

# AGRICULTURAL SECTOR TRANSFORMATION *and* GROWTH STRATEGY



TOWARDS SUSTAINABLE AGRICULTURAL TRANSFORMATION  
*and* FOOD SECURITY IN KENYA

2019-2029

# Frequently Asked Questions (FAQs)

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*Last updated 6/15/2018*

*Note: These FAQs were designed to support the ASTGS Working Team and Senior Ministry of Agriculture, Livestock, Fisheries and Irrigation (MoALF&I) officials as they share the ASTGS with key stakeholders and work towards implementation. It is a working document and should be updated as frequently as needed to remain relevant and reflect on-going conversations on the strategy*

## A. APPROACH

### 1. What is new about this strategy? What is transformational?

- Previous strategies including the Strategy for Revitalising Agriculture (SRA) 2000-2014 and the Agriculture Sector Development Strategy (ASDS) were technically sound, contained well-researched ideas informed by several experts, and were inclusive in defining the agriculture sector.
- However, they were completed before devolution and needed a stronger emphasis on prioritizing interventions to focus on impact.
- ASTGS builds on the lessons learned from SRA and ASDS and is aligned with achieving the Big Four, CAADP/Malabo, the UN SDGs, and Agenda 2063 of the African Union. Key stakeholders including the counties, private sector, development partners, researchers and technical experts have been consulted from the onset in pursuit of:
  - a mutual understanding of **counties and devolution as the bedrock of implementation**
  - a disciplined focus on **evidence-based outcomes** aligned with Kenya’s national agenda
  - **a prioritized set of nine flagships** that have been vetted by key implementing partners **for their feasibility, innovation**, and inclusion of **digital, research and data-driven tools**. Prime examples of transformation include the subsidies flagship that is being restructured to give farmers choice of a wider range of inputs from a variety of providers (vs. focus on maize and fertilizer provided by the government), and the strategic food reserve separating price stability from its mandate
  - strong bias **for partnership with the private sector to drive results and share risk**
  - **coordinated responses to food system risks across national and county levels** including sustainable land, soil and water use, climate-smart and climate-resilient agriculture, and crisis responses to pests, disease and global price shocks

### 2. What is a flagship? How did we select them?

- The strategy recommends nine flagships from a much larger set of ~600 activities present in Draft 3 of the strategy in January 2018.
- Six “anchor” flagships were selected for **high feasibility and impact**.
  - **Feasibility** is a qualitative estimate of as how much a flagship aligns with both national and county priorities and commitments, government ability to access resources and capabilities for implementation, and the level of interest and commitment from the private sector and other non-state actors to support the financing and implementation of the flagships
  - **Impact** is a quantitative estimate based on thresholds for ‘material’ impact discussed with key stakeholders. A flagship must meet at least one of the following criteria: affects at least 0.5m small-scale farming households (~10% of all farming households), contribute at least KES 10bn to agricultural GDP by 2023 (~0.3% of estimated 2023 GDP), or involves a high-impact intervention identified in the economic models that MAFAP/JRC or T-21 or

IFPRI-RIAPA identified including extension, input subsidies and rural roads to provide market access

- The three “enabler” flagships focused on knowledge and skill building, data and research; and food system risks in sustainability, climate and disaster were designed to support the delivery needs of the anchor flagships.

### 3. How did we select the priority value chains?

- The ASTGS focuses discussion on 13 value chains that demonstrate the highest potential for agricultural transformation from the broader subset set of ~100 value chains that Kenya produces. Eight criteria were used to identify these value chains and they can be summarized as follows. Note that these criteria are consistent with best practice value chain prioritization proposed by KAAA, UNIDO, USAID, World Bank and others.
  - **potential to increase small-scale farmer incomes**
  - **dietary diversity** to support food and nutrition security
  - Kenya’s **agro-ecology and competitiveness** to support increased production for the region at higher yields
  - **national priorities beyond food production** (e.g., inputs to manufacturing)
- ~13 value chains emerged from this process for national transformation priorities include: staples (maize, potatoes, rice, beans), horticulture (fruits, vegetables), livestock and fish (beef, poultry, sheep/goats, camels, fish, dairy), others (imported wheat).
  - Based on conversations with key county executives and stakeholders, an analysis of agro-ecology, transformation readiness, and the end-term ASDSP evaluation, a subset of these 13 value chains are identified as “national transformation priorities” for each county – usually 3-5 value chains. Over and above this, counties proposed a maximum of three other value chains that are transformation priorities at the county level
  - These recommendations are subject to change during implementation, as counties (re)prioritize to best meet their objectives
- At a flagship level -- Anchor 1 (small-scale farmer incomes) in particular focuses analysis on ~six value chains – potatoes, dairy, horticulture (i.e. green beans), beef, poultry and fish which represent the highest potential opportunities for small-scale farmers and SMEs, due to the high percentage of small-scale farmers producing these commodities (up to 90%), potential to increase productivity given high-yield gaps (up to 3x), high competitive advantage for Kenya in production, and regional demand as an indicator of future demand that could be fulfilled from Kenyan production.

### 4. What policies are required to support ASTGS and the NAIP?

- This strategy supports policies that address food and nutrition security with alignment to county level CIDPs, the NAIP and MTPIII (over 30 policies – see page 43 of ASTGS)

- It also maintains coherence to overarching development blueprints including the CAADP Malabo declaration, the SDGs, the AU 2063 agenda and various continental trade arrangements that affect agriculture including the recently signed Africa Continental Free Trade Area (CFTA)
- Some specific policy changes are required to enable the flagships
  - i.e. Public Finance Management Act, 2012 to allow for price stability mandate to be separated from SFR – *flagship 5*
  - Access to Information Act, 2016 to add penalties for non-compliance – *flagship 8*
  - Food and Nutrition Security Implementation Framework - *delivery mechanism*)
- The development of certain policy and regulatory frameworks that can accelerate the impact of the flagships and drive broader transformation of the flagships including: The following on-going should be prioritized within the first three years of ASTGS implementation:
  - Draft Agricultural Policy (2016)
  - Draft National Land Use Policy (2016)
  - Amendments to regulations around key inputs including seeds and fertilizer, access to finance, post-harvest handling, extension and marketing including:
    - Agricultural Commodity Imports
    - CESS Taxation provisions
    - Credit Guarantee Cabinet Paper
    - Exchange and Benefits Sharing regulations
    - Fertilizer and Animal Feedstuffs Act, CAP 345 (2012)
    - Kenya School of Agriculture Bill, 2015
    - Livestock Bill, Animal Breeding Bill, consolidation of animal health law, Fisheries
    - National Agricultural Sector Extension Policy 2012
    - Procurement Affirmative Action
    - Seed Certification, Industry Regulations in the Seed and Varieties Act - CAP 326, and Provisions for the International Union for the Protection of New Varieties of Plants (UPOV)
    - Warehouse Receipt Systems Bill, 2014

This is not an exhaustive list, and should be reviewed as necessary to be sensitive to the evolving needs of the transformation.

