. These include the Poverty Eradication Commission (PEC), the Poverty Reduction Strategies Paper (PRSP) and Economic Recovery Strategy (ERS), with all emphasising agriculture as the main sector both for poverty reduction and economic development. Although the SRA recognises stakeholder involvement in the policy process in the sector, it was not a result of a participatory process itself, marking its first major bottleneck on whether it will sell with the stakeholders. It thus has to be marketed aggressively so that stakeholders can buy it and take ownership of the various measures that it prescribes to revitalise agriculture. Secondly the SRA is a medium term – to long-term policy framework and should have embodied a monitoring and evaluation framework that would be used to measure its success and failure to allow measures prescribed to be refocused in light of its progress. This is another major oversight of the policy document and ought to be thought out and formalised. Thirdly the SRA lays out a massive reform initiative that requires it to have the right manpower in place for its implementation. Some of that manpower could be lacking in skills required for the successful implementation of the SRA. Capacity building for the kind of staff and skills required are not well spelt out in the document. This could bring about haphazard and inconsistent implementation of the policy framework and deny the economy of the benefits envisaged from it. Although poverty reduction has been a major objective since independence, realisation of growth even in the sector has not reduced it. Agriculture grew at an average rate of 4.7% during the first decade of independence, but declined significantly to below 2% in the 1990s and actually contracting by 2.4% in 2000 (Kenya 2001). Despite the sector's growth during the first decade of independence, the problem of poverty continued to increase, becoming more entrenched with time. It has been argued that despite agricultural sector's importance in GDP, the sector's performance is dominated by a few cash crops, concentrated in the high potential areas. This has implied that only a small proportion of the population participates in its performance. Hence positive growth in the sector even during the first decade did not lead to a reduction in poverty[2]. Given that a number of initiatives have already been undertaken with similar objectives, SRA does not give a clear point of departure from these initiatives, and its value addition. Especially important is the extent to which it is participatory and encourages participatory policy processes. Pro-poor growth, targeting those activities within agriculture with the highest potential for raising rural incomes is needed to address the issue of poverty reduction.

The SRA nonetheless also recognises efforts from other sectors that are necessary to achieve its objects for example in having the right and stable macroeconomic environment, supportive services in policy analysis and research, affordable financial services, good roads especially rural access roads, rural electrification, water supply, accessible and affordable curative and preventive health care and seeking to have the resources and techniques to increase farmland under irrigation. However, it fails to recognise and build in the policy framework the ongoing public expenditure reforms that favour devolution of public expenditures to the districts and constituencies. These devolved funds are creating rural infrastructure that without them would not have been undertaken at all. Cognizance of these efforts is very important for they have the effect of opening up the hinterland and enable resources that would have been taped only expensively to be tapped relatively cheaply. In addition they also open up markets for farmers whose produce would reach destination markets with difficulty and at higher costs.

[2] See UNDP (2002), for more detailed discussion of pro-poor growth, and agricultural contribution to poverty reduction and human development.

3. Structures and Actors Affecting Agricultural Policy

Agriculture being the dominant sector in the economy draws a lot of interest from different actors and stakeholders through the formulation of policies that affect its performance and development. In an effort to discuss the structures and actors in agricultural policy, we present a summary and discussion of two studies that have attempted to identify the main players and policy making processes.

Drivers of Change

The first report titled "Strengthening the Incentives for Pro-Poor Change: An analysis of drivers of change in Kenya" emanated from a study commissioned by DFID Kenya. The overriding purpose is an analysis of drivers of change in Kenya. To this end, the major problem focused on is the political elite having captured public institutions and resources essentially driven by motives of serving their private interests. The resulting consequences have been that "corruption has flourished, public institutions have declined, growth has faltered and poverty has worsened" (p6)

Elite Attitude to Change and Prospects

In regard to attitude to change the report laments that the very same political elite benefiting from the status quo have generally opposed *desirable patterns of change*. It is nevertheless the contention of the authors regarding prospects for change that the types of policy reforms required to reverse the decline, and hence for the envisaged change to be realized, *are fairly well understood*. This somewhat complacent position is seemingly based on the view that "better prospects for pro-poor change" were created by the election of the NARC government in 2002. The indication stated in this connection is that *important reform processes are underway* that could lead to improved governance and renewed development.

Analysis Framework and Approach

The study, in terms of methodology, applied the "Drivers of Change" approach adopted by DFID as an analytical tool notably in Zambia, Nigeria and Asian Countries to understand processes of change at the country level. The focus of the approach is on long term "incremental changes" taking place to interrelated social, economic, political and institutional processes that alter the context for policy making over a period of a "few decades".

On the premise that critical obstacles to bringing about change lie in the realm of political economy and governance the study for the most part relies on political economy analytical framework. The key concept used is patron-clientelism. The rationale for the framework is on the one hand to highlight the plight of the poor and argue for pro-poor change. On the other hand, political leadership or elite and donors are identified as the main forces affecting pro-poor change. The form taken by these forces depends on the nature of incentives and restraints resulting from changes emanating from social, economic, political and institutional processes which keep altering the context for policy making.

The Relationship between Drivers of Change

It is categorically stated that change processes occur within the constraints of political economy and hope expressed that donors should work with a broad range of actors to promote pro-poor change. The various actors the report identifies and processes discussed are set out in a table (p7) as follows:

Table 1: The relationship of drivers of change considered

Contextual Factors	Institutions	Agents of Change
Globalization, trade and investment Regional influences and integration Demographic change Urbanization Deteriorating infrastructure The rise of the informal sector Changing rural livelihood Human development HIV/AIDS	Political process Public administration The rule of law Land rights Ethnicity Gender	The political elite Civil servants Parliamentarians Political parties Local government The judiciary The military Civil society organizations Trade unions Academic and policy research units Faith groups The media The private sector Donors

To summarize, three types of drivers identified that may drive or block pro-poor change are categorized as follows:

i) Long-term process of social and economic change-referred to as contextual factors, globalization, urbanization, human development etc.

ii) Changes in the workings of institutions including political processes, ethnicity, gender, etc.

iii) Reform minded organizations and individuals – referred to as agents of change notably the political elite, parliamentarians, political parties, etc.

However, in the presentation in table form, drivers of change have essentially been listed without clear indication of relationships between the various actors and more so actors across the three categories. The listing could have been more analytical taking into account the fact that policies are relevant to drivers of change to different degrees depending on the particular issues at stake. It is therefore essentially drivers of change, for whom pro-poor change policies are relevant, in other words those affected, who are likely to get involved in that particular policy formulation process. A case in point is agriculture policy affecting virtually all the actors since agriculture is the dominant sector in the economy and the majority of the poor live in the rural areas and struggle to earn a living from agriculture. In contrast, policy on tourism affects a relatively limited number of drivers and smaller percentage of the Kenyan population. Furthermore, certain policies are of immediate and direct consequences in improving conditions of the poor, for example land tenure reform leading to landless poor having access to or owning land for agricultural production to satisfy a critical basic need food.

It would therefore seem worthwhile for understanding relationships between drivers of change, their policy moves as well as policy actions and outcomes, that analysis does not have to aim at a comprehensive listing of drivers of change. Rather, analysis should be directed towards specific drivers of change for whom issues/problems in agriculture policy area/sector, for example, are of relevance and will therefore participate in that policy process. This is simply because for them stakes are particularly high in this policy area and will direct greater effort and focus including mobilization of resources to realize the policy outcome in their interest. They may of course participate in the policy process for other areas but this invariably will be to a lesser degree depending on the nature and extent of relevance of the policy issues.

