

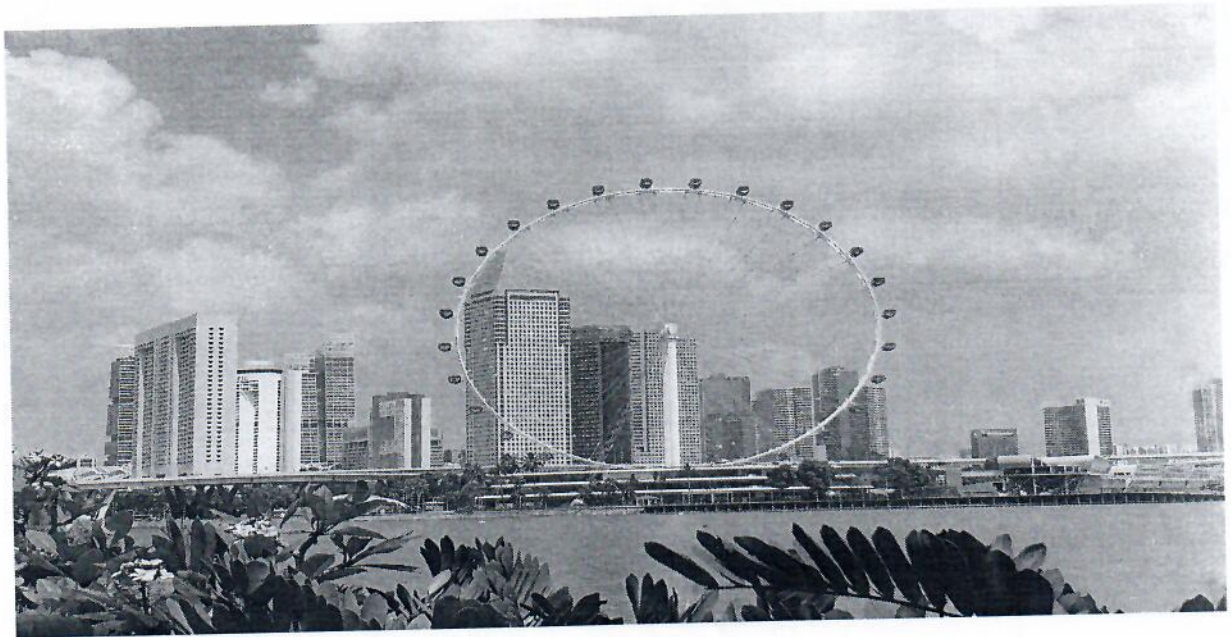
COUNTY GOVERNMENT OF KITUI



COUNTY ASSEMBLY

THIRD ASSEMBLY – (SECOND SESSION)

REPORT BY THE COMMITTEE ON AGRICULTURE, WATER AND IRRIGATION ON THE TRAINING ON AGRICULTURAL VALUE CHAINS HELD FROM 30TH OCTOBER – 3RD NOVEMBER, 2023 IN SINGAPORE.



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NOVEMBER, 2023

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EXECUTIVE SUMMARY

Hon. Speaker,

This report outlines the overview of Agricultural Value Chains(AVCs), the major lessons learnt, and the recommendations made by the Committee on Agriculture, Water, and Irrigation after attending a training on Agricultural Value Chains. The training took place from 30th October, 2023 to 3rd November 2023, at Carlton Hotel in Singapore and was conducted by Professor Henry Waruhui, of the Eastern and Southern African Management Institute (ESAMI).

The training aimed at achieving several objectives, which included: appreciating the impact of Agricultural Value Chains; understanding policy formulation on value chains; appreciating the Monitoring and Evaluation of value chains, and comprehending the public participation and stakeholder engagements in Agricultural Value Chains.

Increasingly challenging environmental and global requirements have increased pressure on agricultural systems to promote their resilience capabilities. Focus is now being directed at producing goods that are of value to satisfy consumer needs, both locally and internationally. Agriculture continues to dominate the economy and accounts for a third of the Gross Domestic Product (GDP). The economic value of agricultural produce is enhanced if the value chains of the products identified are efficient, strong, and sustainable.

Identifying and improving the value chains in the agriculture sector is key to eradicating poverty, reducing hunger, creating employment, and improving the relationship among the key actors of value chains (farmers, processors,

consumers, government, and development partners among others). Some of the challenges experienced in the development of value chains include the lack of infrastructure and organizations to support value chains, lack of markets and market information, lack of policies and programs, lack of financial support, and failure to adapt to new technology and innovation.

