Status of the Agricultural Sector and Key Lessons after Devolution to County Governments

Tim Njagi, Lilian Kirimi, Kevin Onyango & Nthenya Kinyumu

Tegemeo Conference 2015:  
Transforming Smallholder Agriculture in Kenya  
Kenya School of Monetary Studies, Nairobi
Outline:

- Motivation & Objectives
- Discussion
  - Transition
  - Organization
  - Planning & coordination
  - Financing the sector
- Summary & Conclusion
Motivation:

- Majority of functions in the sector transferred to County Govts (CG).
- Great opportunity for the sector
  - Take services closer
  - Improve community participation
  - To adapt to local needs
  - Fund local priorities
- Potential challenges
  - Coordination & planning
  - Harmonization of policies across counties
  - Effect of new system on smallholder farmers
Objectives:

- Sustain strong sector performance for food security & economic growth.
- Need to understand how the sector has adjusted to these changes.
- Key questions
  - Structure of the sector-how has it changed?
  - Planning, coordination & implementation of projects & programs.
  - Is the level of funding sufficient?
  - Do farmers participate in planning?
  - What challenges are being experienced? What do we learn? & What are the best practices?
Methodology

- 16 counties purposively selected for the study in 4 regions

<table>
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<tr>
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<th>Rift Valley</th>
<th>Central</th>
<th>Eastern</th>
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</thead>
<tbody>
<tr>
<td>Siaya</td>
<td>Trans Nzoia</td>
<td>Nyandarua</td>
<td>Makueni</td>
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<tr>
<td>Kisumu</td>
<td>Uasin Gishu</td>
<td>Nyeri</td>
<td>Machakos</td>
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<td>Kisii</td>
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<td>Kirinyaga</td>
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<td>Migori</td>
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<td>Nakuru</td>
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<td>Kakamega</td>
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- Face to face key informant interviews with Ministry officials:
  - CECs, Chief Officers, County Directors
- A structured checklist used to obtain qualitative and quantitative data
- TAPRA Survey, 2014
Transition:

- Constitution provided for 3 years.
- National Govt (NG) mandated to facilitate transition process.
- Transition did not follow laid procedure.
- Not much time allowed for CGs to prepare to take over functions.
- Major teething problems, mainly duplication of roles
  - e.g. both levels of govt carrying out fertilizer subsidy, general extension.
Intergovernmental Relations

Technical Committee

Ministries, Departments and Agencies

National Government (Executive)

Summit

Council of Governors

Intergovernmental Relations Technical Committee

County Governments

County Departments

Sub County

Ward

Communities

Source: Authors’ depiction
Planning:

- **Challenges in the centralised system**
  - Elite capture
  - mismatch btw
    - National goals vs local goals
    - planning vs budgeting/financing

- **In devolved system**
  - NG expected to set policy
  - Each county govt plan independently
  - A lot of emphasis on Governor’s manifesto & public participation
    - Little technical involvement
    - Conflict of interest for local leaders (redefined a local elite)
    - Sustainability, viability of County Integrated Development Plans (CIDPs)?
Planning:

- What does this mean for the country?
  - Examples of good practices – potato packaging, efforts in pyrethrum industry revival, devt of mkt infrastructure
  - However, there exists coordination failure i.e. most counties now prioritising high value crops especially horticulture
    - Where is the market?
    - What about important food crops, nutrition rich crops such as orphaned crops?
  - Are we likely to end up with too much govt intervention? potentially crowd out private sector e.g. fertilizer retail

- Most counties have since revised their CIDPs (9/16 visited)
- CGs inherited a number of projects from NG & started new one's
**Planning:**

- Do farmers participate in planning?

<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
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<th>Households</th>
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<tbody>
<tr>
<td></td>
<td>No</td>
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<tr>
<td>Before 2013</td>
<td>951,917</td>
<td>28.4</td>
<td>2,042</td>
<td>31.4</td>
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<td></td>
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<tr>
<td>After 2013</td>
<td>212,783</td>
<td>6.4</td>
<td>481</td>
<td>7.4</td>
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Source: TAPRA 2014 Survey
## Planning:

### Household characteristics of those participating

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Before Devolution</th>
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<tbody>
<tr>
<td>Education of household head</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No education</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Completed primary education</td>
<td>56%</td>
<td>52%</td>
</tr>
<tr>
<td>Completed secondary education</td>
<td>25%</td>
<td>31%</td>
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<tr>
<td>Completed tertiary education</td>
<td>8%</td>
<td>9%</td>
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<tr>
<td>Marital status</td>
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<tr>
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<td>79%</td>
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<td>Age of household head</td>
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<td>52</td>
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<tr>
<td>Other characteristics</td>
<td></td>
<td></td>
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<tr>
<td>If head is female</td>
<td>18%</td>
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</tr>
<tr>
<td>If head is youth (18-35 years)</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>If head has salary/business income</td>
<td>71%</td>
<td>71%</td>
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<tr>
<td>Distance in Km from household to nearest motorable road</td>
<td>0.4</td>
<td>0.4</td>
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<tr>
<td>Nearest tarmac road</td>
<td>10.4</td>
<td>10.8</td>
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<td>Nearest County/sub County headquarters</td>
<td>16.8</td>
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<td>Seed</td>
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- Source of Information for devt meetings

