



REPUBLIC OF KENYA

# THE KENYA CAADP COMPACT

IMPLEMENTED THROUGH

## THE AGRICULTURAL SECTOR DEVELOPMENT STRATEGY

July 2010, Nairobi, Kenya

## A. The African Context

1. Agriculture contributes over 30 per cent of the Gross Domestic Product (GDP) and provides 60 per cent of all employment in Africa. Seventy to eighty per cent of the total population lives in rural areas and is dependent mainly on agriculture for its livelihood. Over 70 per cent of the continent's extreme poor and undernourished live in these rural areas. Therefore, agriculture is not only key to economic growth but is also the determinant of equity in development and fundamental to reducing poverty and hunger.
2. Despite immense agricultural potential, Africa is a net importer of food. Over the last two decades, there has been progressive increase in food imports and it is now estimated that the continent imports over USD 22 billion worth of food annually. Africa's share of global agricultural imports exceeds 5 per cent and accounts for about 15 per cent of total imports. Agriculture has generally performed poorly: the relative share of African agricultural exports in world markets fell from 8 per cent in 1971–80 to 3.2 per cent currently.
3. Until the incidence of hunger is brought down and the enormous cost of importing food supplies is reduced by raising the output of agricultural products that the region can produce with comparative advantage, there are few prospects for achieving the high rates of economic growth that African Governments aspire to. A hungry population has little to contribute to the economy, does not play a role in the market place and is constantly vulnerable to shocks.
4. Agricultural-led development is fundamental to reducing hunger and poverty, generating economic growth, reducing the burden of food imports and opening the way to expanding exports. It is imperative that African countries have a comprehensive strategy based on these two complementary measures:
  - actions to stimulate sustainable increases in domestic agricultural output with a view to raising incomes and satisfying local, regional and international markets,
  - immediate actions to increase access to food by the undernourished.
5. Progress in developing agriculture is contingent upon successfully addressing the main constraints—low investment in the sector, limited access to technology, high dependence on rainfed agriculture, and poor rural infrastructure. Rapid agricultural development can be achieved by focusing on the following:
  - Increasing the use of agricultural inputs
  - Increasing farmer access to affordable credit
  - Ensuring access to markets.
  - Investing in irrigated agriculture
  - Strengthening and maintaining agricultural institutions for extension, research and innovations, credit, agroprocessing, and marketing.
6. Advances in agricultural development must embrace an integrated form of commercialization and market-led growth, the

pursuit of increased productivity and strategies to address the special needs of vulnerable rural populations.

7. Hence, when the then-OAU Heads of State and Governments endorsed the New Partnership for Africa's Development (NEPAD) in 2001, they made clear the critical role agriculture will play in pursuing real and sustainable growth. This specific agenda, the Comprehensive Africa Agriculture Development Programme (CAADP), was consolidated as the Maputo Declaration 2003.

8. CAADP is a framework for agricultural development and growth for African countries. At the continental level, the NEPAD secretariat is accountable for the overall management of CAADP implementation. At the country level, the CAADP Compact provides priorities for implementation based on national development strategies.

## B. The Kenyan Context

9. Like other African countries, Kenya's economy is predominantly dependent on agriculture. The sector directly contributes 26 per cent of the GDP and another 25 per cent indirectly. It employs over 40 per cent of the total population and over 70 per cent of the rural people. Food security and poverty remain major challenges for the Government: over 43 per cent of Kenya's population is food insecure and about 46 per cent—many of whom are in the rural areas—live below absolute poverty.
10. The Government of Kenya, in collaboration with development partners, has over the years developed policies and strategies to enhance agricultural growth. In 2008, Kenya launched Vision 2030 as the country's long-term economic blueprint to guide the development process. Vision 2030's objective is to transform Kenya into a newly industrialized, middle-income country providing a high quality of life to all its citizens by 2030. Based on Vision 2030, the agricultural sector has developed the Agricultural Sector Development Strategy (ASDS) that envisages a food-secure and prosperous nation. The overall objective of the ASDS is to achieve an agricultural growth rate of 7 per cent per year over the next 5 years. The ASDS was developed through a consultative process involving sector ministries, development partners, the private sector and key stakeholders. The strategy's development process fulfils the specific steps for developing the CAADP Compact.
11. The Kenya CAADP Compact is therefore a strategy document that commits the government to implement the common vision of the sector, as described in the ASDS, to address the agricultural development agenda. Development partners and the Government of Kenya have already signed a Code of Conduct that requires all participants to support and work towards achieving the national, regional and global commitments.