To enjoy the maximum benefits of Agricultural Value Chains, we need to create an enabling environment for all actors through the enactment of appropriate laws and policies, support government initiatives towards Agricultural Value Chains, involve all stakeholders through partnerships, promote the inclusion of marginal groups, promote research on existing value chains and strengthen links with the manufacturing sector, identify opportunities and gaps in the market and embrace technology and innovations on Agricultural Value Chains. Further, there is a need to establish, maintain, and strengthen the County Aggregation and Industrial Parks (CAIPs) to support the government agenda and ensure food security for our County through value chains.

LIST OF ABBREVIATIONS

AFA	Agriculture and Food Authority
ASALs	Arid and Semi-Arid Lands
AVCs	Agricultural Value Chains
EABL	East African Breweries Limited
BETA	Bottom-Up Economic Transformation Agenda
CAADP	Comprehensive Africa Agricultural Development Programme
CAIPs	County Aggregation and Industrial Parks (CAIPs).
CDCS	Country Development Cooperation Strategy
CTA	Cotton-textile and apparel
ESAMI	The Eastern and Southern African Management Institute
GDP	Gross Domestic Product
KAM	Kenya Association of Manufacturers
KDC	Kenya Development Council
KEPROBA	Kenya Export Promotion and Branding Agency
KLDC	Kenya Leather Development Council
KLPA	Kenya Livestock Producers Association
MCA s	Members of County Assembly
MOU	Memorandum of Understanding
MSEA	Medium and Small Enterprise Agency
SEKEB	Southeastern Kenya Economic Bloc
SO	Standing Orders
UN	United Nations
SDGs	Sustainable Development Goals
ZOI	Zone of Influence

CHAPTER ONE

1.0 PREFACE

Hon. Speaker,

On behalf of the Members of the Committee on Agriculture, Water, and Irrigation and pursuant to the provision of Standing Orders (S.Os) 179(6) and 190(5)(g), it is my privilege to present to this Honorable House, the Committee's report on the training on Agricultural Value Chains that took place in Singapore from 30th October to 3rd November 2023.

Training and capacity building are important for the skills and knowledge development of Members of County Assembly (MCAs) to perform their roles and duties effectively. Kitui County has great opportunities around the development of Agricultural Value Chains and for this reason, the Committee on Agriculture, Water and Irrigation in consultation with the Honorable Speaker thought it necessary to undertake training on the same to identify the existing gaps on matters of agricultural value chains in Kitui County and come up with possible solutions.

Hon. Speaker,

The training was conducted by Professor Henry Waruhiu from the Eastern and Southern African Management Institute (ESAMI). ESAMI is a Pan-African Management Development Institute that has been serving clients across the globe for more than 50 years. The Institute is driven to facilitate both individuals and organizations to attain personal effectiveness and organizational goals through improved skills and knowledge development. The Institute's commitment to improving management effectiveness and

efficiency in organizations is unwavering and it strives to achieve the ever-changing needs of diverse clientele through its high-level specialized training, consultancy, and research services.

Hon. Speaker,

ESAMI is the “Africa Center of Excellence” as declared by the United Nations (UN) in 1980. For this reason, the County Assembly of Kitui has an existing Memorandum of Understanding (MOU) with the Institute to offer training to MCAs and Staff on a needs basis geared towards improving leadership and management skills.

Hon. Speaker,

Thematic areas covered in the training were Agriculture sector value chains, value chain mapping and analysis, value chain governance, market analysis, value chain development and financing, value chain integration and upgrading. Practical case studies were analyzed and Members were able to identify Agricultural Value Chains in Kenya and in Kitui County specifically, which can be developed, financed, integrated, and upgraded to benefit the people of Kitui County.

The training methodology was extremely interactive as the facilitator ensured that knowledge was not only disseminated, but perfectly perceived and understood by the participants. To ensure this, the trainer engaged the Honorable Members in discussions and kept the forum open for queries, feedback, and suggestions. The interactive sessions and discussions were supported through training materials such as handouts, PowerPoint

presentations, and group tasks on participatory training, which were geared towards achieving the objectives of the training.

Hon Speaker,

The Members of the delegation are grateful for the opportunity to attend this important training and commit to sharing the knowledge acquired for the benefit of the people of Kitui County.

1.1 COMMITTEE'S MANDATE AND RESPONSIBILITIES

Hon. Speaker,

Standing Order 190(1) provides for the establishment of Sectoral Committees with specific mandates.

The distinct functions of the Sectoral Committees are provided for under Standing Order 190(5) and include:

- i. Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- ii. Study the programme and policy objectives of departments and the effectiveness of the implementation;
- iii. Study and review all county legislation referred to it;
- iv. Study, assess, and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- v. Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;

- vi. To vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 185 (Committee on Appointments); and
- vii. Make reports and recommendations to the County Assembly as often as possible, including recommendations of proposed legislation.