A focus on agricultural policy also readily brings to mind other contextual factors not addressed in the analysis such as natural resource base including arable land, grassland, water, climate, etc, environmental degradation through soil erosion and deforestation and a rural economy with an enduring subsistence subsector. The implication is a revision of the drivers of change listing to bring out key factors and various actors in the agricultural policy process. The ministries of agriculture and livestock as well as cooperatives are in fact leading institutions together with their statutory boards, parastatals and cooperatives. At the same time, as individual actors in the policy process they are also top of the list of agents of change in agriculture. This is in contrast for example to the military, political parties, the judiciary and to some extent trade unions. The argument in a nutshell is that there will be varying configuration of actors for different policies even the various pro-poor policies.

Agricultural Sector Perspective of Drivers of Change

It is granted the drivers of change study focus was not directed to the agricultural sector. This could have logically limited the scope of actors relevant to this agricultural policy process considered. The picture however needs to be completed in view of our concern with agricultural policy formulation. In the case of contextual factors there is a glaring omission of fundamentally important factors some of which have actually been referred to peripherally as exogenous shock, for example drought (p8). In the same vein, the authors aim at mapping out social and economic trends but leave out the historical origins of policies and factors therein. Post independence Kenyan policies especially for agriculture, and specifically land, have roots in the colonial settler economy. There is for instance historically entrenched policy dichotomy for estate commercial farming and smallholder farming mainly for subsistence. The implication is to take into account the historical dimension and consider historically derived policies/acts as contextual factors. These types of policies call for change in the first place for drivers of change to have an impact.

In relation to demographic issues critical concerns comprise first the fact that poor family households are large and those in the rural areas either have no land or the land has been subdivided into units that are no longer economically viable. Secondly, there is a fast-growing number of female-headed households not owning production assets and living in poverty. Thirdly, population settlement has virtually followed geographically suitable zones for crops and livestock under rainfed agricultural production. Lastly, regional dimensions of poverty in Kenya clearly shows that the pattern of poverty countrywide coincides with the historical population settlement along ethnic lines.

The deterioration of infrastructure has increasingly become a major hindrance to development initiative in Kenya generally and is indeed turning out to be a major stumbling block to pro-poor change. Infrastructure constraints to agricultural concerns in particular and overall rural economy development is a fundamental consideration. A key concern in this regard is expansion and proper maintenance of various modes of transport and communication for adequate coverage of the rural areas.

The growth of the informal sector and specifically creation of employment is now a key feature of Kenya's economic development. At the same time the report correctly points out the rise of the informal sector is an indication of failed development. The research evidence available points to informal sector enterprises being less productive, paying lower wages and being more precarious than formal sector firms (Bigsten et. Al. 1999; Alila and Pedersen 2001). As a contextual factor in addressing pro-poor change, it is necessary to go beyond the now familiar general policy prescriptions of improving access to credit, regulatory requirements, business and skills development, etc. It is necessary in addition to take into account first, which enterprises the poor tend to engage in given the diversity and heterogeneity of informal sector enterprises. Secondly, the location of enterprises, mostly in the rural areas and the key role played by agriculture, both commercial and subsistence agriculture. Thirdly, the fact that the majority poor live in the rural areas and comprise women, youth, landless and pastoralists. These issues taken into account are pointers to the fundamental contribution of sound agricultural policy and development in the rise of the informal sector.

The discussion on human development as a contextual factor tends to concentrate on improved health and education which it is argued raises labour productivity and helps empower citizens to engage in political processes. A direct link could be made between the livelihoods discussion raising issues of increasing inequality, landlessness, falling food production, HIV/AIDs pandemic etc to human development, in the broader context of human capital development. Thus the pressing policy issues of agricultural development regarding productivity, technological change, access to credit and inputs etc are adequately captured. Also to be taken into account is the important dimension of social capital formation closely related to access to credit and kinship community organization for participation in the agricultural development process.

Poverty Profile

The brief statement on *poverty profile* highlights the key pertinent issues including incidence of poverty mainly in the rural areas; location of the poor in particular geographical zones including ASAL, western Kenya and central highlands; association of poverty with large households, female headed households, how educational status and households reliance on agriculture and informal sector. It is important to point out in relation to female-headed households being poor that a sizeable proportion are in subsistence agriculture in which most rural poor are found and is the only way of life known to them. In addition, the fact that most of the women may not generally be involved in production decision-making has a consequence of low returns to farming which in turn aggravates poverty.

It is decried that Millennium Development Goals (MDGs) as pointers to poverty reduction efforts face grim prospect that they will not as a whole be realized in the foreseeable future. This is a damning worry especially in the African context including Kenya. The key problem areas in effecting pro-poor change leading to meeting these goals are well recognized by the Kenya government in her policies on issues of broad-based economic growth, access to markets, services and assets, political and social empowerment, etc as the report explicitly states (p9).

Regarding economic growth it is stated that gains made in growth during the first two decades have been erased over past twenty years of stagnant or negative growth. There is definite truth in growth decline in recent years for the whole economy and particularly, the agricultural sector overall. But certain subsectors of agriculture, notably horticulture and also tea, have continued to witness gains and in the past three or so years the whole agricultural sector has moved out of the doldrums of negative growth. All is therefore not lost or erased, what is of grave concern is that there has been increasing inequality. A small group continues to benefit disproportionately and a few accumulating more wealth while the majority population becomes poorer.

Political context of Agriculture Policy making

The report while expressing optimism regarding policy reform with the installation of the NARC government in 2002 at the same time had deep rooted reservations. It was pointed out first, that only fragile gains have been made and these may not be sustained in view of unstable NARC coalition politics. Secondly, the report surmised that political elite could revert to "previous behaviour" with adverse consequences for growth and poverty reduction. It would seem that the optimism, also expressed by most political analysts, was borne out of the political euphoria that brought NARC to power but has fast melted into disappointment almost by the day due to crises in the political, economic and even social sphere. The reality unfolding has revealed that it is the reservations that actually contained valid predictions.

The governing coalition has all along been bedeviled by irreconcilable differences essentially because of misunderstandings on power sharing. The initial claims that contradictory public pronouncements on policy by ministers and senior civil servants were due to a different style of leadership and administration, compared disparagingly to Moi regime, that delegates actual authority to ministers has been proved false. The political power game has magnified the differences to personal and family level and the coalition is virtually dead. The implication of this very fluid trend for policy is ever changing power sharing arrangements yielding unstable political alliances that is also transforming the political landscape of patron-clientelism.

In regard to the agricultural sector specifically, a number of policy reforms undertaken especially in the 1990s shows some measure of acceptance of change by the political elite rather than complete opposition to change to preserve the status quo. This implies some knowledge of the reforms and also a certain measure of political will but not necessarily a complete understanding of change especially those that were imposed. However, full understanding of envisaged change may essentially be at the level of top civil servants policy makers, and in this case a possible constraint is that their policy preferences may not be in conformity to the politicians' policy priorities. It can therefore be said generally that the political elite at the minimum are aware of the changes, they should know of most of them but not necessarily have a full understanding. Furthermore whatever the level of understanding they could even be safeguarding their political interests along party, factional, ethnic lines etc.