Beyond this, we are not writing policy as part of the strategy – albeit work is required in policy space going forward. The ASTGS is nonetheless very focused on integrating accountability, transparency, and metrics into policies that will drive change along the lines of this strategy.

## **5. How is ASTGS aligned to the County Integrated Development Plans (CIDPs)? The Agriculture Sector Development Plans (ASDPs)?**

- The national strategy must be domesticated by the county governments
- Over 400 county officials from across the county were consulted in formulating the ASTGS to inform the on-going CIDP process. These included officials in the legislative and executive branches of county government.

- Working closely with MoALF&I, the Joint Agricultural Sector Coordination Mechanism (JASSCOM) will be responsible for supporting the counties and county economic blocs through domestication, and ensure that the critical capacity building needs are addressed
- To assist with domestication, the ASTGS has a full chapter outlining steps counties can take (*Chapter 6*)

## **6. Can Kenya transform without land reform?**

- We analysed over 10 global cases since World War II of land redistribution, land titling, and terms of title reforms including in India, China, Portugal, Chile – see page 22 of ASTGS for detail). Their experiences are mixed
- It is critical for Kenya to implement a robust land use policy that best serves the needs of the country and agricultural transformation
- Reviewing and modifying the existing Draft Land Policy (2016) that considers the implications of devolution is an important first step as Kenya begins this 10-year agricultural transformation. ASTGS outlines provisions for several land-use interventions that can support agricultural transformation within the context of the existing policy:
  - Incentivizing communities to lease land for commercial agricultural development but also consider other forms of grouping small-scale producers e.g., out-grower schemes, market oriented co-operatives as appropriate (*See Chapter 5, ~40 zones flagship, ~60 farms flagship and agro-processing flagship*)
  - Designing contracts that provide medium-term lease tenures for publicly owned land (~10-15 years) to allow sufficient investment in the land by private operators (*See Chapter 5, ~60 farms flagship*)
  - Mindful zoning within highly productive agricultural zones, and encouraging use of drought-resistant crops and sustainable grazing techniques in ASAL areas (*See Chapter 5, ~40 zones flagship, ASAL resilience flagship*)
- However, more structural land reforms should be considered in line with the evaluation of MTP III

## **7. How are the urban poor addressed by this strategy?**

- Urban farmers are eligible fully for the subsidies within flagship 2 and the Strategic Food Reserve is available for all eligible Kenyans during emergencies.
- Urban poor located in zones of impact for the other flagships (e.g., ASALs in flagship 6) will be directly addressed by transformation efforts to reduce the cost of food and increase availability and quality
- Within flagship 1, the selection of the zones was based on proximity within ~40 km to urban and peri-urban areas that are locations most likely to support SME growth. These locations provide opportunities to uplift urban and peri-urban agribusiness and farming households directly. They in turn will stimulate economic activity for other urban poor to benefit from.

## **8. Do our interventions target individual small-scale farmers or farming households?**

- While a household may have two farmers (and ~2-3 other members of the household as per the latest Kenya Integrated Household Budget Survey), the primary income earner tends to be the man in the household, particularly rural areas that comprise 60-70% of the small-scale farmers targeted.
- For the relevant flagships:
  - Flagship 1 is focused on production and analysis focuses on individual income earning farmers
  - Flagship 2 on subsidies is based on 1 subsidy per household, as data gets better hope to isolate to the farm (e.g., in flagship 2 – should be one subsidy per farm).
  - Flagship 6 on ASAL resilience focuses on the entire household

## **9. How will the strategy promote the livestock and fisheries sub-sectors?**

- The flagships support the livestock and subsectors as appropriate:
  - Flagship 1 will have SME's that will provide inputs for livestock and fish farmers.
  - Flagship 2's proposed subsidy system will be open to all livestock and fish farmers/fisherfolk are eligible for the same subsidies as crop farmers are described in flagship 2.
  - Flagship 3 will have agro-processing hubs which will process fish and livestock products
  - Flagship 4 will identify land where large scale commercial livestock farming can be carried out under public-private partnerships
  - Flagship 6 will create a system of coordinating efforts aimed to help residents of ASAL regions (most of who carry out pastoralism/livestock farming and fishing near large water bodies)

# **B. OVERVIEW ACROSS TRANSFORMATION**

## **1. What is the role of irrigation in the strategy?**

- Kenya's agriculture remains predominantly rainfed, with important constraints on the rate and path that the country can drive rural economic development.
- Kenya's agricultural transformation depends on improving irrigation for both small and large farms. For small-scale farmers, irrigation can enable shifts to higher value crops as well as increases in yield. Small-scale farmer irrigation can increase access to food crops year-round and improve nutrition, thereby softening farmer risk profiles, and providing them with access to financial services.
- Irrigation is key to sustainability and productivity increases, and as such it features strongly in four areas of the strategy:
  - **Flagship 1**, improving farmer incomes through SME change agents, includes supporting the number of farmers with access to irrigation equipment suppliers, with the aim of increasing small-scale farmland under irrigation by

- 50% to reach a total of 10.5% farmers, newly irrigating ~13,600-16,400 acres of farmland with newer technologies
- **Flagship 4**, unlocking arable land for commercial farming, includes government provision of sustainable water supply, proposing a ~60% increase in the public scheme irrigation capacity, by adding up to ~150,000 acres under irrigation
  - **Flagship 6**, building food resilience in the ASALs, includes championing water management best practices and coordinating rainwater harvesting interventions, such as developing major rain/surface water harvesting projects including water pans
  - **Flagship 9**, the sustainability enabler, includes sustainable and climate smart water basin management, with water abstraction monitoring and control, promoting water management practices and rehabilitation of water resources

## 2. What happens to all the other projects running in the ministry once ASTGS is adopted? Will they all be adopted?

- All MoALF&I initiatives and projects have already gone through a process of alignment to the Big Four to support the budgeting process
- Over the next 3 months, the ASTGS Working Team will further refine this process for transformation initiatives outside the Big Four purview, and re-align development partner financing accordingly. Initiatives that are not aligned with the transformation will be modified to bring them into alignment, or they will be de-prioritized.