1.2 THE DELEGATION

Hon. Speaker,

The Delegation comprised the following members who completed the 5-day training having understood the concept of agricultural value chains and how to effectively develop and upgrade them in Kitui County.

Table 1: List of Members who attended the Training

S/No.	Name	Designation
1.	Hon. Anthony Musyimi Musyoka	Team Leader
2.	Hon. Harrison Maluki Mawia	Member
3.	Hon. Sylvester Kitheka Munyalo	Member
4.	Hon. Boniface Mukwate Katula	Member
5.	Hon. Fastina Mwendu Solomon	Member
6.	Hon. Jacquelyne Cate Kalenga	Member
7.	M/s. Risper Mumbi Joseph	Secretariat

1.3 JUSTIFICATION AND OBJECTIVES

Hon. Speaker,

Kenya's Vision 2030 identified agriculture as a key sector, which is expected to drive the economy to a projected annual growth of around 10%.

Agriculture, therefore, is central to the attainment of a 'globally competitive and successful country with a high quality of life by 2030' (Government of Kenya, 2007). Furthermore, agriculture is expected to deliver on Kenya's regional and global commitments, such as the Comprehensive Africa Agricultural Development Programme (CAADP), the African Union Agenda 2063, and the Sustainable Development Goals (SDGs). To attain this goal effectively, we need to systematically develop value chains in our agricultural products and ensure that all key steps and actors in the chains are taken into consideration.

Hon. Speaker,

There is a great deal of positive change that can happen if we develop value chains in our agricultural products. This means that farming will not only be done for subsistence purposes as is mostly the case with our farmers, but for commercial and economic sustainability reasons, as well.

However, there are several challenges/ gaps including insufficient resources, unclear or a lack of policies and frameworks to support value chains, lack of inclusivity of all major actors, inaccessibility of markets and market information, low capital, and lack of infrastructure, failure to embrace technology and innovation and other barriers that make the development, mapping, analysis, and upgrading of agricultural value chains difficult or impossible to develop.

Hon. Speaker,

The training was crucial and comes at a time when Kenya is facing a threat to food security and was crucial. The objectives of the training were:

1. Appreciating the impact of the Agricultural Value Chains
2. Understanding policy formulation on Value Chains
3. Understanding how the Climate Change Challenges impact food security.
4. Appreciating the M&E of Value Chains
5. Comprehending the Public Participation and stakeholder engagements in Agricultural Value Chains

Hon. Speaker,

In most cases, the Agricultural Value Chains in our County end at the farm gates, that is once the products have been sold to local buyers. It is important to note that once value is added to the products, the prices go high meaning greater profits for our farmers and all actors involved in the chains. Agricultural Value Chain development also creates employment opportunities and enhances food sustainability.

The delegation attended this significant training at a time when the country is rethinking its approach around Agricultural Value Chains, to better understand the Agricultural Value Chain concept, processes, and steps involved, and share the knowledge gained with the County Assembly and the people of Kitui County at large.

The information in this report will be of great benefit specifically to our farmers and all the actors involved in the value chains to improve on both production and other related processes that add value to our agricultural products resulting in great profits.

1.4 ACKNOWLEDGEMENT

Hon. Speaker,

On behalf of the Members of the Committee on Agriculture, Water and Irrigation Committee, I convey my sincere gratitude to the Office of Hon. Speaker for allowing us to take part in this important training on Agricultural Value Chains, at a time when the country is rethinking its approach and focusing on value addition to ensure the future sustainability of agricultural products.

Secondly, I thank the Office of the Clerk for the unwavering support accorded to us in facilitating the training. The training would not have been possible without the logistical facilitation from the Clerk's Office.

Hon. Speaker,

I wish to thank the Ministry of Devolution and Immigration for their timely approval of the relevant documentation to enable Members to attend the training.

I also wish to immensely thank the facilitator, Professor Henry Waruhiu of ESAMI for equipping the Honorable Members with the relevant skills and knowledge through practical case studies. His ideas were impactful and crucial in understanding where Kitui County stands about Agricultural Value Chains and identifying possible solutions to existing gaps.

Lastly, I wish to extend my gratitude to all the Members of the Delegation for their punctuality and active participation during the training sessions. I commend them for the support they accorded the facilitator and me, as well as, their commitment to the preparation and compilation of this report.

It is now my pleasant duty and privilege, on behalf of the Delegation to table this report and recommend it to the House for Adoption.

Thank you!

Signature:.....

Date.....23/11/2023.....