## C. Mainstreaming CAADP into National Policies and Programmes

12. The ASDS has six thematic areas while CAADP has four pillars. In the ASDS, the CAADP pillars are the equivalent of its thematic areas.

CAADP pillar I aims at extending the area under sustainable land management and water control systems. There is a direct link between CAADP pillar I and the ASDS thematic area on Environment, Sustainable Land and Natural Resource Management. The terms of reference/action plan for both are based on TerrAfrica Sustainable land management vision paper for Africa and corresponding country support tool.

13. The objective of CAADP pillar II is to accelerate growth in the agricultural sector by improving capacities of private entrepreneurs including commercial and smallholder farmers. Pillar II also focuses on policy and regulatory actions, infrastructure development, capacity building, partnerships and alliances. The ASDS thematic area on Agribusiness, Access to Markets and Value Addition addresses the objectives of this pillar. Under this theme, work is in progress to develop interventions for strengthening private sector involvement in agriculture, and modalities for more effective public–private partnerships.

14. The implementation of activities under pillar III is anchored in the Food and Nutrition Security thematic area of the ASDS. The thematic working group has already developed a national food and nutrition security policy and its implementation strategy. Pillar IV seeks to improve agricultural research, technology dissemination and adoption. Activities under this pillar are currently being addressed in the Research and Extension thematic area of the ASDS. The TWG has developed a number of policies and programmes to address agricultural research, extension, education and training.

15. Besides the four CAADP pillars, ASDS has two additional thematic areas. The Legal, Regulatory and Institutional Reforms thematic area endeavours to create an enabling environment for a competitive agricultural sector. It is currently developing an agricultural sector reform bill that will consolidate and harmonize existing legislation in the sector. The theme on Inputs and Financial Services integrates within CAADP pillar III.

16. The CAADP country process requires prioritizing investments and costing to focus on the best returns for an investment plan, and ensure the necessary conditions to meet set objectives. Similarly, the agricultural sector has developed the first medium-term investment plan 2010–2015. This was done through a consultative process involving stakeholders from the public and private sectors to identify priority investment areas. The investment plan contains detailed budgets for the subsector investment projections.

17. The agricultural sector in Kenya holds a biennial conference that brings together stakeholders from the public and private sectors. This process is the equivalent of the CAADP roundtable meeting. This national forum provides a platform for reviewing progress in the sector.

## D. Priority Investment Areas

18. For the sector to ensure the nation's food and nutrition security and to generate incomes and

employment, it will require highly productive agricultural commodities and enterprises that are competitive and commercial. It will also be necessary to develop and manage factors of production in ways that ensure sustainability, and a cost of production that is within international standards. Further, the necessary enabling environment and adequate institutional arrangements will be required. Overall development and growth of the sector will be anchored in the following five strategic thrusts:

- Increasing productivity and promoting commercialization and competitiveness of all crops, livestock, marine and fisheries, and forestry.
  - Increasing market access through the development of cooperatives and agri-business.
  - Developing and managing national water resources, land resources, forestry, and wildlife in a sustainable manner.
  - Reforming agricultural service, credit, regulatory, processing and manufacturing institutions for efficiency and effectiveness.
  - Promoting private sector participation in all aspects of agricultural development.
19. To create the necessary enabling environment, there is need for macro-economic stability to ensure prudent fiscal and monetary policies, increased investment and to accelerate structural reforms. Good governance is necessary to combat corruption, instill prudent management of the economy, enhance sectoral and donor coordination, and operationalize a sector-wide monitoring and evaluation framework.
20. Education, training, science and technology development are also needed to create a knowledge-led economy, create and deepen awareness and application of Science Technology and Innovations, and to protect intellectual property rights. In addition, all aspects of human and social development such as human health, gender equity and youth empowerment are key enablers of agricultural development.