## 3. What is the role of Kenya’s leading industrial and cash crops in ASTGS? What about cotton?

- ASTGS recognises the importance of several cash crops to the overall agricultural sector, despite their limited ability to support broad-based agricultural transformation due to the low share of smallholder farmers involved in production (e.g., flowers have <3% of smallholders involved), limited nutritional benefits (e.g., tea) or low competitive advantages (e.g., non-Bt<sup>1</sup> cotton).
- ASTGS supports continuing successful activities in these value chains that are already relatively well organized and coordinated, relative to those that require transformation.
- Where a natural extension exists to the ASTGS flagships, additional interventions are possible, for example:
  - **Branded tea**: Support ongoing “Buy Kenya” campaign and SME knowledge and skills building for value-added varieties. ASTGS has a strong emphasis on training SMEs and promoting institutional buying mandates that can extend to branded tea in high tea-growing regions (*see Chapter 5 – flagship 1*)

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<sup>1</sup> Bt cotton is a type of GMO cotton that has been genetically modified by the insertion of one or more genes from a common soil bacterium, *Bacillus thuringiensis*

- **Sugar processing:** Extend agri-business training to sugar cane millers (see Chapter 5 – flagship 1)
- **Coffee:** Protect land for coffee through zoning (Chapter 5 – flagship 9)
- **Cotton:** Encourage use of cotton seed for textiles/feed (Chapter 5 – flagship 6)

#### 4. How will this strategy help achieve 100% food security? How is it aligned with the Big Four agenda?

- **Making nutritious foods affordable and available to all Kenyan households is a central goal of an agricultural transformation.**
- Achieving 100% food security as part of Kenya’s Big Four Presidential Agenda will require a transformation of the whole agricultural sector. The strategy is grounded in the belief that food security requires a vibrant, commercial and modern agricultural sector that sustainably supports economic development.
- Price policy goals often focus on stable and reasonable prices for producers (farmers) and affordable prices for consumers. This is a challenging balance. But it is additionally critical to make sure the goal is focused on nutritious food. For farming households these goals mean improving productivity, market opportunities and working toward more predictable prices received for their produce.
- These three achievements should both **raise incomes for smallholders as well as improve the availability of food**. When farmers shift out of staple crops—for example into horticulture and livestock—greater quantities of nutritious food will become available. For non-farming households, as consumers, the affordability and availability of nutritious food require a similarly targeted policy and regulatory framework.
- Nonetheless, in general, the price of basic food items is only one indicator of the larger goals of an agricultural transformation. Others include increases in incomes alongside productivity, increases in output and value addition and a reduction in food-insecurity – all of which are metrics ASTGS measures

#### 5. How are youth and gender addressed?

- The strategy is very conscious of the fact that youth and gender inequities, including access to information, water, energy and finance, are holding youth and women back from achieving their full agricultural potential.
- Inadequately meeting the needs of women farmers has been shown to negatively impact food security in many countries. For example:
  - if women farmers had the same access as men to improved agricultural inputs, such as fertilizer and seed, maize yields would increase by as much as 16% in Malawi, 17% in Ghana, and 19% in western Kenya.
  - While youth between the ages of 18-35 make up more than 35% of Kenya’s population less than 10% of the youth labour force directly engaged in agriculture

The ASTGS approach and resulting interventions are fully mindful of these challenges, and incorporate tailored opportunities for qualified women and youth into every flagship as appropriate, for example:

- **minimum thresholds of ~33% SMEs led by women and 30% led by youth** that business accelerators must support (*flagship 1*). Training the accelerators provide to women and youth on entrepreneurship and business management must be tailored to their needs
- requirement for feasibility studies to address **youth and women's ownership of agro-processing facilities** (*flagship 3*)
- **5-10% minority shareholding ('free-carry') of the ~60 new farms** (*flagship 4*)
- requirement for **women and youth representatives in the committees** that co-create the ASAL food-resilience interventions (*flagship 6*)
- **Youth will make up the bulk of the County-level, IT & tech-based extension teams**, led by agricultural experts to build capabilities (*flagship 7*)

Specifically, as concerns youth in agribusiness, we consulted Enable Youth and other key stakeholders to ensure that the Youth Agribusiness Policy opportunities are sufficiently addressed by the ASTGS including the following Chapter 2 clauses of the policy:

- 2.4.1. – **ICT infrastructure and technology** detailed in *flagship 1* on youth participation mandates of ~30% youth in agri-business, ICT detail in *flagship 2* on subsidies – it is all digitally enabled, *flagship 7* re: IT-enabled extension, *flagship 8* re: data and innovation
- 2.4.2. – **Existence of strong research institutions** see research and innovation section of *flagship 8*
- 2.4.3 **youth literacy** – see services offered by the SME accelerators in *flagship 1*, and training proposed for the youth extension officers in *flagship 7*
- 2.4.4 **increasing demand for food and market opportunities** – domestic, regional and international market opportunities (youth participation highlighted for this purpose in *flagship 1 and 3*).
- 2.4.5. **Policy environment:** consistent with mandates in 2.41
- 2.4.6 **High potential for agro-processing and value addition** see *flagship 1 and flagship 3* including strategic ownership in these projects for youth articulated
- 2.4.7 **Diverse agro-ecological zones & natural resources:** All of our analysis is filtered through this lens of what Kenya can grow and where, differentiating value chains by agro-eco zone
- 2.4.8 **improvement of infrastructure and logistics** see *flagship 1, 3, 4*
- 2.4.9 **Review of education system** – beyond the scope of the strategy