**HON. ANTHONY MUSYIMI MUSYOKA (MCA),
CHAIRPERSON, COMMITTEE ON AGRICULTURE, WATER AND
IRRIGATION,
COUNTY ASSEMBLY OF KITUI.**

CHAPTER TWO

2.0 INTRODUCTION

Hon. Speaker,

Seventy-five (75) percent of the poor people in the world live in rural areas and most are involved in Agriculture. In the 21st Century, agriculture remains fundamental to economic growth, poverty alleviation, and environmental sustainability. A country's economic, environmental, and social well-being is intricately associated with a healthy, well-performing agricultural sector. Across Africa, South of the Sahara, agriculture is the predominant sector in the economies of most countries accounting for between 30 to 40 percent of Gross Domestic Product (GDP), and with the abundance of labor, land, and untapped water, Sub-Saharan Africa has the resources necessary for a massive expansion of agricultural production. Notwithstanding these advantages, over the last 40 years, Africa has been steadily losing its share of the global agricultural market.

Hon. Speaker,

In Kenya, recent trends are prompting a progressively urgent concern around the sustainability of value creation in the future. The extreme weather instability, the growing demand for food, and the need to manage the prices of foods and imports to satisfy the demand have all highlighted that we need to rethink our approach as a country.

Hon Speaker,

In a substantial outlook shift, the focus of the government is changing towards transforming the country into a newly industrializing middle-income country by 2030. This can only be achieved by improving the agriculture sector, at

National and County levels. Through The 'Feed the Future Program', the Government of Kenya (GoK) aims at sustainably reducing hunger, malnutrition, and poverty in the Feed the Future Zone of Influence (ZOI) through sustainable increases in agricultural productivity, nutrition-sensitive production, and inclusive and competitive market systems. The Feed the Future country plan directly supports and aligns with USAID/Kenya and East Africas (USAID/KEA's) Country Development Cooperation Strategy (CDCS) Development Objective 2 (DO2): "Strengthening Health and Human Capacity" and DO3: "Inclusive, Market-Driven, Environmentally Sustainable Economic Growth."

Hon Speaker,

If implemented as planned, the Feed the Future Program will contribute to Kenya's right "to be free from hunger and to have adequate food of acceptable quality," as mandated by the Constitution. Developing Agricultural Value Chains will, therefore, align with this goal by ensuring improvement in crop and livestock productivity, saving on production costs and efficiency in resource utilization, diversification towards products of high value (high quality and quantity), increased incomes for farmers, food sustainability, access to information, technology, and markets, creation of employment opportunities among other benefits.

2.1 UNDERSTANDING AGRICULTURAL VALUE CHAINS

Hon. Speaker

A value chain refers to a set of linked activities, which work to improve a product's value. It involves actions and actors that improve products while linking the producers to processors and markets. Value chains work best when

actors collaborate to produce products of high quality and make more income for all involved in the chain contrary to the simplest forms of value chains where producers and buyers exchange only price-related information.

Value chains are different from supply chains that refer to logistics: the storage, transport, and other steps to get products from the production location to the consumers. Value chains encompass the flow of knowledge and information, products, finances, and payments, as well as, the social capital required to organize producers and societies.

Information is particularly vital to all actors of value chains and flows in two main directions; markets inform producers about the needs related to quantity and quality, price, technology, and product handling options whereas producers inform the markets and processors on the production locations, quantities, production and timing matters. Processors and marketing agents in value chains may offer producers inputs, finance, and training in production technologies.

Hon. Speaker,

The Agricultural Value Chain (AVC) concept covers a range of activities and actors involved in moving agricultural products from the farmers' fields to consumers' tables. For products to reach consumers, there are many steps or processes involved, and each step should have a direct connection to the next step to create a viable chain. Some additional enhancement or transformation is made to the product at each node of the chain. Thus, an Agricultural Value Chain is a sequence of value-adding activities, from the time of production to the time of consumption through processing and commercialization.

Generally, farmers or growers are isolated from most end-consumers and have minimal control over input costs or processes for their products. An exception is where local farmers sell directly to local consumers in what is mostly referred to as traditional agriculture marketing systems, where farmers get minimal profits. Any integration down or up the value chain can help farmers get a greater share of their produce because of the value-adding activities referred to above.

Hon. Speaker,

Agricultural Value Chains include farmer organization, development and dissemination of plant and animal genetic materials, farm production, input supply, processing, post-harvest handling, and post-harvest local processing, grading facilities and criteria, provision of production and handling technologies cooling and packaging technologies, industrial processing, transport, storage, finance and market feedback. In these processes, value chain analysis and mapping, value chain governance, market analysis (analysis of market systems), development, financing, integration, and upgrading of value chains must be done consistently to achieve the desired goals and objectives of the value chains.

Hon. Speaker,

In developing countries such as Kenya, agriculture is often characterized by dual value chains that operate in parallel for the same product: one is traditional or informal and the other one is modern or formal. In Kitui County, smallholders such as farmers are often involved in traditional chains that deliver produce to the local middlemen and small stores. On the other hand, formal value chains can deliver the same product, in more uniform or

better quality, from more organized groups of farmers or larger farms to supermarkets, exporters, or commercial wholesalers.