The politics of the agricultural sector and indeed most sectors of the Kenyan economy are greatly influenced by patronage revolving around the presidency and his cabinet. This can be traced way back from the Kenyatta through Moi regimes and has assumed greater proportions in the present Kibaki regime evidenced by mega corruption in the sugar industry and fertiliser trade. The analysis of drivers of change however puts emphasis on political elite apparently viewed as a homogenous entity and considered the crucial determinants of change in a patron-clientalist framework. There is no doubt the political elite is not homogenous and the diverse factions due to differences in wealth and political clout need to be recognised to bring to light leverage in the policy process. The agriculture sector policy is a good example where there are diverse interests among various policy actors based on geographical climate regions which determine agricultural commodity produce and marketing and also coincides with ethnic origins. It is these ethnic, producer and trade interests, both African and Asian that place policy demands regarding coffee, tea, horticulture, sugar, pastoralism, etc directly to the president or through power brokers. It needs to be emphasised in this connection that the political elite acts in alliance with economic and social elite and not in isolation. Furthermore in some cases these alliances have a long history although there is emerging realignments of actors in recent years. A significant indication of this trend is cooptation of former KANU regime key players and power brokers in the agricultural process into the NARC regime. The consequence is continuity rather than significant change in the agricultural policy.

What shapes the policy environment?

The paper by Smith and Karuga (2004), reports on the study commissioned by the UK Department for International Development (DfID). It examined the factors that shape the policy environment in Kenya's agricultural sector. A number of factors are identified as shaping policy in the sector. The paper argues that the patrimonial state in Kenya, which is typical of many states in Africa, has profoundly influenced agricultural policy formulation processes over the past 40 years of independence through a number of ways, namely, partisan exercise of presidential powers, linkage between ethnicity and agricultural production systems, the quest for rent extraction and patronage by favoured groups/individuals, what is referred to as the anti-poor bias, the disregard of evidence based policy formulation, and expectation of access to donor funding.

i. The influence of the patrimonial state

Kenya's political system concentrates power in the presidency which means that virtually every major policy during formation, adoption and implementation has required presidential intervention if not approval. This has been the case for all the three regimes, from the Kenyatta, through Moi and now Kibaki NARC regime. In the various stages of policy formulation different policy actors at national and sub-national levels have to recognise the pivotal role of the president and his key advisers and close associates revolving around the so-called "kitchen cabinet" who control accessibility to him. Kenya's political system, with the concentration of power in the presidency, determines how policy is made. The executive commonly has the final say on policy, which in the case of the presidential directive particularly disrupts even earlier policy positions. The directives have to be implemented and if not earlier budgeted for, have to be fitted somewhat in the existing budgetary framework (Smith and Karuga 2004).

Agricultural production systems in Kenya are defined by the country's diverse topography and rainfall patterns into a number of agro-ecological zones suitable for different agricultural production systems. It has been argued by some that these productions have over the years been associated with particular ethnic groups. Economic rent and patronage has also shaped the agricultural policy environment. Rent in the agricultural sector is created by artificial shortages through licensing and restrictions applied to the production and marketing of agricultural commodities, inputs and services. Most effectively, patronage is dispensed by granting licences, or the authority of granting licences and hence the rents, to favoured individuals and/or groups. This mainly explains the reason why the heavy regulatory framework and government involvement with almost all agricultural legislation is maintained. This was first used by the colonial regime where the purpose had been the protection of European settler farmers, but it is a phenomenon, which has persisted with the subsequent regimes after independence.

Smith and Karuga (2004) argue that this relationship between ethnicity and agricultural practices has shaped agricultural policy to a large extent whereby policy formulation processes at times have tended to be influenced in favour of and/or neglected given products apparently to favour or otherwise penalise given ethnic groups. There is however little empirical evidence to this effect. This is essentially attributed to historical factors underlying cash crop production for export. In the post independence period, these factors have been used to meet parochial ethnic interests.

It is however important to observe that other factors apart from the patrimonial state have played a significant role in influencing agricultural policy. The effect of domestic agricultural policy especially on export crops have largely been determined by external forces especially conditions in the international markets. Coffee is a case in point where conditions in the international coffee market and weather conditions in Brazil have influenced the benefits of Kenya coffee farmers. The collapse of the International Coffee Agreement partly contributed to the decline in the coffee sector. One of the main arguments put forward by the proponents of agricultural marketing reforms in the late 1970s, was that agricultural sector was overly penalised especially through the domestic marketing system, to the extent that agricultural exports suffered from negative net protection. This contributed to the stagnation of the sector. Biased agricultural development policies also emphasised only high potential areas, at the neglect of low potential and marginal areas. The diverse agro-ecological potentials have led to differences in opportunities influenced by various economic forces. These forces have over time led to concentration of economic activities in some areas compared to others. High agricultural potential areas have more investments and income earning opportunities relative to the low potential and marginal areas. The nature of policies pursued and implemented overtime is a major factor in this regard. Policies especially on investment and agricultural development have tended to be biased towards high potential agricultural areas, and in certain cases specific geographic areas. This has resulted in wide regional differences in access to infrastructure and certain agricultural services (UNDP 2002).

The patrimonial policy-shaping environment in the agricultural sector has not been pro-poor. Little incentives have existed for the Kenyan political elite to listen to the poor. They are basically considered when political support is sought and during such times the elite resort to pro-poor populist policies, but which they quickly forget once political power is attained. The result of this has been that rents have been extracted regressively from the poor directly through lower farm-gate prices for their produce, higher prices for food and inputs and indirectly through lower wages and/or rent for land.

Other factors identified by Smith and Karuga (2004) as having played some roles include the political economy of agriculture and donor assistance priorities. The first phase of the Kenyatta regime displayed signs of genuine interest in farming and the success of it, all embodied in the vision to reduce poverty, ignorance and disease. At the start of this phase, technocrats comprising Kenyan nationals and expatriates, worked with the political elite to formulate and implement policy. Land settlement schemes and tenure policies resulted in notable success in this phase. The development of smallholder farming especially on cash crops through the purchase of land, provision of support services, like research, extension, animal health and credit received considerable attention. The initiatives made to evolve agricultural policy during this period were demand driven responding to local stakeholder needs. From then onwards, most policy initiatives have been supply driven and significantly influenced by donors, reaching a climax in mid 1980s with the introduction of Structural Adjustment Programmes (SAPs). Nevertheless, the emphasis on import substitution industrialisation strategy adopted over the period to the mid 1980s, undermined the sustainability of achievements realised in agriculture during the first decade of political independence.

The argument has however always been that during the post independence period, the policies adopted penalised agriculture through the levying of various taxes especially for the export commodities which suffered from negative net protection. The over protection of industry also penalised agriculture through negative terms of trade between agriculture and other sectors. These biases can be seen as contributing to relatively high levels of poverty in the rural areas where agriculture is the main source of livelihood, and by extension, high inequalities between rural and urban areas. The penalisation of agricultural exports, together with the protection for import substitutes that failed to lead to increased domestic efficiency in production, were some of the main arguments for structural adjustments programmes initiated in the late 1970s.

It has also been argued that the failure to sustain achievements made in agricultural sectors during the first decade can be attributed to a number of other factors. These include the end of easy options like no breakthroughs in agricultural research like high yielding varieties, no room for further subdivision of large scale farms, decline in provision of extension services and inputs and the decline in donor support for targeted agricultural programmes. Immediately after political independence, the strategy for the development of agriculture as outlined in the Sessional Paper No. 10 of 1965 was to revolutionise agriculture through provision of extension services, training, and introduction of modern farming techniques. This philosophy therefore influenced subsequent agricultural policies as reflected in various policy documents. A number of special development programmes, were initiated largely with donor support to enhance the development of agriculture and the rural areas in general. A careful review of the initiatives however show that they suffered from a number of policy weaknesses. These include the insufficient attention to involve the stakeholders and lack of coordination among different actors. Another factor is that most of these initiatives were donor driven and were therefore not integrated into the long term development country's agriculture (UNDP 2002).