## 6. How are we dealing with nutrition across the strategy?

Nutrition is addressed within the anchors of the strategy, and takes into account different themes of the National Food and Nutrition Security Policy Implementation Framework that are relevant to agriculture including:

- value chain prioritization with specific criteria for nutrient composition
- encouraging use of blended flour and fortification of cereals
- support for fish for nutrition given micronutrients, vitamins, minerals, fatty-acids and high-quality protein

- close monitoring of nutrition and health indicators in conjunction with the Ministry of Health and a dedicated resource within the Agricultural Transformation Office (ATO) focused on issues of nutrition

## 7. How are we addressing issues of food quality and safety? Do we have sufficient post-harvest handling?

- Kenya faces various challenges with upholding high levels of food safety and meeting international regulations and standards
- Although significant investments have been made to address food safety risks and open up the country's capacity to partake in international agro-food exports and trade, there are still high incidences of interceptions and rejections of Kenyan exports relating to failure to meet international food safety standards.
- ASTGS addresses these issues in detail within the flagships including:
  - use of hermetic bags/bulking where applicable, during and moisture testing prior to storage – *flagship 3 on agro-processing, flagship 5 on the strategy food reserve*
  - a strong focus on post-harvest handling and the supporting extension services for farmers to use the best techniques for them
    - e.g., subsidized post-harvest storage in *flagship 2 on subsidies*
    - e.g., provisions for some of the ~1000 SMEs to be storage and warehousing focused *flagship 1*
    - e.g., clear standards for post-harvest handling for all agro-processing facilities that pass the feasibility study stage in *flagship 3*, with arrangements for clear power provision to the facilities

## C. FLAGSHIPS

### Flagship 1 -- Targeting ~1 million farmers with ~1,000 farmer-facing SMEs in ~40 initial high-productivity zones

#### 1. How did we select the ~40 zones? How do they align with the county boundaries?

- The initial set of zones were selected based on *current assessments* of demand and supply for farming output and SME services based on Kenya's agro-ecology and population distribution
- Given the high rate of SME failure in Kenya (~70%), it is crucial that efforts to support them are directed to ensure the best chance for success.
- We identified ~40 initial high-productivity geographies which represent a combination of the country's:
  - (i) **highest-productivity** areas across the six most commonly produced value chains across crops, livestock and fisheries, measured by yields;
  - (ii) **highest populations** within 40 kilometres of urban and peri-urban areas as an indication of demand and SME potential; and
  - (iii) **road access** as an indication of access to markets

- The estimated number of farmers within an ~40km radius of the main city center in these zones (where most of the successful SMEs are likely to be) is ~1 million

These are the initial zones for the strategy. Following a review of their performance in Year 3, additional zones will be considered, with better data and a better understanding of *future potential*.

The estimated farmers within ~40 km of the city centres in these zones is ~1 million. These ~40 zones were based on agro-ecological characteristics and not along county lines as these better reflect the production potential of an area. However, all of Kenya's regional economic blocs are represented, each one has at least one area identified as part of the 40 zones. The priority value chains identified for the 40 agro-ecological zones were validated through stakeholder consultations with the agriculture CEC's of the counties where these zones are located. As such they are aligned with the counties priorities

## **2. Where will we find the ~1,000 SMEs? Are they all new?**

SMEs are at the helm of agricultural transformation, with efforts to support SMEs will first be directed to existing enterprises, building on already strong business models that are ready for rapid expansion, to drive fast impact, before opening up to new SMEs

## **3. Who are the business accelerators and how will they support SMEs to transform?**

- “Business accelerators” are not-for-profits or for-profit companies with **expertise in business services will support the SMEs** to provide a range of inputs and equipment that farmers, pastoralists and fisherfolk in these zones require
- They will also support SMEs and Farmer Based Organisation (FBOs) with **key training services they need to better serve farmers** (e.g., managerial skills, financial literacy, accessing markets)
- These business accelerators will be **selected by an MoALF&I procurement programme (e.g., Enable Youth) with significant county consultations** on the basis of a competitive bid with criteria aligned to the transformation (e.g., track record of successfully supporting SMEs in Kenya or similar context, a realistic SME graduation plan)
- The accelerators must **partner with private sector entities** who will be responsible for providing technical and experience-based training to SMEs, as well as providing off-take from farmer associations.
- This programme is quite different from SAGCOT (Southern Agricultural Growth Corridor of Tanzania) -- *these are local performance-based service hubs supporting SMEs as accelerators/incubators*
- The MoALF&I will assign the performance management and M&E of the accelerators to an existing government project. This project will run the procurement process for the accelerators, and co-select them with appointed members of the MoALF&I and counties
- The project will report back to the MoALF&I on a quarterly basis on the accelerator and SME performance and MoALF&I will steer the project forward accordingly

#### **4. How will the strategy improve access to finance for SMEs?**

Accelerators will play a key role in brokering deals between lenders and SMEs by analysing best products for SMEs, identifying high performing SMEs and providing lenders with financial statements and performance data

#### **5. How does the strategy plan to increase irrigation for small-scale farmers?**

The strategy aims to promote rainwater harvesting and drip technologies through supporting irrigation equipment SMEs to expand reach and sales to small-scale farmers, and help SMEs access tax break policies already in place.

#### **6. How will the strategy provide direct market linkages for the farmers?**

- By focusing initially on ~40 high-productivity zones where there is sufficient demand and access to markets, farmers are more likely to have offtake for their produce
- The SMEs will work directly with farmer by not only providing quality input that ensure their produce is of a sufficient enough to quality market demands, but will also facilitate marketing services.