The growth of big stores and supermarkets in developing countries can limit small farmers to markets characterized by low prices and low returns, as well as, low-quality goods. Thus, it brings the concern to establish ways of integrating small producers into modern chains, which are both domestic and export-oriented. This brings in the concept of Value Chain Analysis.

Value Chain Analysis

In agricultural development, a value chain approach aids in the identification of weak points in the chain and actions to be taken to add more value. In Rwanda, for instance, the analysis of the dairy value chain established the need for more collaboration between farmers and dairy plants, more cooling points, and better diversification of products. A value chain analysis in Guatemala revealed a lack of development of more diversified markets for cardamom as an input to cosmetics, health products, and processed foods. Value analysis in the Philippines established a need for the fishermen to deliver same-sized fish to processors so that the government can enforce consistent laws and regulations and for processors to provide fishermen with contracts that contain credit.

Products such as sorghum in Africa have numerous end uses such as snacks, flour, and porridge, as well as, other products used for human consumption (inputs for the production of beer, feed for animals, and poultry). The yields for the grains, however, have risen slightly and sales are faced with hindrances in the value chains.

In Kenya and Kitui County specifically, farmers could improve their profits from the various potential markets if solutions are identified for issues in the value chain such as:

- a) Poor quality of seeds and varieties unsuitable for the numerous uses
- b) Poor quality of products at harvest, with grains that are inconsistent in coloration and size.
- c) Inadequate grading.
- d) Insufficient threshing methods and post-harvest storage and drying that reduce quality and quantity.
- e) Inadequate communication with market and market development on qualities and varieties desired.
- f) Inadequate finances and training for improved post-harvest management.

Such analysis is important as it emphasizes the need for farmers and breeders to recognize that food quality management can improve their access to more markets. East African Breweries (EABL) and other brewers, for instance, can offer farmers production contracts with assured prices in line with quality requirements, which can make farmers grow the sorghum.

Hon. Speaker,

As illustrated by the above examples, establishing ways to improve value chains can be extremely important for improving the incomes of smallholder farmers. Without being connected with markets in which they are forced to produce for subsistence purposes only, better markets can bring them out of poverty. This leap, however, necessitates more knowledge and more actors along the value chains to aid in supplying this vital component; value analysis.

2.2 OVERVIEW OF AGRICULTURAL VALUE CHAINS IN SINGAPORE

Hon. Speaker,

It is well known that Singapore is a city-state with a high population, and only a small percentage of its land is used for agricultural purposes. Despite this fact, Singapore has paid more attention to value chains on what it imports from other countries. In recent years, the country has sought to revive its ambitions in agriculture to become Asia's urban agrifood tech hub. Among the general objectives of this move is to ensure self-food supply sufficiency and ensure food security as the country currently produces less food.

Hon. Speaker,

Singapore is presently driving rigorous research and development (R&D) into high-productivity innovation and AgriTech. The production of food in the country is, therefore, a rising sector focusing strongly on technology. The main element of the value chains in Singapore is the use of technology to boost sustainable agriculture by connecting the growing AgriTech ecosystem with networks in developing countries.

Discovering the main actors in the sector necessitates the understanding of the flow of funds towards this initiative. Whereas the private sector has the financial muscles for such investments, the government has equally an important role in ensuring the appropriate laws and regulations are in place, providing infrastructure, and offering the training required to promote investments into the agricultural sector in Singapore.

2.3 OVERVIEW OF AGRICULTURAL VALUE CHAINS IN KENYA

Hon. Speaker,

In Kenya, Agriculture continues to dominate the economy accounts for a third of the Gross Domestic Product (GDP), and employs 75 percent of the rural population.

Through the Bottom-up Economic Transformation Agenda (BETA), the government has committed to driving inclusive economic growth through the Agricultural Value Chain strategy. This method is aimed at transforming the agricultural sector, thus improving productivity, creating jobs, reducing costs of living, eradicating hunger, and promoting inclusive growth. The government aims to enhance the relationship between agriculture and manufacturing, evidence that commitments are translating into tangible actions.

Hon. Speaker,

Agriculture is important to the economic transformation of the country, and Kitui County specifically. In 2022, according to the Economic Survey, 2023, the Agriculture Sector alone contributed to 21.2% of Kenya's GDP. A total of 299,200 people were employed in the sector, second after manufacturing. The exports of processed livestock and agricultural products have, however, stagnated at 16%, according to data from the State Department of Trade. Moreover, productivity in the agricultural sector has remained low because of poor/low incentives and underdeveloped supporting institutions and infrastructure. Improving the link of the sector with the manufacturing sector through agro-based manufacturing and agro-processing, and access to the relevant infrastructure will impact agricultural output positively.