### E. Institutional Arrangements for Implementation

21. For any development to be achieved, an appropriate implementation framework is paramount. It should allow for proper engagement and participation of stakeholders in the process. CAADP implementation is about ensuring coordination and alignment of its principles with country-led plans and processes. The onus to operationalize it lies with individual countries. The implementation process should therefore be carefully tailored to individual country context, national development plans and initiatives, and should not be perceived as an externally driven process.
22. Accordingly, in Kenya CAADP will be implemented through the ASDS institutional framework. It uses existing ministries and institutions to implement activities specified in the strategy. The framework has also been designed to facilitate the active participation of the private sector, development partners, the civil society and local communities. The wide range of stakeholders involved in implementing

the strategy requires a harmonized, coordinated and jointly owned and accepted framework to manage activities and resources effectively and efficiently. The existing framework provides for this and also allows for regular feedback among agencies charged and entrusted with implementing the strategy.

23. The framework is structured at three levels: national, middle and local. At the national level is the biennial national forum of stakeholders in the sector, organized by the sector ministries and the Agricultural Sector Coordination Unit (ASCU). The forum ensures political will, gives the strategy a niche and prominence, and provides a platform for reviewing progress in the implementation of the strategy and the extent to which its objectives are being achieved.
24. The middle-level institutions provide a link between national and local level implementation of the strategy, and technical support and coordination between ministries and stakeholders. They consist of the Inter-ministerial Coordination Committee comprising permanent secretaries of the sector ministries; the Technical Committee, which consists of directors of sector ministries, private sector representatives and development partners; and thematic working groups that address key fast-track areas of the strategy. ASCU is the secretariat to the committees.
25. At the local level, ASDS will be implemented through decentralized coordination units. These coordination units will elect their chairmen and secretaries on two-year rotational basis, who will be linking with ASCU on ASDS implementation.
26. The institutional framework described above is operationalized on a day to day basis through ASCU. With time, ASCU has been accepted as the secretariat of the agricultural sector ministries by both public and private sector stakeholders as well as development partners. It coordinates the implementation of the ASDS by spearheading policy reforms and providing linkages and collaboration among sector stakeholders. It also creates an enabling forum for sector-wide consultation from grassroots to the national level, and promotes increased participation of the private sector. To ensure the country CAADP framework is successfully implemented, ASCU will play the role of the country CAADP team and provide oversight and coordination during implementation under the guidance of the Inter-ministerial Coordination Committee. It will continue to fast-track priority intervention areas through the thematic working groups. ASCU is also increasingly playing the role of resource mobilization to support investment in the priority areas identified in the medium-term investment plan. Resources will be critical to the achievement of the required levels of investment.

### F. Financing the CAADP Framework

27. Through the medium-term investment plan, the agricultural sector has prioritized investments and costed them to focus on the best returns on investment. The investment plan indicates the levels of investment and timeframes, and forms the integral tool for identifying levels of investment required to finance the sector. The

strategy for mobilizing resources forms part of the process for building partnerships.

28. The implementation of CAADP entails various complementary roles of different players—the Government, development partners, private sector, NGOs, community-based organizations, research institutions, producers and civil society. Financing the CAADP framework calls for commitment from all players.
29. In line with the Maputo Declaration, the Government has already committed itself to increase the budget allocation to the agricultural sector from 4.5 per cent in 2008/09 to 8 per cent. By signing the Code of Conduct, development partners have committed themselves to finance the sector in a harmonized manner.
30. A number of mechanisms are in place to mobilize resources for the sector. Countries developing investment plans under the CAADP framework may still face funding challenges through the medium-term expenditure framework as the prevailing ceilings may not allow for disbursement of huge amounts of investment funds. Therefore, the agricultural sector ministries have proposed the establishment of an agricultural development fund with annual funding equivalent to 2.8 per cent of projected average government expenditure, translating to Kenya Shillings 17.5 billion over the next 3 years. This is additional to the 8 per cent of total budgetary allocation that has already been agreed upon.
31. Development partners recognize the ASDS as an effective tool that ensures resources are targeted to the agreed agricultural sector priorities and programmes. In the context of the Paris Declaration on aid effectiveness and on the ASDS, they acknowledge that achieving the Millennium Development Goals and meeting Kenya's development objectives will require increases in the volume and quality of public and private sector investments. Development partners commit to align their support with priorities and programmes defined in the ASDS.
32. As recognized in the ASDS, the private sector is critical to the growth and development of the agricultural sector. The initiatives and investments of farmers, their associations and the private sector will be the ultimate drivers of the growth process. The Government will therefore forge appropriate partnerships to realize the goals and objectives of the ASDS. The private sector and civil society in the sector commit themselves to effectively partner with the Government and people of Kenya in establishing enterprises and initiatives that will lead to increased farm incomes, creating employment, adding value to and trading in agricultural produce, reducing poverty levels, and contributing to overall economic growth.

