

# insights



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## REPUBLIC OF KENYA - COUNTRY STRATEGY AND PROGRAMME EVALUATION IFAD's support to smallholder agricultural value chains in Kenya

**Value chains have been one of the key focus areas of IFAD's programmes globally. Kenya is one of the countries in IFAD's east and southern Africa region where the focus on value chains has been strong across the projects and programmes approved since 2007. The Country Strategy and Programme Evaluation (CSPE) carried out by IFAD's Independent Office of Evaluation in 2018 has recommended that IFAD-financed projects and programmes in Kenya continue this focus.**

Two of the IFAD-supported value chain programmes assessed by the CSPE, that have been recently completed (Smallholder Horticulture Marketing Programme) or are in the phase of completion (Smallholder Dairy Commercialization Programme), had a focus on dairy and horticulture. The importance of dairy and horticulture is underscored by their role in the national economy. Kenya has one of the largest and most developed dairy subsectors in sub-Saharan Africa. Over 1 million smallholder farmers depend on dairying for their livelihood. Horticulture too has a crucial role in rural livelihood activities; in medium-to high-potential zones characterized by adequate and reliable rainfall, 80 to 100 per cent of households grow horticultural crops.

### Value chain approach

IFAD-financed value chain programmes have supported smallholder farmers to move from subsistence to commercial farming. The programmes have involved a wide range of actors in the chain and removed key constraints at different stages of the chain. Interventions have included "soft" activities such as trainings to value chain actors, and "hard" activities such as post-harvest and market-related infrastructure (roads, physical markets) and provision of better-yielding crop varieties and livestock breeds. The programmes also worked with producer groups to enable poorer farmers to aggregate produce and share risks as they moved to more commercial production models.

## Results

Value chain interventions improved the incomes and the assets of smallholders. The increase in productivity of crops and livestock was the most significant reason for the improvement. Dairy farmers almost tripled milk production, from an average of 4 litres per cow per day to 11 litres. Similarly, horticultural commodities such as bananas and potatoes produced higher yields for beneficiaries, to the tune of 4 tons and 2 tons per annum respectively.



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Value chain projects had a positive impact on gender equality and women's empowerment. Women gained greater access to and control over assets, including assets that were traditionally the domain of men only (including cash crops and large stock animals). Women and men had a more equal voice at home. Women's health and nutritional levels improved.

Participatory and bottom-up approaches helped initiate dialogue with communities, understand people's needs, and identify beneficiaries and empower them to participate in and influence development planning and implementation. Where community planning methods were used, ownership of training and infrastructure was strong among the participants. Yet often the community-based organizations failed to continue beyond the project because they lacked formal recognition or status.

## Challenges

Marketing of surplus production was a sore point of the value chain interventions. For example, milk processors were not always well connected with dairy producers, and selling to the public and local buyers remained the popular channels. Commercial horticulture groups often failed to perform, especially with regard to marketing

their produce collectively. Consequently, interventions did not mitigate the vulnerability of smallholders to fluctuating prices; they remained price-takers. Measures and systems to provide more and better price information to smallholders did not materialize.

Involvement of the private sector was insufficient and confined mostly to the inputs side (fertilisers). Progress was made on raising productivity through the use of better inputs from input stockists, but linkages with the processing and marketing parts of the value chain were not fully realised. Contractual arrangements with traders, which would have improved profitability for smallholders and helped them sustain income increases, were not established. Physical market structures for selling the surplus produce were less successful than expected, being marred by issues related to management of markets and their unsuitable location.

## Lessons learned

IFAD's value chain interventions in Kenya provide some thought-provoking lessons:

1. Finding an appropriate balance between the objectives of commercialization and targeting of poor producers depends on the type of commodity chain to be supported. With horticulture, these twin objectives can be met more easily than with commercial dairy production, which presupposes a higher level of investment from dairy farmers.
2. Value chain projects can have a significant impact on nutrition of poor rural people, by making more and higher-quality food available for self-consumption, as in the case of milk.
3. When working with producer groups, nascent and less integrated value chains such as horticulture require more time and effort for group cohesion to take root.
4. There is an overarching need to adopt an integrated approach to value chains: provision of access to credit, provision of adequate market information and infrastructure, support for technology and innovations, and greater opportunities for private sector engagement. The integrated approach also means that the interventions should not be delimited by geographic boundaries.
5. Investment in infrastructure such as physical markets is essential for cost-effective marketing of the surplus produce and to minimize post-harvest losses. However, good governance and management of the markets and the suitability of their location are crucial. Investment in rural roads can provide substantial outcomes in the form of lower transportation costs and increased access to markets.

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### Further information:

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