



## **Brussels Development Briefing n.33**

### **Drivers of success for agricultural transformation in Africa**

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Job creation and entrepreneurship  
development in rural/farming communities.  
*Charity Mariene , Embassy of Kenya*

# Key drivers of success for agricultural transformation in Africa: Job creation and entrepreneurship development in rural/farming communities

By

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# Presentation outline

- 1) Kenya's economic scene
- 2) Importance of Agriculture Sector to Kenya
- 3) Agriculture Sector Challenges
- 4) Measures to improve Agriculture Sector productivity
- 5) Measures to address market access
- 6) Harnessing talents of the Youth for Entrepreneurship
- 7) The way forward

## Kenya's economic scene

- Kenya is still below the 10% annual growth rate target envisaged in Vision 2030. The economy grew at 4.6% in 2012, up from 4.4% in 2011
- Low productivity in agriculture and weak manufacturing sector in the face of rising imports and stagnating exports, remains a major concern
- Our statistics indicate that about 659,400 jobs were created in 2012. We are targeting creation of 1 million jobs annually to have an impact on unemployment and poverty reduction
- The growth expectation for 2013 is 5.8%, rising to over 7% cent in the medium term
- For us to achieve the growth targets, Agriculture and Manufacturing must be integrated

## Kenya's economic scene

- Majority of our people are still food insecure and live in abject poverty, especially in rural and slum areas of urban cities
- Food takes up about 70% of the household budget such that when food prices rise it creates agitation for higher wages in all economic sectors, which in turn weakens our competitiveness.
- The low productivity of agriculture is caused by use of inappropriate technology, inaccessible farm inputs, weak extension support services, and over reliance on rain-fed agriculture

# Importance of Agriculture Sector to Kenya

- The agriculture contributes about:
  - 24% of the GDP, 75% of industrial raw materials, 65% of Kenya's total exports, 18% of formal employment, and 60% of the total employment
- Kenya Vision 2030 identified the sector as one of the key drivers of the economy in order to sustainably achieve average economic growth rate of 10 percent, reduce poverty levels to 25% and boost food security to 30% by the year 2030
- 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
- The performance of the sector is therefore reflected in the performance of the whole economy

# Agriculture Sector Challenges

- Kenyan agriculture sector comprises six subsectors:
  - industrial crops, food crops, horticulture, Livestock, fisheries and Forestry
- General low productivity resulting low profitability caused by:
  - Dependence on rain fed agriculture
  - Low mechanization and use of poor technology
  - Weak cooperatives and farmers unions
  - Low value addition in the production chain and in developing marketing support mechanisms for farmers, pastoralist and communities involved in fishing
  - Poor access to farm inputs
  - Poor access to finance and credit

## Measures to improve Agriculture Sector productivity

- We have embarked on the implementation of a comprehensive agricultural revitalization program aimed at expanding, enhancing productivity and transforming agriculture into a business venture
- We are implementing Agricultural Sector Development Strategy (ASDS) aimed at raising productivity of the sector. Interventions are in the areas of:
  - research and development;
  - improving delivery of extension services;
  - strengthening producer institutions;
  - intensification and expansion of irrigation;
  - seed improvements;
  - livestock development and fisheries development



## Measures to improve Agriculture Sector productivity

- The flagship projects during Vision 2030 Second Medium Term Plan, 2013-2017 include:
  - **Fertilizer Cost Reduction Strategy** - to import in bulk from source, blend and package
  - **Establishment of Coast Disease Free Zone** - to facilitate access of Kenyan meat, leather and leather products to local, regional and international markets
  - **Fisheries Development and Management** - expanding the area of fish farming from the current high potential areas to Arid and Semi Arid Lands (ASALs); increase fish production from capture fisheries through capacity building for exploration of under-utilized water bodies
  - **Development of Multipurpose Dams** - provide hydroelectric power, water for domestic and industrial use, flood control, irrigation development and environmental conservation
  - **Accelerated Agricultural Inputs Access Programme** – to improve access of agricultural inputs such as fertilizer, agrochemicals and seed
  - **Agricultural Credit and Financial Services Access Programme** – improving access of agricultural credit and insurance to agricultural value chain players

## Measures to address market access

- Fresh produce markets and whole sale hubs are being implemented across the urban centers throughout the country to create market opportunities for farmers
- We are working closely with our Partners within East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA) and Southern Africa Development Community (SADC) to facilitate markets for our agricultural
- We are fast tracking the establishment and making operational a Commodity Exchange Market for agricultural produce and, through the Capital Market Authority, license a Commodity Features Exchange

## Harnessing talents of the Youth for Entrepreneurship

- We are tapping into the reservoir of talents and skills available amongst our women and youth, who are the majority to create jobs and grow the economy
- We are addressing the challenges along the business value chains faced by the youth and women, which include, among others: lack of access to market, expensive and inadequate energy, costly transport, insecurity, and access to credit challenges, inadequate skills and lack of business knowledge
- We have set up Funds in place to ensure that the youth access finance to engage in income generating programs, including agri-business

# Harnessing talents of the Youth for Enterprenuership

We are:

- Making the public procurement process play a leading role in driving growth, creating quality jobs and reducing poverty in our economy by:
  - Implementing a preference and reservation regime for the youth, women and persons with disability
- Creating an enabling legal and regulatory environment to empower the Micro, Small and Medium Enterprises to do build capacity for entrepreneurship and address competitiveness for business in agri-business, manufacturing, trade and services

# Way Forward

- In order to create sustainable jobs and develop entrepreneurship in rural/farming communities, the way forward is to promote and support SMEs for value-addition to agricultural produce. This entails:
  - Creating enabling policy, legal, regulatory and institutional frameworks to support entrepreneurship by addressing access to credit, markets, worksites, skills and technologies, and logistics
  - Incentives to provide internships to youths to enable them acquire appropriate skills for agri-business and value addition
  - Equipping the Technical and Vocational Training Centers with modern equipment to provide the youths with the requisite training and skills and funding to establish their businesses
  - Making the public procurement process play a leading role in driving growth



**Thanks for your kind attention**