Hon. Speaker,

Counties and institutions across the country should support the government's value chain approach if the benefits are to be felt by all stakeholders. The Kenya Association of Manufacturers (KAM), for instance, has come up with a strategy to strengthen the relationship between agriculture and manufacturing through working with all members in Agro-processing Sectors (Leather and Footwear, Textiles and Apparels, Food and Beverages, Agro-chemical and Agro-processing) to tackle agro-processing value chains' challenges.

Hon. Speaker,

Both public and private sector firms should work together to identify key value chains in all agricultural lines, and the challenges that exist in the value chains, and which deter the seamless links with the manufacturing sector. The most common challenges that exist include inadequate incentives to produce high-quality products, lack of market information where farmers have less knowledge of the expectations of potential buyers, lack/low infrastructure, high-post harvest losses, low capital, and low modernization of processes thus leading to low productivity. As a result, agro-processors are incapable of procuring quality raw materials leading to the production of low-quality agricultural products.

2.4 OPPORTUNITIES ALONG AGRICULTURAL VALUE CHAINS IN KITUI COUNTY – VALUE CHAIN ANALYSIS

Table 2: List of Agricultural Value Chains that Kitui County can explore

No	Value Chain Products	Commodities
1.	Cereals and Pulses	Green grams, Beans, Cowpeas, Millet, Sorghum,
2.	Meat and Meat Products	Beef, Poultry, Mutton,
3.	Leather & Leather Products	Hides & Skin, Tanning
4.	Horticulture	Mangoes, Watermelon, Amaranth leaves, Kales, Tomatoes, Cowpea leaves, Pumpkins, Sweet potatoes, Cassava
5.	Apiculture	Sting and non-sting Honey and related by-products
6.	Cotton	BT cotton, Ginning, Spinning and weaving
7.	Herbs and Spices	Neem, Mukeneia, Lunguyu

Livestock and Livestock Products Value Chain

The Livestock sector in Kenya is vital to people's livelihoods. Many households depend on it for income through the sale of animal products, employment, and as a source of food, and it also contributes significantly to the national gross domestic product. However, the production and productivity of the sector are below potential due to process and technological under-development, weak market infrastructure and organization, inadequate resourcing, and climate change shocks. To help improve the productivity and resilience sector, there is a need to identify opportunities to strengthen value chains through investments, trade, and collaborations with the National government agricultural reforms. Kitui

County falls under Arid and Semi Lands (ASALs) in Kenya, which also makes it good for pastoralism.

The Livestock Value Chain gives a wide range of investment opportunities that the people of Kitui can take advantage of, such as;

- Establishment of Feedlots
- Establishment of Ranches
- Establishment of Haystack foliage and fodder
- Establishment of Disease-free zones
- Establishment of Abattoirs
- Leather and leather products
- Meat and meat products
- Waste Products Value Addition (from the Abattoirs) -Manure, Raw materials for Briquettes
- Poultry (Chicken & Ostrich) Value Chain- Eggs, Meat, Waste

Apiculture Value Chain

Commercial beekeeping farming comes into the picture as the demand for apiculture products from various industries increases due to medicinal and cosmetic purposes, further driving the apiculture market. The benefits associated with apiculture rearing are low maintenance and cost-effectiveness. Some of the opportunities in beekeeping include but are not limited to;

- Propolis – propolis is a resinous substance that bees accumulate from different plant types. Propolis is widely used in numerous applications due to its antiseptic, anti-inflammatory, antioxidant, antifungal, anti-

cancer, and immunomodulatory properties. However, the market is primarily driven by its use as a healing product for cold sores and herpes caused due to the herpes simplex virus (type 1 and type 2).

- Others include; artificial sweeteners, candy, body lotion, honeycomb starter packs, etc

Cotton and Sisal Value Chain

Cotton-Textile and Apparel's (CTA) value chain includes cotton production, ginning, spinning, weaving, apparel production, and output sales and marketing. The CTA sector is arguably one of the industries with the potential to absorb skilled, semi-skilled, and non-skilled workers within its chain of production. The CTA is a strategic sector and a key pillar in the manufacturing industry and the Kenyan economy at large. The sector is labor-intensive and employs both semi-skilled and un-skilled workers and hence a key contributor to rural livelihoods.

There is, therefore, a need to establish a backward integration module where engagement starts from cotton farmers, ginners, millers, and garment factories to complete the value chain.