In the mid 1970s and 1980s Smith and Karuga (2004) argues, considerable donor - driven interventions influenced policy. The district focus for rural development program (DFRD), akin to the current devolved funds, established in 1983 was preceded by considerable donor investment in Integrated Rural Development programmes. Donors also invested substantially in rural infrastructure, like rural access roads, storage facilities, production and marketing facilities like sugar and coffee. Disappointingly, this period also saw increased political patronage and self-interests of the elite seriously eroding interest in policy advice. The structural adjustment programs (SAPs) of the 1980s for the agricultural sector focused on market liberalization and price decontrols, which were expected to reduce opportunities for rent extraction through the marketing chain by the elite. O'brien and Ryan (2001) considered the attempted reforms on agricultural pricing and marketing as the most difficult era of policy reform throughout the SAPs period. It created mistrust and the highest level of misunderstanding between the government and donors and represents the area where the gap between policy formulation and implementation was widest. Implementation of reforms in agricultural sector were largely tied to release of donor aid.

The next phase of the 1990s was one of historic reduction of donor funding labelled by some the "donor-do-nothing phase". Multilateral donor support in particular was withdrawn in 1991 due to poor governance and corruption issues. At any rate, considerable policy related activities in the agricultural sector such as price decontrol, market liberalization and trade policies were undertaken during this time. Elimination of price controls in 1994 marked successful policy reform efforts. In the same year, the government and a joint donor group began an ambitious reform agenda in the agricultural sector to establish an agriculture sector investment program (ASIP) - a holistic financial and operational sector support policy. The intention regarding ASIP was to improve the effectiveness of donor assistance by progressing from project-based approaches to broader forms of public expenditure support. However, the unfavourable economic and political environment in which the ASIP was initiated resulted in failure and poor outcomes.

Important lessons were, however, drawn from the failed initiative, which are relevant for current agricultural policy formulation. First lesson learnt was that it is extremely important to cultivate local ownership and commitment to policy reforms or else they fail. The donors did not attempt to cultivate local ownership either within government or the wider community for the reforms they wanted introduced. Second local factors like the political economy that could have been crucial for the successful implementation of the proposed policy reforms were neglected, downplayed and ignored. Third, donors made the mistake of not identifying and establishing access to key decision makers. They often thought that by talking to the government they had gained this access only to dawn later on them that they were in deed talking to individuals without influence in policy formulation, a fact that is typical of patrimonial states. Fourth, it was learnt that it is important to fully cost policy proposals and initiate methods to integrate the proposals into the budgetary process and last, donors should appreciate capacity gaps in civil service and the necessity, therefore, of introducing a phased out approach to complex policy issues.

ii. Agricultural Sector Policy Processes and Actors

The emergent phases in the political and economic policy environment in Kenya as presented by (Smith and Karuga 2004) can be seen as a reflection of the changing roles for various actors, institutions and processes in agricultural policy initiation, formulation and implementation. On that basis, five plausible forms of policy initiation and formulation process can be distinguished. They include bureaucratic initiatives both requiring and those not requiring cabinet approval; executive directives; budget policy decisions; other domestic policy initiatives; and external policy initiatives.

At the bureaucratic level, like at the directorate or permanent secretary level, a number of policies are initiated, formulated and approved by the minister. Before 1985, it is claimed; most policy formulations were bureaucratic at this level. Inter-ministerial co-ordination at the permanent secretary (PS) level with adequate consolations with the Treasury for the allocation of funds for their implementation predominated. Over the years, however, this approach to policy initiation and implementation has been continuously abandoned. There are also some important policy decisions initiated by the bureaucrats but which need them to write a cabinet paper for their approval. Policy initiatives that need new legislation or major changes in existing legislation before they are implemented would require that they be approved by parliament, accompanied by the release of a Sessional Paper.

Some policy decisions are executive presidential directives with the role of the technocrats being to accommodate them within the resource envelope and methodology of implementation. Commonly, such decrees are based on vested interests or are reactions by the president or executive to either previous or perceived crises. The bureaucracy thus simply rubber stamps the directives.

Policy decisions directly linked to resources are embodied in the government annual budget. The budget represents a summary of presentations made by ministries as to the programs and projects for funding in the evolving fiscal year. It will thus entail policy decisions of every ministry. They are usually likely to be implemented because they have resource allocations attached for their implementation. Any policy, therefore, requiring government resources and approval to be implemented, must be accorded due recognition in the budget.

Policy decisions affecting agriculture are also made during the budget preparation process. The medium term budgetary expenditure framework (MTEF) budgetary process that the country adopted in 2001 has an elaborate process through which concerned ministries lay out their policy framework to their budget and plan. The ministry of agriculture (MOA) has to make policy decisions it perceives can best enable it achieve its objectives, not only annually but also in the medium term that captures two outer fiscal years. This should make annual policy proposals for which resources should be allocated be in line with the broader policy objectives captured in the outer two fiscal years. The budget making process also provides for sector hearings giving an opportunity to the other sectors whose decisions may have some impact on agriculture to also contribute to its decision-making within it. Nevertheless, in the budgetary process it is those with the final say on resource allocations that determine which policy decision will be implemented because most policy decisions require resources to implement. The Ministry of Finance is therefore crucial in the realisation and implementation of policies.

Domestic policy initiatives emerge also from outside the arena discussed so far and are at one stage incorporated into the budgetary process. Such is the case of the development planning process. Although thought of as a normal policy process, many are the policies proposed in the development plan that are never implemented because resources are not mobilised or allocated for their implementation in the budget. This is also the case with the sessional papers or documents arising from task forces. Other sources of domestic policy initiatives include motions by MPs in Parliament, which get the acceptance and approval by key decision makers in the budgetary process.

The long history of foreign aid to Kenya has meant that there are policy initiatives that are typically donor driven. They are formulated and initially implemented through donor financed efforts like the project implementation units (PIUs) or non-governmental organisations (NGOs) and are funded outside the national budget. Significantly, there are some that are taken over by government and resources deployed for maintenance.

The roles of the bureaucrats, donors and other players have, however, changed over the years. The bureaucrat's role has diminished increasingly after 1985 with policy decisions being shaped more by the executive's views instead. The executive policy directives represent "road side,'' ad-hoc and "spur of the moment" approach to policy making, which has been represented difficulties for policy formulation since they lead to confusion and contradictory policies and at times completely derail budgets. These executive declarations have persisted and traversed the three post independence political regimes.

The role of technocrats who are involved in formulating agricultural policy have been marginalised. The circle formulating policy has been limited in size, concentrated in the ministry of finance (MOF) and the Central Bank of Kenya (CBK). Even within the MOF and CBK the policy formulation clique has been quite small. The MOA technocrats consider their inputs ignored by MOF since their budget submissions detailing priorities for the ministry get reordered without consulting with them. Instead they resorted to lobbying MOF decision makers for policies they would wish to implement accepted. O'brien and Ryan (2001) however note that economic policy formulation group, within the policy formulation circle of the CBK and the Finance ministry has been small with controlled internal discussions. One of the reasons given for this closed approach has been the passive approach to earlier consultations from other ministries. Another reason given is the desire by the core policy makers to prevent potential losers from the policy from mobilising opposition.