**Flagship 2 -- Shift nationwide subsidy programme focus to empower ~ 1.4 million registered high-needs farmers to access a wide range of inputs (seeds, crop protection, fertilizer, equipment) from a variety of private and public providers, using e-vouchers with digital service delivery**

#### **1. What are the key limitations of the existing subsidized fertilizer program?**

- Selling fertilizer at a subsidized price creates a two-priced system on the market (i.e., the standard market price vs. the subsidized fertilizer price). This has two unintended effects:
  - leakage to unintended beneficiaries, e.g., cartels that bulk buy fertilizer and sell it back to farmers at market rates, nullifying benefits to the farmers
  - crowding out of the private sector as they cannot compete with subsidized market prices. This discourages them from producing fertilizer in higher quantities and therefore reduces economies of scale, in turn keeping production costs, and therefore market prices, high
- In addition, subsidized fertilizers are not matched to soil needs, and in fact are contributing to increasing soil acidity, which is a key limiting factor to yields. Despite relatively high uptake of fertilizers, therefore, yields are still relatively low, but can be drastically increased if soil acidity is corrected with lime.

#### **2. What is the extent of leakage of the current fertilizer subsidy?**

It is estimated that illicit diversion of subsidized fertilizer to unintended beneficiaries accounts for over a third of the total volume procured and, without accounting for this, the contribution of the subsidy to national fertilizer use is overestimated by 138%.

### **3. What are some global best practices ASTGS includes to improve subsidy performance?**

- **Provide digital vouchers** (i.e., Nigeria) – the strategy recommends rolling out an e-voucher system across the country.
- **Create favourable conditions for private sector** by e.g., providing subsidized loans for expansion or efficiency improvement (i.e., Malaysia) – the e-voucher will allow farmers to procure inputs at their local agro-dealers, stimulating the private sector.
- **Integrate soil testing** (i.e., Ethiopia) – the strategy includes a national soil mapping initiative which will be linked directly to subsidies through a mandatory allocation to extension services, which will be tasked with translating results of the soil tests and encouraging farmers to buy inputs to neutralize soils

### **4. How will farmers be selected for the subsidy?**

- A data platform will be developed for farmer registration, which will require specific questions on land size, value chains of interest, annual incomes, etc. These will be cross referenced with geotags and financial information (phone bills/mobile money transactions) to improve the accuracy of farmer targeting over time
- Farmers will also be required to respond to a radio extension program to obtain a set of codes as part of the eligibility assessment
- Finally, in the first 3 years of the programme, farmers will need to meet an extension officer to have their details (e.g., farm size, crops grown) verified.

### **Flagship 3 -- Establish ~6 large-scale agro- and food processing hubs across the country through a rapid Public-Private-Partnership (PPP) process (i.e. one-stop shop) targeting both domestic and export markets**

#### **1. How should the Ministries of Agriculture & Irrigation and Industry coordinate on the agro-processing flagship?**

- Upon establishing the Agro-Processing Accelerator, key stakeholders will be convened to act as leadership to the Accelerator. The leadership will consist of:
  - ministry line functions,
  - county leadership (most likely the Council of Governors),
  - infrastructure role players (such as Kenya Power), and
  - private sector representatives such as Agriculture Council of Kenya AgCK, Kenya Private Sector Alliance (KEPSA) or [Kenya Agribusiness and Agroindustry Alliance](#) (KAAA)
- In respect of ministry line functions, the Ministries of Agriculture & Irrigation and Industrialisation will play central roles, alongside others such as Ministry of Transport, Infrastructure, Housing and Urban Development. The Ministry of Industrialization may choose to be represented by Agro-industrial Parks Delivery Unit (AIPDU) who have been active in the development and promotion of agro-processing capacity in Kenya.
- Different ministry line functions may make different contributions to the Accelerator's overall value proposition. For example: the MoIA may assist projects

with value chain development, while the Ministry of Transport may assist in addressing critical transport or access problems to key sites.

## **2. How can we prevent different agro-processing facilities in Kenya 'cannibalizing' each other's operations?**

The Accelerator must monitor centrally the value chains being supplied to different agro-processing facilities in Kenya, and assist with value chain development and market development to strengthen the operations and profitability of the facilities. In addition, it must centrally monitor proposed plans for establishment of new facilities, in order to ensure any sector expansion does not affect existing facilities negatively (as far as possible).

**Flagship 4 -- Unlock ~50 new large-scale private farms (>2,500 acres each) with ~150,000 acres under sustainable irrigation from existing projects (e.g., rehabilitate dams) with government provided infrastructure (e.g., power, roads) and protected land ownership**

### **1. How does this project differ from Galana-Kulalu?**

- **Smaller unit size of projects in multiple locations vs. single, mega-sized location:** Proposing ~60 locations x 4k acres and a range of landowners and counties (4k is ~ 1% of the intended size of Galana).
  - At 1k acres, IRR is indicatively ~20% and investors have demonstrated interest
  - If 200k acres is available, ~60 farms x 4k acres is a more manageable bid process than for ~200 farms x 1k acres
- **Limited reliance on new dam capex programmes:** Water solutions prioritized will focus on: completion of dams already under construction, conversion of dams to dual-purpose (irrigation and power generation) dams before new dam builds. And the bar for new dam builds is very high (sustainability etc)
- **Upfront determining clear land ownership, and high levels of community-farming onsite** (e.g., consider minimum ownership – free carry – by youth and women, terms for community to get produce at off-taker prices)
- **Optimize the cropping plan to fit the land characteristics:** Maize +
- **Designing for international standard procurement:** (e.g., procurement conducted by independent firms, high reliance on proving feasibility, including assessing security and land risks incl. data room for the RFP with land profiles etc)
- **High levels of private sector involvement** with focused role for government to deliver – in particular guarantees on the land, security, water supply

## **2. Should government mandate maize, potatoes and rice only for growing on unlocked arable land?**

Core staples are critical to Kenya's food security agenda, but yields are relatively low, and does not maximize the productivity of land in most cases. Consultation with large-scale commercial growers have shown there is need for more flexible cropping plans, and ability to rotate crops as farm conditions and market opportunities dictate.

## **3. Will government offer long-term leases and farming concessions?**

There is a case for a small portion of shorter term production contracts (to plug a specific, short term staple deficit), and hence shorter leases. However, in order to mobilize large-scale interest from private sector growers, and allow such farmers to raise competitive finance, invest in the soil rehabilitation, and maximize yields from the land provided, there is need for longer term leases (15 years or longer) (subject to meeting specified performance contract hurdles).