Horticulture Value Chain (Mango)

Kitui County is one of the major mango-producing counties in Kenya due to its favorable ecological conditions. The County receives an annual rainfall of 500- 700mm, temperatures above 20°C, and well-drained soils which are all conditions favorable for mango production. Farmers and traders should take advantage of the following areas;

- Export for whole mangoes

- Mango Juice
- Mango Jam
- Mango Flex
- Lip Balm

Cereals and Pulses

Cereals and Pulse's value chain can also be explored through;

- Aggregation for export volumes and economies of scale
- Packaged cereals
- Pre-cooked cereals

CHAPTER THREE

3.0 LESSONS LEARNT ON AGRICULTURAL VALUE CHAINS

Hon. Speaker,

Designing programs and projects to support the involvement of agribusinesses and smallholder farmers is progressively dynamic, but complex Agricultural Value Chains are becoming more challenging as lifestyle, market requirements, and government policies change. However, the increasing demand for high-value, safe, and differentiated agricultural products is creating exceptional opportunities for them to take part in value chains to lower costs, increase bargaining power, increase revenue, and improve access to capital, information, and technology.

The government's interest in the potential for value chains to improve agriculture and lead to food security has been on the rise. When there is an enabling environment, access to information and markets, innovation and technology, availability of capital, and inclusion of all the relevant stakeholders, food security can be attained leading to poverty reduction and increased productivity.

Hon Speaker,

We emphasize that under the right conditions, value conditions chains can move small-scale farmers in our County from subsistence into commercial agriculture.

Some of the lessons learnt during the training are;

1. Creating an Enabling Environment

Hon. Speaker,

It is important to create an enabling environment through both National and County regulations, policies, and supporting institutions to develop value chains. Policy reforms on Agricultural Value Chains should focus on increasing private sector participation, safety standards, and quality of agricultural products, improving financial and institutional frameworks, and privatization.

Hon. Speaker,

We believe that progress should be made in promoting County policies that support the agricultural sector through the reduction of barriers to inputs, improving governance, increasing access to finance, and offering incentives such as the creation of export processing zones in the County.

Support should be given to farmers to remove constraints in the value chain process. Further, the regulatory framework should be adjusted or enhanced to increase coordination between different agencies both at the National and County levels by creating a single export system.

2. Financial Support and Credit Facilities

Hon. Speaker,

Giving access to finances and credit facilities is an essential requirement for all stakeholders of the Agricultural Value Chain. The stakeholders include farmers themselves, small-scale retailers and processors, storage operators, marketers, and traders. The financial and credit facilitation allows them to buy farm materials, seeds, and equipment, processing or packaging materials and

equipment, develop and improve storage facilities, and also aid in product differentiation.

Credit allocation needs to be tied up in increasing the level of production through inputs such as agrichemicals, fertilizer, seeds, and cultivation equipment and increasing livestock herds. The use of credit will go a long way towards enhancing the value chain approach by offering credit even for postproduction facilities such as plants for processing milk, milk-chilling centers, as well as, abattoirs.

Hon. Speaker,

Well-established business models for credit delivery can assist or diversify value-adding activities in the agricultural chain. However, the perception of risk linked to the temporary activities of entrepreneurs such as retailers and traders, is a key issue that needs to be addressed while developing the business models.

One method to deal with this risk is to link lending credit to end markets. The use of channels for credit delivery is one method of linking production credit to market and value-addition opportunities. Credit for farmers can be provided through the processors.

Even though this is production-oriented, it has the potential to let processors direct how the credit may be used. For instance, the use of credit to purchase bins for mangoes, avocados, and other fruits that our County can export, reduces damage to the fruits and reduces the costs of handling, thus improving transit times.

3. Infrastructure

Hon. Speaker,

We all agree that for any sector to function effectively and achieve the desired goals and objectives, infrastructure is crucial. Most of the roads in our County are in bad shape especially during the rainy seasons, thus making it difficult for our farmers to transport their produce to the markets. Good roads linking areas with a competitive advantage to markets can help in the formation of competitive value chains. This is a key aspect as it can promote value chains by connecting areas of high-value crop production to strategic profitable markets. The main aim here is, to reduce transit time and guarantee continuity of supply of both outputs and inputs.

Hon. Speaker,

Other supporting infrastructure including transport logistics and storage facilities would increase selling options and lead to benefits that accrue from rural roads. These supporting infrastructures should be specific to the needs of the value chain. For instance, the County Government constructed market sheds in most major towns around the County, which have been serving as spot markets for traders and retailers.

While the markets mainly serve the domestic markets, opportunities should be provided to locate them close to other Countries and even Countries. This will aid in promoting trade with other counties and offer more direct motivation for the creation of competitive value chains that would be local producer groups.

The placement of storage and market facilities is important for the development of the value chain. Storage facilities vary from simple on-farm storage facilities to more sophisticated cold storage structures. For all cases, the intent is to assist in the maintenance of quality and improvement of sales potential, therefore contributing to the development of value chains. Thus, supporting infrastructure such as storage facilities should be considered in the County budget as they will help to maintain the quality of farmers' produce and they will be able to sell when the market conditions are favorable.