The policy formulation process has also been influenced by technical assistance (TA). TA has enabled the training of key policy advisers in the core ministries, especially public sector economists in policy analysis. Nevertheless, their impact in policy formulation has been impaired by the inability of the government to retain them in public service. They have moved out of public service due to low pay, poor leadership and inadequate resources with which to operate, leading to low morale, and productivity. Technical assistance has however been associated with a number of factors affecting development policy. These include coordination of resources related to technical assistance due to multiplicity of donor objectives, preferences and strategies. Donor centred development process also weakens domestic ownership and therefore integration into the national policy objectives (UNDP 2003).

Also emerging in the recent past are policy decisions that receive inputs from enhanced voices of parliamentarians, the private sector, civil society and smallholders as the process becomes more systematic, transparent and inclusive. In the PRSP there was wider stakeholder policy considerations discussed right to the village level in some districts. And when the NARC government came to power in December 2002, the preparation of its blue print for economic revival, the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) which addressed policy issues in the agricultural sector as well, received widespread stakeholder consultations with parliamentarians, donors, trade unions, professionals, financial institutions, industrialists, ASAL representatives amongst others. The policy process has also benefited from the 1993 reconstitution of parliamentary committees under the umbrella Liaison Committee chaired by the Speaker of the national assembly. The Agriculture, Land and Natural Resources Committee is tasked to process and/or vet proposed legislation from all the six ministries[3] involved in the sector. Parliamentary caucuses established from 1999 to seek opportunities for commodity producer groups and stakeholders are also concerned with policy formulation. For instance, caucuses have been created comprising MPs from areas growing three commodities, namely, the Coffee and Tea Parliamentary Group (COTEPA) and the Sugar Parliamentary Group (SUPA). They influence policy on these commodities, especially when put under pressure by their constituents to change or improve policy guiding the production of the affected commodity.

Along the same vein have emerged various civil society interest groups, which are comprised of more farmers. Those already created include SUCAM (Sugar Campaign for Change in Western Kenya), NGOMA ("Ng'ombe na Mahindi" to cover maize and milk in the North Rift, SAWA ("Sauti ya Wafugaji" – North Eastern pastoralists, MAMBO ("Matunda na Mboga" for horticulture in Eastern province. Currently efforts are underway to unite the sub-sectors into a national umbrella body with representation from all the groups to enable them deal with issues that are cross-cutting that include policies and a common voice in the policy process.

[3] Agriculture, Livestock and Fisheries Development, Co-operative Development and Marketing, Lands, Water and the Environment and Natural Resources

The main actors in the policy making process can therefore be identified as the government, parliamentary caucuses, donors, and the civil society organisations. Prior to the era of reforms, the government dominated the allocation and management of resources in the country. The government established public or quasi-public institutions operating like monopolies or regulatory bodies in agricultural markets. This meant limited participation by other stakeholders especially the private sector, the civil society as well as the general population in the development process. Economic policy making in the country in the early post-independence years was therefore highly centralised and was for a long time limited to government ministries and parastatals both at sectoral and national levels, with limited dialogue and interaction with other stakeholders. It has further been argued that even within these government institutions, the policy formulation group remained narrow[4].

During the first decade of independence, the focus of agricultural policy was on land ownership and resettlements, emphasising the controls on marketing and pricing of agricultural commodities as well as government support for agricultural services like research, extension, and livestock production inputs. These largely contributed to the success in the performance of the sector witnessed during this period. By late 1970s, serious problems had emerged especially with payment and marketing of most commodities, with official involvement in the marketing and pricing viewed as possible sources of operational inefficiencies.

Government authority over the economy was also increased through the regulatory framework and steady expansion of controls on macro economic variables like domestic prices, interest rates, foreign exchange, and external trade. Policy making during this period was therefore largely concentrated around the government. In the wake of reforms however, there has been increased focus on the role of other actors, with sustained advocacy for participation in resource mobilisation allocation and management. Since the commencement of the implementation of the District Focus for Rural Development (DFRD) strategy, the government has continued to emphasise the use of participatory methodologies in programmes and project implementation (Republic of Kenya 2002).

Donors played an important role in policy reforms in the agricultural sector, especially in the implementation of reforms in agricultural marketing and prices, whose implementation were sometimes linked to donor conditionalities. Policy dialogue between the government and both multilateral and bilateral lenders played an important role in indicating approaches to some of the problems identified in the reform process. The growing importance of programme and structural lending has therefore had implications for the role of donors in policy formulation.

Through technical assistance, a cadre of economic advisors have been provided to the core ministries including agriculture who have been involved and influence the direction of policy thinking in the country. It is argued that some technical assistance advisors have had positive impact on the economic policy making process in the country (O'Brien and Ryan 2001). Lack of cleat guidelines the utilisation of external

[4] O'brien F.S and T. C. Ryan (2001). Kenya. In. Devarajan S., D. Dollar and T. Holmgren (eds). Aid and Reforms in Africa. Lessons from ten Case studies, the World Bank, Washington D.C.

resources through technical cooperation has at times led to lack of effective implementation of development policies.

The civil society organisations through empowering of grassroots organisations mobilise resources and advocate for issues affecting their members to be included in policy formulation.

In general, when analysing policy processes in the country, it is important to note that one of the problems with effectiveness of policy has been the lack of implementation of policy pronouncements. As a result, the policies that have been initiated are not reflected in the actions in terms of resource allocations and commitments. While policies in the 1960s and early 1970s were mostly implemented, this has not been the case over time.

Government policies with respect to agriculture and rural development in particular, have suffered from lack of common objectives and coordination among the implementing ministries. Some policies have also tended to respond more to short term interventions, rather than focus on long term sustainable development. In addition, institutional failure due to lack of capacity by the private sector to take over functions by the state after liberalisation, has also been a problem.

The conduct of the policy process in agriculture, therefore, is not a straight forward formalised step by step exercise involving defined and recognised institutions. It attracts various actors defined by politics, geographical settings, interests, gender and donors among others. The process involves the central government, ministry of agriculture, the executive, parliament and its caucuses, civil society (NGOs, FBOs, CBOs, trade unions, etc), the budget process, development partners, interest groups, the farming community, ethnicity and even the political system. The decisions that influence and/or affect agricultural policy formulation and implementation are made by these actors interactively or singularly.

iii. Emerging Agricultural Policy Formulation Processes

Since the commencement of the implementation of the District Focus for Rural Development (DFRD) strategy, the government has continued to emphasise the use of participatory methodologies in programmes and project implementation. Through the DFRD, central government departments are all represented at the district level, leading to decentralisation of power and management of responsibilities. However, in certain cases, the decentralisation of decision making to the district did not take place (UNDP 2003). But still, it remained largely broad and was also relatively more participatory than was the practice in previous years.

Much more recently there are indications that the policy formulation process is becoming more systematic, transparent and inclusive. There has emerged a relatively greater role for various stakeholders and a voice for parliamentarians, the private sector, civil society and the poor. A number of policy frameworks have evolved that are the result of largely consultative processes. The government subscribed to the Poverty Reduction and Growth Facility (PRGF) in 2000, and started to prepare the Poverty Reduction Strategy paper (PRSP 2001-04). This, however, was never completed due to the change of government in 2002. In a deviation from the past, however, there were widespread stakeholder consultations nationally going down to the grass roots. The PRSP provided an opportunity for pro-poor growth through the participatory nature and direct budgetary allocation to priority sectors. The Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) was produced in 2003 to revive the economy. Again there were widespread stakeholder consultations with parliamentarians, donors, trade unions, professionals, financial institutions, industrialists, ASAL representatives amongst others but also considered widely ideas contained in the PRSP, NARC manifesto and post-election action plan.