## **4. Will government be able to guarantee farmer security and protection from illegal herders?**

On a case by case, the provision of government-sponsored farm security services can be considered on public land being provided under the programme. In addition, the MoALF&I, who will act as contracting authority for new farm concessions, will work with National Treasury to develop and supply a Government Letter of Support to be issued alongside new farm concessions, which may provide cover to farmers in event of illegal herding and farm invasion by pastoralists.

## **Flagship 5 -- Restructure governance and operations of the Strategic Food Reserve (SFR) to better serve ~4 million vulnerable Kenyans**

### **1. How does the current system work?**

- The national Strategic Food Reserve (SFR) is managed by the Strategic Food Reserve Trust Fund (SFRTF), whose mandate is to **both stabilise food prices and maintain adequate food supply**<sup>2</sup>
- Current target of 3 million 90-kg bags (and newly proposed target of 8 million bags<sup>3</sup>) is designed both to provide food relief for the entire population of Kenya in an emergency, and to stabilise food prices
- Price stability is an important lever to reduce the cost of food for Kenyans. However, **use of buffer stocks through national food reserves, is a very**

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<sup>2</sup> As per the Public Finance Management (Strategic Food Reserve Trust Fund) Regulations, 2015 – GAZETTED LEGAL NOTICE NO. 15 ON 12<sup>th</sup> FEB 2015

<sup>3</sup> 4 million 90kg equivalent bags in physical stock and 4 million bags as a cash equivalent

**costly** method of stabilising food prices. For example, last year price stabilization of maize cost ~6-9 billion in 2017/2018 alone <sup>4</sup>

- SFR has never met ~3 million storage target, in part due to uncompetitive buy/sell decisions, inefficient storage, and limited real-time data on reserve levels across all key stakeholders

## **2. Should the Strategic Food Reserve (SFR) aim to serve ALL Kenyans in times of emergency, or just the most vulnerable?**

- With limited resources available to have the highest impact possible to address emergency issues of food security, best practice food reserve systems (i.e. those that address food security issues efficiently), size reserves to meet the requirements of the vulnerable population (e.g., Ethiopia, Rwanda cover ~10% of the population).
- During times of distress, not all households are rendered food insecure. Sizing the reserve to meet the total population also has negative economic implications as the government (and ultimately the taxpayer) has to shoulder the extra burden of carrying a disproportionately large reserve, which suffers food quality issues

## **3. Why have we moved from 6 commodities to 2-3 commodities for active management in the national the food reserve?**

- Currently, maize accounts for >95% of all commodities stored despite having 6 commodities as part of SFRTF's mandate. Most high performing SFRs across the world, including Ethiopia, Rwanda and many in Asia actively store at most 2-3 commodities at a national level.
- Ideally, considering the nutritional benefits of different commodities, storage requirements, best practice from other countries, and considering the complexity of storing and managing 6 different commodities, a fair compromise is to stock a cereal and pulses. It is recommended that a periodic evaluation of commodities be done to ensure it reflects the optimal mix for relief food, for nutrition and cost effectiveness.
- In Kenya's case, the cereal would likely be maize as it is currently being stored in material quantities, and beans as the legume as is already part of the mandate and it the largest legume/pulse by production volume. Rice should be considered in specific areas of the country where this is the staple
- Counties have the right to manage – at the county level – reserves as per their priorities (including feeds).

## **4. Why is the price stability mandate being moved away from the strategic food reserve? Is price stabilisation still important under ASTGS?**

- Price stabilization is important to shield both producers and consumers from major shocks and ASTGS recommends that price stabilization be maintained as a tool for the country to address food security

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<sup>4</sup> KES 6-9 billion is ~equivalent to 20-30% of total MOALF development spend, given ~KES 65 billion total allocation for 2016/2017, of which ~KES 40 billion was development spend. In 2017/2018, MOALF took on a one-time price stabilization effort to maintain KES 90 for a 2kg packets of maize, by buying maize at KES 3,600 per bag and selling to the millers at KES 2,300. Total cost of this program in phase 1 was KES 6.7 billion as reported by the [Supplementary Appropriation \(No. 3 Act, 2017\)](#). But several interviews within MOALF&I and NCPB suggest that an additional KES 3.2 billion was spent in cost overruns. Future costs of stabilization have not been estimated, will require modeling with Treasury for broader food needs, not just maize

- Rather, ASTGS recommends that the mandate be moved from the Strategic Food Reserve Trust Fund (SFRTF) to the Ministry of Finance / Treasury. Treasury has more tools (e.g., fiscal instruments, budget management, macro-economic models) available to it to more efficiently and cost effectively achieve the country's price stabilisation aspirations.
- In the long term, other areas of the ASTGS strategy i.e., clearer food reserve guidelines, increased production and yields of staples, investment in data and research, training of appropriate actors etc. will ultimately lead to lower price volatility.

## **5. Are NCPB storage facilities located in all counties? What about county owned facilities?**

NCPB facilities are in 46 counties (all counties except Tharaka Nithi), but only a subset is used for the strategic food reserve. County governments are encouraged to have their own food storage facilities for county level emergency reserves and to help reduce post-harvest losses. However, it is very costly (and logistically complicated) to have a fully operational food reserve facility in every county in anticipation of an emergency. It is appropriate to have food reserve facilities near production areas, so long as the transport network is sufficient to reach the in-need population during emergencies.

## **Flagship 6 -- Boost food resilience of ~1.3 million farming and pastoralist households in arid and semi-arid lands (ASALs) through community driven design of interventions**

### **1. Why does this flagship include only 16 out of the 30 counties categorized as ASALs in the Vision 2030 Development Strategy for Northern Kenya and other Arid Lands?**

- In the first five years the ASTGS focuses on the 16 most arid that require specific food resilience interventions. They are: Turkana, Mandera, Marsabit, Wajir, Garissa, Tana River, Taita Taveta, Makueni, Kitui, Machakos, Embu, West Pokot, Samburu, Laikipia, Isiolo and Kajiado
- In future years, the other 14 counties should be further considered including: Kilifi, Kwale, Lamu, Baringo, Narok, Meru, Tharaka Nithi, Nyeri, Kiambu, Homa Bay, Migori, Nakuru, Elgeyo Marakwet, Mombasa, Machakos
- Currently, this second set of ASAL counties are receiving other ASTGS interventions. For example in the coast are addressed by the agro-processing and arable land flagships while central Kenya counties are addressed by 40 productive zones and agro-processing flagships

### **2. What is different about this flagship compared to on-going development efforts in this space? What will it take to make it work?**

- The interventions will be community driven to ensure that they address the realities of the communities they impact (e.g., nomadic migration patterns in order to build

boreholes) and the implementation will be coordinated centrally at the economic bloc level to optimize on resources available

- All key stakeholders (counties, economic blocs, development partners and national government) must agree to work together, pull resources to drive community involvement and coordinate implementation. In certain cases, consortiums will need to be formed to implement large scale projects serving multiple counties e.g., Livestock value chain in Northern Kenya.