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<td>14.5%</td>
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<td>Public notice boards</td>
<td>10.0%</td>
<td>11.4%</td>
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<td>Barazas</td>
<td>34.9%</td>
<td>37.8%</td>
</tr>
<tr>
<td>Village elders/local leaders</td>
<td>5.4%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Neighbours/Friends/Relatives</td>
<td>35.0%</td>
<td>29.9%</td>
</tr>
<tr>
<td>Radio/TV</td>
<td>0.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Newspapers</td>
<td>0.1%</td>
<td>0.2%</td>
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Source: TAPRA 2014 Survey
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Source: TAPRA 2014 Survey
Communication:

Channel before devolution:
- MoA
- PDA
- DAO
- DivAEO

Channel after devolution:
- Ministry of Agriculture
- Ministry of Devolution
- Council of Governors
- County Governor
- C.E.C
- Chief Officer
- Director
- Action Section

- Current channel is long and results in – untimely arrival of information & failure to reach the action points
  - Distortion of information
  - Wastage in information verification process (resources and time)
Other key areas:

- Legislation
  - Weak capacity at dept level & County Assembly

- Taxation
  - Imposition of cess to raise funds for the counties (in court)
Human Resources:

- No structured handover.
- Several challenges
  - Low staff levels at sub county and ward levels
    - Most critical are livestock, fisheries, coop development
  - Low staff morale due to uncertainties
    - Scheme of service, welfare issues (promotion, transfer)
  - Political environment considered unfavourable
    - Recruitment process different btw NG & CG (very subjective at CG)
    - Politicization of oversight by County Assemblies
  - Mismatch between skills and roles
Budget and Flow of Funds:

- In 2013/14 FY, recurrent expenditures in most counties were clustered under executive
  - Ag sector budget reported was mainly devt budget
  - No Ag budget in some counties, the sector was funded through imprests from county treasury
  - In 2013/14 FY, supplementary budgets used to reallocate to/from the sector
  - 2014/15 FY, the sector has a recurrent & devt budget

- Data obtained from CRA 2014 & COB 2015
Budget and Flow of Funds:

- Program based budgeting system adopted by many counties
  - Budget ceilings set for different depts
  - Recurrent funds transferred monthly; Development funds on reimbursement basis
  - Sub-counties funded through AIE system in some counties
  - Budgets approved by County Assembly & COB

- Generally, there is increased funding to the sector
  - However, not adequate given the functions and expectations/promises
  - Unreasonable budget cuts at county assembly during approval

- Funds centralised at county level
  - Delay in accessing funds at sub county levels
Trends in Financing the Ag sector Budget (Ag Sector Ministries - NG)

Transforming Smallholder Agriculture in Kenya: Ag Sector after Devolution
Ag Sector Budget as a % of Total Budget 2014/15 FY by County
Ag Sector Budget as a % of Total Budget 2014/15 FY by County
Allocation of Ag Sector Budget to Devt 2014/15 FY by County

Transforming Smallholder Agriculture in Kenya: Ag Sector after Devolution
Allocation of Ag Sector Budget to Devt 2014/15 FY by County

Transforming Smallholder Agriculture in Kenya: Ag Sector after Devolution
2013/14-2014/15 Ag Sector Devt Budget as a % of Total Devt Budget by County

Graph showing the percentage of the total development budget allocated to the agricultural sector in various counties for the years 2013/14 and 2014/15.
2013/14-2014/15 Ag Sector Devt Budget as a % of Total Budget by County

- Turkana
- Kitui
- Murang’a
- Bungoma
- Kakamega
- Makueni
- West Pokot
- Kwale
- Bomet
- Samburu
- Wajir
- Baringo
- Lamu
- Nyandarua
- Kiﬁri
- Siaya
- Tharaka-Nithi

Turkana
Kitui
Murang’a
Bungoma
Kakamega
Makueni
West Pokot
Kwale
Bomet
Samburu
Wajir
Baringo
Lamu
Nyandarua
Kiﬁri
Siaya
Tharaka-Nithi

Mean
Kericho
Elgeyo Marakwet
Uasin Gishu
Bunia
Laikipia
Trans Nzoia
Migori
Meru
Mandera
Garissa
Marsabit
Narok
Embu
Nyeri
Homa Bay
Machakos
Nandi
Vihiga
Isiolo
Tana River
Kieni
Kisii
Nyanza
Kisumu
Nairobi

Ag devt budget as % Total Budget 2013/14
Ag devt budget as % Total Budget 2014/15
Ag Sector Budget for Selected counties

Transforming Smallholder Agriculture in Kenya: Ag Sector after Devolution
Summary & Conclusions:

- Good sector organization in some counties
- Counties have picked up projects that were implemented by NG
- Counties have started revised CIDPs
- Increased funding to the sector in some counties
- Most counties meet constitutional thresholds (PFMA 2012)
Summary & Conclusions:

- Poor transition process triggered a raft of challenges
- Coordination challenges (between NG & CG; among CG)
- Weak planning and budgeting process
- Participation both farmers & technical staff
- Challenges in funds flow (NG=> CG, CG=> sub county)
- Adopted a learn-as-we-go approach
Recommendations:

- Need to **clarify functions that have been devolved**, prepare for functions yet to be fully devolved
  - Eliminate duplication between CG & NG
- **Improve Coordination** btw CG & NG and among CG
  - Operationalise institutions such as IGTRC
  - Improve Communication channels
- Prioritise **strengthening Planning & Budget making processes** at the county level
- **Build and Develop Capacity** at the Counties for effective discharge of functions
Summary & Conclusions:

- Address the Human Resource challenges at the County Level
- There is increased funding to the sector at the county, although this needs to be increased to cater for increased functions at the county level
- Nationally, Ag sector funding still below 10%
Thank you
Acknowledgement

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