The Strategy for Revitalising Agriculture (SRA 2004) was started to complement the ERS in agriculture and emphasises public-private sector partnerships to facilitate competition, enhance markets, raise efficiency in the usage of resources and improve private profitability. It recognises only two roles for government: to provide a limited range of goods and services and to carry out a reduced range of regulatory functions that cannot be enforced by private self-regulation and industry code of conduct. However, unlike the other policy framework documents before it that were participatory, the SRA embodied no stakeholder consultations. However, this was due to speed with which it was formulated. It now nevertheless faces the challenge of developing stakeholder ownership. In spite of this, the SRA has the advantage of a well-defined medium- to long-term framework for policy formulation and implementation in the agricultural sector.

The adoption of the PRGF by the government required it to formulate and implement its budgetary process through the Medium Term Expenditure Framework (MTEF), which seeks to link policy, planning and budgeting in order to improve budgetary outcomes. Its main objective is to link strongly the annual budget to national development policies and align expenditure allocations to national priorities, outputs and outcomes. Because the SRA outlines the agricultural sector priority areas set out in the ERS, the MTEF process ought to allocate resources to these priority areas in agriculture for their realisation. However, for this to be achieved it would require the technical inputs of staff at the ministry together with the sectors' advocacy groups who are both well trained to analyse budgetary issues and formulate budget proposals for the sector.

Policy making in general and within the ministry in particular, is tending towards evidence-based findings from research undertakings of local consultants, universities and policy research institutes (PRIs), which policy formulation had made very limited use of in the past. The importance of policy based on evidence has grown with the establishment of PRIs, namely, the Institute for Policy Analysis and Research (IPAR), the Kenya Institute for Public Policy Analysis and Research (KIPPRA), the Institute for Development Studies (IDS) of the University of Nairobi and the Egerton University based Tegemeo Institute of Agricultural Policy and Development. Although Smith and Karuga (2004) argue that a general perception tends to persist of low demand for evidence-based policy analysis and formulation due to the fear of loss of power, influence, current employment and even economic rent through informed policy reforms, there is some shift towards this direction given that some ministries and other private organisations make use of the PRIs as much as they can to inform their policies.

The emerging policy formulation process in Agriculture, therefore, attracts various players who will have to arrive at various policy positions consultatively and in a participatory manner. The MTEF budgetary process will be required to allocate resources as per the agreed priorities amongst the various stakeholders. In addition, policy formulation will benefit more from evidence generated from research thus PRIs are going to play an increased role in the policy formulation process in agriculture than before.

iv. Case Studies

The emerging trend in the policy formulation process points to a more participatory, consultative and inclusive development process. This has highlighted the role of different stakeholders in the initiation and implementation of development projects. This links with the shift towards a strategic focus on wealth creation and poverty reduction through pro-poor growth. A number of initiatives illustrate these emerging processes. Two case studies are presented below that illustrate such inititaitves.

The Millennium Villages Project

The Millennium Villages Project is a donor supported initiative that emerged after the SRA had been produced. Although it addresses issues raised in the SRA such as the objectives of the agricultural sector, these were not primarily the goal. However, those goals pertaining to the agricultural sector find themselves embodied with those of the project. These include reducing the number of those suffering from hunger, increasing agricultural productivity, output and incomes, developing supportive rural infrastructure, enhancing stakeholder involvement in the policy process and ensuring food security.

The MVP applies all the MDGs targets agreed upon by the UN member countries aimed at reducing poverty. The targets for all the goals represent a holistic package of site-specific interventions for 12 impoverished villages in Kenya, Ethiopia, Ghana, Malawi, Mali, Nigeria, Senegal, Rwanda, Tanzania and Uganda. Kenya's Sauri sub-location was selected in July 2005 to be the first Millennium Research Village[5]. It comprises 11 villages hosting 5000 people within Yala Division, Siaya District, Nyanza Province in the western region of Kenya.

The principal objective of this project is the eradication of absolute poverty by 2025, but with a medium term goal of cutting it to half by 2015 through the holistic application of the MDGs targets. It is designed to find a model to tackle poverty at the village level. Poverty, however, is relative and the poor who are targeted by the project are the "poorest of the poor" generally referred to as the "extreme poor" or the "absolute poor", who comprise one sixth of humanity and cannot meet their basic needs of survival unaided. They live on less than US $1 a day and all reside in developing countries enduring below subsistence levels of living.

[5] The Earth Institute (2005), Annual Report: Millennium Research Villages. The First Year: July 2004 – June 2005, Columbia University, December.

In recognition of this tragedy engulfing a sixth of humanity, the Earth Institute came up with this project to assist them come out of the poverty trap and make first steps towards development. The Project is conceptualised such that the local governments and villagers work in partnership with the MVP in a comprehensive plan to place necessary investments in critical, life-saving and practical interventions in agriculture; education; health; nutrition; energy; transportation; water; sanitation; and the environment to tackle the inter-related aspects of absolute poverty, namely hunger, disease, lack of access to education, clean drinking water, poor sanitation, poor infrastructure, etc. The project works with investments of about US $50 – US $70 per person per year and calls for investment in what is termed the "big 5", which include investments in agriculture, basic health, education, power, transport and communication, and safe drinking water and sanitation.

At *Bar Sauri*, the millennium village, these investments have been made. Smallholders have received inputs namely; fertilizer, seeds, and extension services. There have been reports of bumper harvest from the village, implying that increased productivity in agriculture, increased agricultural output, food security and a reduction in the number of the hungry in the village has improved and with it a fall in poverty levels. The MVP has been seen as an example of a donor initiated and implemented process, but one that works with local stakeholders, the government and local villagers all of whom act to complement donor resources financially or through own labour.

The villagers of Bar Sauri are impressed by the outcome of this project. They have had a bumper harvest; have new and renovated dispensaries with staff and medicine; and their rural access roads have seen some improvement. Improved access to health increases agricultural productivity through a healthy labour force. Such efforts have the potential to sustain long term agricultural development and should therefore be facilitated. With their anticipated ripple effect from the epicentre and spreading outwards, the impact would be significant in the outer years and especially if sustainability could be achieved. Being a pilot project, however, the currently visible achievements could be short-term for the period of the project. Even the anticipated ripple effects entailing the multiplication of similar projects elsewhere, could be a pipe dream because their attainment are largely pegged on availability of financial resources. The major challenge, therefore, remains how to sustain the gains into the long-term and also entice the ripple effects into the future ad in neighbouring villages and beyond. It requires identifying a source of funding for the initiative for the long haul which would eventually make the intended beneficiaries self-reliant.

At the same time, the short lifespan of the project also means that its weaknesses have not emerged and that the jury is still out. The short lifespan does not enable a critical assessment of the project's impact in the neighbouring villages. The anticipated impact is that it would generate the desire to emulate what goes on in Sauri and have similar outcomes. Nonetheless, they would be handicapped in terms of resources unlike Sauri, which is a pilot project with funding. That could generate some resentment as they would also expect financial support that may not be readily available. However, the project being pilot, is meant to demonstrate that there are efforts that could have desirable outcomes in terms of improving people's lives with contributions from different sources ranging from government, central and local, development partners, civil society, the scientific community, the community itself and even the individuals themselves. They would tap into the resources they would readily access like their own labour. Current efforts to improve development at the districts or even constituencies level through devolved funding would be a boost for such efforts.