### **3. How will the development partners be involved?**

Development partners have been working in this region for many decades, therefore, accumulating a lot of valuable lessons and knowledge that the counties and national government will leverage on. They will be involved on all the flagship steps, especially where technical/expert input is needed.

### **4. How will this flagship affect existing programmes?**

Work-in-progress programmes will continue until completed; new programmes will be picked against the menu of interventions. Therefore, all stakeholders will align their programmes and interventions to counties that prioritize similar interventions.

### **5. How often will the county menu of interventions be refreshed?**

Every 4-5 years, to give time to implement and review impact achieved.

### **6. Which government body will be in charge of coordination?**

An ASAL food resilience unit will be created in the ATO - its main function will be to coordinate government ministries, counties through the economic blocs, and development partners.

### **7. Why is this flagship only focusing on food resilience and not overall resilience?**

Overall resilience is addressed through the Ending Drought Emergency (EDE) pillars coordinated by the National Drought Management Agency (NDMA), with crisis management that requires a cross-county response addressed in flagship 9. This flagship is part of 100% Food and Nutrition and therefore quite specific on increasing food production in the ASALs at a national level. At a county level, other forms of resilience may be pursued as priorities (e.g., feed)

**Flagship 7 -- Launch three knowledge and skills programmes using a field-and-forum approach to target ~200 national and county government leaders, key implementers including the ~1,000 SMEs, and the ~3000 youth extension agents**

**1. How will the Ministry decide what the most important knowledge and skills to build for government officials and implementation partners are?**

- The Ministry will partner with local and international organizations that have experience supporting successful agricultural transformations, and combine their expertise with local knowledge from institutions such as the Kenya School of Government and Kenya School of Agriculture, to develop a training programme that builds transformation-critical skills for government leaders and that is tailored to the local context
- These partner organizations may be intergovernmental bodies, development partner agencies or private sector organizations
- The training programme for operation-level implementers will also be developed in a similar manner, in consultation with organizations with the relevant expertise.
- To optimize cost effectiveness, the transformation will employ existing solutions for distance learning when possible, and combine these with skills assessment and performance management to ensure effective skill development and retention

**2. What is the role of the private sector in providing extension services?**

- Providing high quality, affordable extension services at scale to smallholder farmers, pastoralists and fisherfolk is a difficult challenge faced by many governments—and one that lies at the heart of agricultural transformation
- Governments and development partners in several other countries have tried to engage private sector companies to provide extension. This works for tighter value chains in higher-value crops, but typically does not serve large numbers of farmers growing staple crops effectively
- Therefore, many governments are turning back to the provision of extension through public sector avenues, but focusing on achieving cost reduction and scale through the smart use of new digital tools
- Kenya’s agricultural transformation builds on these lessons learned, and leverages knowledge from local implementation partners (private sector or NGO) and digital tools to uplift government provision of extension services.

### **3. Given that agriculture is a constitutionally devolved function, how will the Ministry work with county governments to adopt the new youth-based, digitally-enabled extension services and ensure high implementation standards throughout the country?**

- While the national government cannot mandate that county governments adopt the new extension programme, it will provide supporting resources and incentives for the counties to do so
- Counties that participate will have access to programme templates that they can use as guidelines to quickly establish the programme in their areas, as well as capacity building support from the government
- In addition, they will receive budget support to implement the programme, as well as performance-based incentives that will reward counties based on measurable performance metrics, such as number of new extension workers hired and trained, number of small-scale farmers reached and improvements in agricultural productivity

## **Flagship 8 -- Strengthen research and innovation as launch priority digital and data use cases to better drive decision-making and performance management**

### **1. How is research and innovation covered in the strategy?**

- Research and innovation in agriculture requires the collection of data such as soil type, land use, human, crop and animal population density, productivity, etc. Data without the guidance of research and innovation is almost impossible to use at scale. As such the research and data areas are intertwined.
- Flagship 8 focuses on strengthening research and innovation as launch priority use cases to better drive decision making and performance management. It has been separated into three categories of activities:
  - first, creating an enabling research and innovation environment
  - second, setting up an open data platform for national- and county-level data;
  - and finally, detailing the use cases for the flagships. Completing the first two activities in parallel with the third will be important to build and maintain momentum of change across Kenya’s data and research needs.

### **2. Why are we launching only three data use cases?**

- The decision to focus on performance of the flagships with the first set of use cases is driven by the need for the transformation to show early but sustainable results against outcome metrics: increase in small-scale farmer incomes, increase in agricultural GDP, reduction in the number of food-insecure Kenyans, and an increase in the number of farmers benefiting from the transformation
- However, these data use cases are complementary to ongoing research underway with institutions like KALRO, KMFRI and others, as well as the policy analysis that requires data within the MoALF&I policy teams. As priority use cases are expanded

after the first two to three years of implementation, broader use cases in research and policy should be considered

### **3. Who will champion data collection and host the data?**

- The data will be hosted by the Government through the Ministry of Agriculture and Irrigation (MoALF&I)
- Inter-ministerial data collection will be stewarded by the Legislative and Intergovernmental Liaison Office (LiLO) at the Office of the Deputy President, to ensure that clear direction is given on frequency of data uploads, the quality and standards of the data, interoperability to other open data platforms and security of the data
- Compliance with this policy be written into the performance contracts of the participating Cabinet Secretaries of the Ministries in question
- LiLO should also champion use of Big Data and Advanced Analytics solutions, and provide a data exchange as required to protect sensitive data

## **Flagship 9 -- Actively monitor two key food system risks including sustainable and climate smart natural resource management, and crisis management for pests and diseases, climate and global price shocks**

### **1. How are we addressing sustainability in regards to water abstraction for irrigation?**

By ensuring that all pumps sold have associated permits and enforcing use of digital water basin management systems for transparent information. The MoALF&I will aim to increase small-scale farmer opportunities to irrigate. However, before any new infrastructure is built, it is important to assess the existing infrastructure, including dams, boreholes and canals, against local demand for water. Where there is substantial demand and insufficient access to water, ways to link small-scale farmers to these water sources will be investigated.