### G. Capacity Development

33. Kenya has a pool of trained and skilled manpower in various fields. However, to successfully implement the projects and programmes, there is need to continuously strengthen capacities in terms of personnel, institutional and logistical requirements.

Capacity development is critical in research, extension, value addition, pests and disease control, and agribusiness. There are public and private institutions spread all over the country offering agricultural courses at different levels. These institutions provide specialized training and also act as demonstration centers for emerging technologies. Some of the constraints faced in human resource development include inadequate levels of funding leading to deterioration of infrastructure, and limited capacity to train in emerging issues like biotechnology, value addition and information and communication technology.

34. Existing facilities should be modernized to cope with emerging innovations in delivery of information. A major constraint these institutions face is failure to respond to market demands for specialized courses. To help these institutions equip their clients with relevant and suitable skills, their technical and financial capacities will be improved. The training institutions are expected to acquire and use modern equipment and other facilities to impart relevant skills.

35. The agricultural sector will continue to design programmes to enhance the capacities required to implement the CAADP framework. Competencies to implement processes effectively and work as a team across the levels and mandates of institutions will be necessary.

**H. Monitoring and Evaluation**

36. The sector takes cognizance of the need for a sector-wide monitoring and evaluation framework that will measure the outcomes and impact of programmes and projects on the livelihoods of the people. This is a departure from the traditional way of looking at monitoring and evaluation as being merely an achievement of the indicators used to show accomplishment or output. Towards this end, the agricultural sector is developing a comprehensive sector-wide monitoring and evaluation framework through a consultative process under the coordination of ASCU. To support the operationalization of this new framework, the capacity of the implementors will be built and the necessary facilities, equipment and resources towards achieving this task will be provided.

37. The Government of Kenya has already established a National Integrated Monitoring and Evaluation System (NIMES) whose objective is to measure the efficiency of its programmes and the effectiveness of its policies. Activities implemented within the CAADP framework will be linked to NIMES through the sector-wide M&E framework to ensure public resources are accounted for and impact is measured. This will be achieved through provision of regular information from the various subsector. At the continental level, the process will be linked to the African Peer Review Mechanism.

**I. Post-Compact Actions**

38. Some of the post-Compact early actions for implementing the ASDS and its medium-term investment plan will be to:
- Organize a high-level business meeting
  - Implement, in accordance with ASDS, the medium-term investment plan and the Kenya CAADP Compact.

**J. Endorsement**

The Kenya CAADP Compact is hereby endorsed as a:

- **Commitment** by the Government of Kenya to fulfill the goals and aspirations of the Kenyan people as outlined in Vision 2030, and as specified in the Agricultural Sector Development Strategy and its medium-term investment plan.
- **Pledge** by development partners in the agricultural sector to fulfill their development support within the framework of the signed Code of Conduct between themselves and the Kenya Government.
- **Statement** from African Union, COMESA and other regional bodies to fulfill their commitment to the Maputo Declaration and overall principles of CAADP implementation.
- **Pledge** by the private sector to collectively support the realization of the aspirations of the Kenya CAADP Compact.

SIGNED IN NAIROBI, KENYA, THIS 24<sup>th</sup> DAY OF July 2010

**On behalf of the Government of the Republic of Kenya:**

Deputy Prime Minister and Minister for Finance

*[Signature]*

Minister for Agriculture

*[Signature]*

**On behalf of the Private Sector:**

Kenya Private Sector Alliance

*[Signature]*

**On behalf of the Agricultural Sector Development Partners:**

Head of the EU Delegation in Kenya

*[Signature]*

**On behalf of the African Union Commission:**

For Commissioner, Department of Rural Economy and Agriculture

*[Signature]*

**On behalf of NEPAD:**

Head, NEPAD Agriculture (CAADP)

*[Signature]*

**On behalf of COMESA:**

Secretary General

*[Signature]*