The challenge for the government is also lack of the amount of resources that would be required for such an initiative. Both lack adequate resources to meet the MDGs requirements. The Needs Assessment and Costing Report estimated, for example, that the country requires US $ 61 billion between 2005 and 2015 to achieve the MDGs. This amount of resources cannot be secured from public sources solely but would require the support of development partners as well. The bonding of the people and the government to provide supplementary resources in terms of human effort and additional local resources is, therefore, necessary but not sufficient. The development partners efforts in terms of continued and sustained provision of the resources required to meet the MDGS would provide the sufficient condition. Tapping this and even depending on it is unadvisable given the inability to honour even the development assistance targets pegged as a ratio of their respective GDPs to the developing world in general.

Devolved Funds

Fiscal reforms aimed at devolving central government resources for rural development is not a new phenomenon in Kenya. Such initiatives date back to the early 1980s when the District Focus for Rural Development (DFRD) was introduced. These earlier initiatives performed dismally mainly because of limited people participation that failed to generate local ownership of projects funded under them. The motivation for the introduction of devolved funds was the desire to avoid government red-tape, delays in disbursement, increase absorption rates, and encourage people participation on prioritization of their needs in their localities to enhance their ownership of projects amongst many other reasons. Such Funds with enhanced stakeholder participation include the Constituency Development Fund (CDF), Local Authorities Transfer Fund (LATF), Road Maintenance Levy Fund (RMLF), Rural Electrification Fund (REF), and HIV/AIDS Fund. These Funds were aimed at establishing rural/urban infrastructure with the incorporation of people's voices. They represent good examples of community-driven development and have been used to improve rural access roads (RMLF, LATF), improve water supply systems (CDF, LATF), enhance accessibility to power (REF), enhance education and training (FPE, Bursary Fund), leave smallholders with more funds to invest in agriculture (Bursary Fund, FPE, HIV/AIDS Fund) and improve their health status and their productivity (HIV/AIDS Fund, CDF, LATF) among others. Such developments reflect a more participatory approach to resource mobilisation and utilisation where development priorities as identified by the people are used. Such efforts embrace and also complement the SRA vision of private sector led development and agricultural commercialisation.

The funds impacts are important for the agricultural sector to facilitate the realization of its goals. The improvement of rural access roads, access to power in rural areas, adequate clean water, more funds released for investment in agriculture, for example, would spur agricultural development. The access to markets and information provides opportunities for use of improved technology for agro processing, storage, and other forms of value addition. Their impacts therefore conform well to the broad goal of the SRA to commercialise agriculture. They open up more markets, create the potential to add value to raw produce via the availability of rural power for agro-processing, reduce wastage of raw and perishable commodities due to good rural roads and possible cold storage facilities due to availability of power, and improve health status of farmers thus enhancing their productivity amongst others. However, the funds introduction just before the SRA seems to be a coincidence rather than planned. The SRA does not explicitly reflect the devolution of funds as an important aspect for its implementation, although the contribution of these funds especially rural infrastructure is crucial for the envisaged commercialised, private sector led agriculture. The private sector needs an enabling environment for doing business, which is facilitated by the devolved funds.

For the Funds to create the impacts for which they were designed, they not only need continuity in terms of adequate funding, but also proper management structures with the required capacity to deliver on their mandates. The devolution of funds from the central government to the periphery is still a new and evolving phenomenon and numerous teething problems still abound. The management of some of them like the CDF and LATF, has shown signs of being misused by the political elite to satisfy their political objectives. This has the potential to derail the Funds away from their set goals and short change the communities who were meant to benefit from the projects they fund. At the same time, basically all of them anticipate wider consultations with stakeholders and the respective communities, who also face limited capacity problems. They are expected to facilitate needs identification to which priority of funds allocation should be made and thereafter perform monitoring and evaluation of the projects being implemented. However, they may still not have the necessary skills to perform these tasks. For instance, the monitoring and evaluation demands qualitative and quantitative techniques to verify progress or ascertain achievements of the projects and especially for the latter, communities would generally be handicapped to deliver on that role. Capacity building for the Funds management and stakeholders to perform roles anticipated for them under the various Funds would be quite crucial for them to realise their roles satisfactorily. New management structures that are aimed at reducing or eliminating control by the political, economic or even social elites are necessary. This will ensure that agriculture where majority of the population is employed benefits from such initiatives. SRA therefore has to accommodate them in their policies and strategies to facilitate the attainment of their own objectives and to avoid at the same time duplications. The Funds thus have significant potential to influence and shape policy implementation in agriculture, despite their current problems both.

4. Sufficiency of Structures and Processes to Implement SRA

The success of any strategy in achieving its objectives depends on the structures that exist to facilitate its implementation. Likewise the SRA spells out the agricultural policy objectives contained in the ERS as well as their implementation. The reform agenda envisioned by SRA is ambitious. Although implementable, it will require substantial resources and collaboration with other sectors in the form of sector wide approaches (SWAPS), while coordination among implementing agencies is crucial for its success. The structure of implementation has already been thought of. At the national level the framework envisages an annual national forum of stakeholders in the sector organized by lead ministries to ensure there is political will to give the strategy a niche and prominence. The national forum is expected to review progress and discuss challenges limiting it and how to resolve them. This reflects the incorporation of a participatory role for different stakeholders in the agricultural sector. But if practice in the past is anything to go by then presidential decrees might still influence agricultural policy from the outside. This is more probable with an all-powerful presidency, which is also above the law.

The implementation framework also considers inputs from other sectors that are important for its realisation. The framework embodies an Inter-ministerial Coordination Committee (ICC) that include ministries that provide services the agricultural sector, e.g., ministries of roads and public works. The committee also comprises of private sector representatives. The lead ministries, like MOA, MOL, MOCD and MOLG, form the Technical Inter-ministerial Committee (TIC) that acts as the secretariat to ICC. It is envisaged that at this level, technical inputs necessary for the achievement of SRA can be brought on board akin to the Sector Wide Approaches (SWAPs) initiative. Without proper coordination and commitment from the other sectors, agriculture will remain constrained and will fail to achieve goals set in the SRA. This is particularly important since one of the factors constraining the development of agricultural sector is the lack of coordination among the different players in the sector.

The framework also recognises the crucial role played by donors in the policy process especially with respect to availability of resources and technical assistance. In the recent past, the donors have also been encouraging consultative and participatory processes in policy decision-making to enhance stakeholder and local ownership of policy reforms[6]. The framework anticipates a departure from past practices with coordinated donor funding to ensure budgetary sustainability. Nonetheless, donor interests are flexible and are clothed in conditionalities, which can be susceptible to variations thereby having the potential to disrupt the policy framework. Mechanisms to deal with this as and when it arises are not clearly spelt out though. It can only be hoped that the proposed annual National Forum will have the capacity to deal with such an eventuality.

The strategy also recognizes the role of civil society groups, eg., NGOs, CBOs, FBOs Workers Trade Unions and agricultural trade organizations amongst others to: enhance farmers' capacity to organize and use resources more efficiently; provide education, health and extension services; provide advocacy for improved governance, human rights and environmental protection; supply credit to disadvantaged groups among others. The SRA takes it that to enhance the role of civil society, the government will review the legal and regulatory framework governing their operations to empower their strategy in the strategy's implementation. This is, nevertheless, beyond the SRA. However, should the framework that regulates civil society organizations go without review, then the implementation of the SRA could be jeopardized. Workers unions in the agricultural sector can be particularly disruptive to the production process due to work stoppages. The workers trade unions

[6] See Joint Statement of Development Partners for the Kenya Consultative Group Meeting at http://siteresources.worldbank.org/INTKENYA/Resources/donor_statement_agriculture

must be given sufficient room to negotiate for improved conditions of work for their members to avoid actions that may derail the SRA's implementation.