### **2. How are we covering disaster management?**

A disaster management team will sit in the Agricultural Transformation Office (ATO) to coordinate disaster mitigation and response by the various mandated government organisations. Flagship 8, which covers research, will equip research organisations to conduct research into disaster management and response mechanism.

## D. DELIVERY AND TRANSFORMATION AT THE COUNTIES

### 1. How will the ASTGS be implemented?

- Delivery will be a collaborative effort between the ASTGS Steering Council chaired by His Excellency the President of Kenya or the Deputy President and comprising the Cabinet Secretaries from the Ministries Agriculture and Irrigation; Devolution and ASAL areas; Environment and Forestry; Industry, Trade and Cooperatives; Lands and Physical Planning; Ministry of Transport, Infrastructure, Housing and Urban Development; Water and Sanitation; and The National Treasury
- MoALF&I will formulate, implement and monitor agricultural policy and regulation, while developing and coordinating programs to support crops development, livestock, fisheries, irrigation and research that are critical to delivering the ASTGS. **Furthermore, the MoALF&I Cabinet Secretary will ultimately be responsible for delivering the outcomes for the sector, and facilitating conversations directly with the Council of Governors at the highest levels of implementation**
- The Agricultural Transformation Office (ATO) will serve as the Secretariat of the NFSC. The ATO will be the primary coordinating force for national delivery of the ASTGS flagships through inter-ministerial coordination, performance management, mutual accountability
- The ATO CEO will work closely with the MoALF&I Cabinet Secretary on his/her transformation mandate
- The ATO will also collaborate closely with the Joint Agricultural Sector Coordinating Mechanism (JASCCM) as the latter body supports the counties to domesticate the ASTGS, with a focus on the CECs. This domestication is critical not only for on-going County Integrated Development Plans (CIDPs) but also as the counties draft their own 10-year Agriculture Sector Development Plans (ASDPs).

### 2. What is the role of each County in the implementation of the strategy?

The main role of each county will be to domesticate the national strategy to best fit what the county requirements are. The county toolkit on how each county can do this can be found in Chapter 6. The counties will also need to align their CIDPs with the initiatives outlined in ASTGS

### 3. How will we ensure that this strategy will be domesticated and implemented at the county-level?

- Counties and devolution are the bedrock of implementation

- The strategy provides a toolkit (*Chapter 6*) for counties to assess their competitive advantages and resources, and translate the strategy into an implementable county-level action plan.
- The ATO will work closely with JASSCOM to ensure that there is traction and buy in at the county level
- There are County Food and Nutrition Security Steering Committees and Secretariats whose functions as outlines in the NFNSP-IF should be embedded within existing structures in JASCCM. We further propose that with clear mandates and resources be made available for CoG Agriculture Committee, agriculture CECs and COs to domesticate NFNSP and ASTGS as part of their CIDPs

#### **4. What strategies have been put in place to fund the key priorities at the County level?**

While ASTGS is a national strategy, counties are the bedrock of implementation as agriculture is a devolved function. The 2018/2019 budget has ringfenced ~KES 20bn to support implementation of agriculture initiatives aligned with the Big Four, including those at the county level. MoALF&I has already begun the process of aligning all on-going activities and budgets to the Big Four Presidential Agenda to increase the likelihood of the key priorities getting funded. A full harmonization of county budgets, MTIPIII budgets and the national budgets for agriculture are a priority by Q3 of 2018 to ensure that counties who have fully domesticated the ASTGS can get the support they need.

#### **5. What is the Agricultural Transformation Office (ATO)? Where will it sit?**

The ATO is a government entity reporting to the Chief Administrative Secretary (CAS) at MoALF&I and is responsible for instituting a systematic approach to delivering results across the flagship priorities by:

- Partnering with line ministries to track and follow up on performance, remove bottlenecks, and take corrective actions to address poor performance
- Enabling fast decision-making by cutting through government bureaucracy
- Creating transparency and mutual accountability for delivery by consolidating accurate and timely data and communicating fact-based, non-politicized outcomes to key decision makers

It will sit in the office of the CAS to provide visibility, coordination and accountability across ministries in the sector

#### **6. How will we ensure that the ATO is successful?**

- The ATO design considers best practice best practices and lessons learned from global delivery units including the Agricultural Transformation Agency (ATA) in Ethiopia, and the Performance Management and Delivery Unit (PEMANDU) in Malaysia
- These global case studies suggests that a well-functioning and successful delivery mechanism is centered around four primary principles:

- Flexibility in terms of design and approach to quickly and easily adapt to the changing needs of the strategy
  - Only source the best talent for successful implementation of its mandate
  - Celebration of early and quick wins will build credibility and generate momentum for strategy implementation
  - The delivery unit should be focused on outputs and impact generated by its activities
- Further, the proposed design of the ATO **takes into consideration lessons learned from ASCU** on accountability, the Agriculture, Fisheries and Food Authority (**AFFA**) on the need to clarify and track inter-ministerial coordination, the **Vision 2030 Secretariat** on the importance deeply understanding the front-lines of implementation in order to performance manage effectively. It also draws on

## **7. Does the Ministry of Agriculture need to be re-organised to deliver on a transformation mandate?**

There is a lot of work required by MoALF&I to deliver on the first five years of the transformation to improve operations of the sector and support 100% food security on a path to full transformation. It is important to gain traction here, and hire the people necessary to do so (e.g., data scientists). In the future, a more thorough diagnostic and review of the MoALF&I structure to deliver to the transformation is encouraged for thoughtful and evidence-based changes to happen if needed.