The SRA, in particular, presses for private sector led growth in agriculture. This is only achievable when there are clear actions to strengthen the private sector to play an active role to support farming, especially smallholding. The level of interaction between government and the private sector must increase and stumbling blocks that may impinge on private sector operations must be dealt with to create an environment where they can make the envisaged contribution in the sector by SRA. There have to be for instance, facilitative regulatory services like the proposed one-stop-shop for issuing a single business permit to eliminate the current bureaucratic process of business registration.

Lessons, therefore, have to be drawn from previous initiatives on agricultural development especially with respect to implementation, where lack of coordination has been a major contributor to their failure. The SRA's implementation is a consultative process. It is very important, therefore, for the supporting sectors and the new development initiatives to integrate the agricultural sector when formulating their agenda. The National Steering Committee for SRA and an Agricultural Sector Coordinating Unit, therefore, need to go beyond simple recommendations to actual implementation.

In addition to some of the considerations mentioned above pertaining to the framework, the SRA faces also faces a number of challenges in its implementation. The first difficulty it faces is the lack of stakeholder ownership of the proposed reforms since there was no stakeholder participation in its formulation. The task ahead is to market it to stakeholders for them to own up the intended reforms and effectively participate by giving inputs in the implementation process. Past and current development initiatives point to the importance of stakeholder participation.

Secondly, the SRA lays out a massive reform initiative that requires it to have the right manpower in place for its implementation. This is a major challenge. Capacity building for the kind of staff and skills required are not well spelt out in the document. This could bring about haphazard and inconsistent implementation of the strategy and deny the economy the benefits envisaged from a commercialized, private sector led development in the agricultural sector. Such reforms will also require changes in institutional structures for their implementation.

Thirdly, it fails to recognize and build in the policy framework of the ongoing public expenditure reforms that favour devolution of public expenditures to the districts and constituencies. These devolved funds are creating rural infrastructure that, without them, would not have been undertaken at all. Cognizance of these efforts is very important for they have the effect of opening up the hinterland and enable resources that would have been tapped only expensively to be tapped relatively cheaply. In addition, they also open up markets for farmers whose produce would reach destination markets with difficulty and at high costs.

Fourthly, although it considers stakeholders input as important, the co-operative movement and societies that manage the production and/or marketing and at times fund different agricultural activities has not gotten adequate treatment.

Fifth is that the strategy envisages a wider market for agricultural commodities to expanded regional and international markets. However, it fails to consider adequately on-going reforms in those trading partner countries and even competition from countries selling similar products in the same markets. It is only with such an assessment that they can determine what share of the market of these commodities they can capture and talk of expanded markets for the sector's produce. Access to regional markets is further made difficult by constraints in the country's agriculture and trade sector, which have to be addressed.

Beyond anything else, the SRA's implementation requires the budgetary process to allocate sufficient funding for the proposed reforms. However, the SRA is a 10-year agricultural policy framework to be implemented under the MTEF budgetary process that entails three-year rolling plans. There are therefore some inconsistencies here in the sense that the SRA is long term whereas the budgetary framework is short- to medium-term. The budgetary process will not contemplate the resource anticipations for SRA's implementation in the outer years after the medium term planning. This will necessitate quite close collaboration between the strategy's implementation and the budgetary process to ensure that up to its 10th year of implementation the budgetary process will be able to allocate adequate resources to its projects and/or programmes. If this is not keenly observed, the country might end up with parallel policy processes in the agricultural sector. In addition, if the decision makers at the resource allocation level have not been involved and/or lobbied as it seems due to lack of stakeholder consultations when the strategy was being prepared, then the reforms might not see the light of day because they require resources for their implementation. Advocacy, targeting top level political leadership and powerful private sector business leaders will also be important.

It is important to recognise that the emerging policy formulation environment has fundamentally changed over time. The emerging strengths include the increasing transparency and room for debate; increasing voice, clear strategic path; formalized policy formulation process; improved budgetary process; increased capacity for policy analysis; and reduced opportunities for rent creation. However, there are still a number of weaknesses, which include lack of reliable and updated data, weaknesses in the budgetary process, problems of inter-ministerial co-ordination, personality driven processes, vested interests and confused paradigms and policy narratives.

Opportunities also exist that can improve the policy process. These include donor co-ordination and support, strengthening voices and creating local ownership of and commitment to the policy and budgetary processes. In addition, the Ministry of Agriculture has finalised a strategic plan to be used in implementing the SRA, which provides for restructuring of the ministry to improve its efficiency and technical service delivery. However challenges still exist even with this restructuring. Lack of adequate finance to implement some of the projects identified as priorities like *Njaa Marufuku Kenya* is an important lesson with respect to planning on the basis of resources expected from donors. Lack of funds for extension services also threatens the realisation of technical service delivery. While stakeholder consultations is important, the lengthy nature of the process in policy and legal reviews is a factor that needs to be taken into account by the SRA. Due to the acknowledged lack of funds, it will also be necessary to secure additional funding to strengthen extension service delivery and to rationalise all projects to avoid duplication (Kenya 2006). The continued accumulation of pending bills due to inadequate resource allocation to departments as noted in the PER 2003 is another factor with respect to sufficiency of structures for SRA implementation. This calls for a unified strong ministerial monitoring and evaluation.

Appendix:

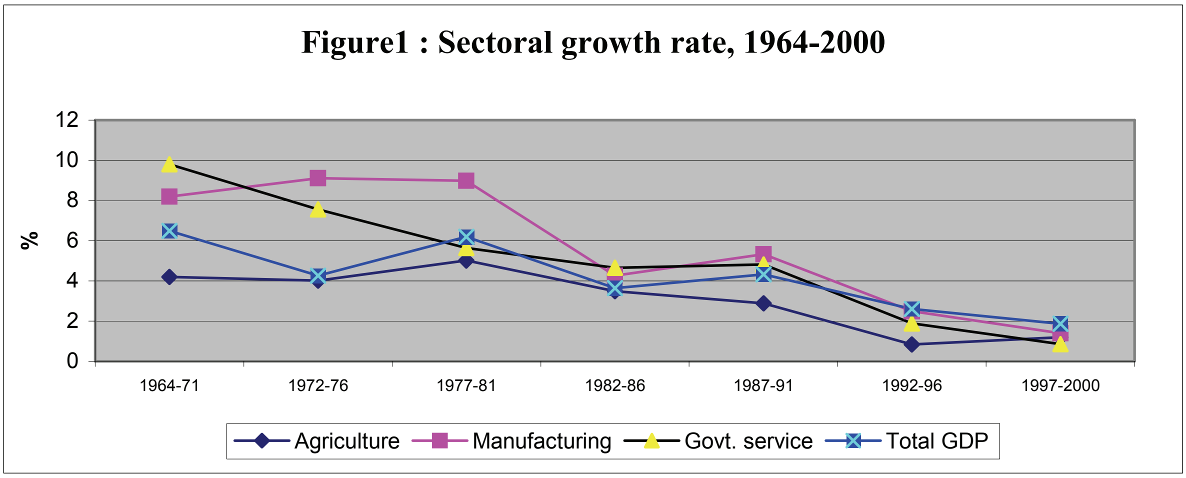

Figure1 : Sectoral growth rate, 1964-2000
%
12
10
8
6
4
2
0
1964-71
1972-76
1977-81
1982-86
1987-91
1992-96
1997-2000
Agriculture
Manufacturing
Govt. service
Total GDP

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http://siteresources.worldbank.org/INTKENYA/Resources/donor_statement_agriculture Joint Statement of Development Partners for the Kenya Consultative Group Meeting