4. Technology and Innovation

Value chains require continuous inputs for innovation and technology to lower costs, improve productivity, and remain competitive. There is a difference between technology and innovation in the value chains' context. Technology is a result of research and development and is mostly imported. On the other hand, innovation is a continuous process that involves stakeholders at any step in the chain to enhance the production, and quality of products, as well as, the marketing processes.

Developing competitive value chains, therefore, needs a shift in focus from technology-driving the supply side to demand-driven postproduction innovations. This covers various value-adding activities such as quality, processing, packaging, transportation, branding, storage, and information transfer. Innovation necessitates processes such as experimentation, incubation, and finally adaptation to create and maintain competitiveness. Often, these are difficult within project processes that are suitable for bringing known technical solutions. Research incorporated into project designs instead of standalone activities can result in project objectives.

5. Markets

Hon. Speaker,

Support for vital market drivers such as product differentiation and addressing market-information issues enable the stakeholders of Agricultural Value Chains to create products that respond to the present market needs. One of the key elements of increasing competitiveness is product differentiation. Technical assistance is important as it aids in maintaining product quality through packaging and suitable farm-gate and storage to market transport logistics. This could be used in our local farms and would also form the basis for supporting a branding campaign. Branding is also an important element that aids differentiation where it can be used to differentiate our products from those of other countries and countries.

The development of certification and quality requirements for local products should be a feature in which specifications will be developed to meet international standards. Designs that promote contract farming, especially between the farmers and processors can enhance access to the market. This will offer a mechanism for backward links to facilitate the transfer of technology and support contractual partnerships that will, in turn, promote agribusiness. The partnerships between farmers and agro enterprises result in the strengthening of competitiveness in both local and export markets through farm-to-market, value chain systems whereby processors pay a premium for graded products. Enhancing the access to market through training and capacity building has been effective in developing basic business skills. Usually, this takes the form of the training of entrepreneurs to enhance the operation and management of small and medium enterprises (SMEs).

Hon. Speaker,

The focus should be on the financial systems, establishing and exploiting market opportunities, and creating connections between our farmers and agro-processors. The range of services for SMEs should include advice on product information, market promotion and analysis, packaging, and investment management. Other capacity-building forms include attendance of workshops, seminars conferences, and trade fairs that promote the relations between farmers and agro-processors and the development of specific connections in the marketing of products and the supply of raw materials to the farmers.

6. Market Information

Hon. Speaker,

For it to be useful, market information must be delivered on time. There should be approaches to get timely price information to improve the negotiation position of producers/farmers with processors and traders. We could adopt the development of software for automated auctions and electronic trading for our produce such as the one used in the Sri Lanka Plantation Project for our main products, which include mangoes, honey, and others. We should consider the development of a national farming website as a source of information for producers and traders such as the one created by Indonesia in their Poor Farmers' Income Improvement Program.

Apart from prices, so much information is required about agribusiness opportunities and identifying technology and market links for both new and existing products. The private sector, in some cases, has been more receptive

to farmer-market information needs. For instance, Nokia, through its Nokia Life Tools' SMS-based subscription information service in evolving markets offers information that farmers can act on and has more than 50 million users. Platforms such as these can ensure that the needs of farmers are responded to for actionable information that is relevant locally and can be stored to be used for future reference.

7. Organizations

Hon. Speaker,

The establishment of organizations with the capacity to offer a structure for governance is important in the development of value chains. Organizations form a key to institutional reconstruction and can use collective links and action to reinforce the smallholders' position in the markets. Smallholder Projects can include several production and marketing groups to enhance the efficiency of service delivery and marketing opportunities.

Organizations can promote value chains by strengthening the bargaining power of producers to lower transaction costs and give vulnerable groups and the poor a voice in the process of policy-making. To achieve this, organizations should act as channels of change and link through well-established networks. Moreover, they need some kind of institutional governance to improve solidarity and member confidence and build capacity for activities such as credit management.

Hon. Speaker,

For Agricultural Value Chains to develop, the role of networks in meeting the needs of market demand should be defined clearly. Strong supply-chain links between farmers and processors should be developed to achieve this. The links should incorporate value-adding drivers to create competitive benefits for active stakeholders.

Informal groups and cooperatives should be supported to create links and networks between producers and processors and traders. Support to cooperative groups should identify buyers, negotiate with them, and conclude equitable contracts with them and enterprises linked to preparing, collecting, and transporting farm products to markets. It is important to note that these cooperatives are used as delivery mechanisms for market information, as well as, technical knowledge.

8. Private Sector Partnerships

Hon. Speaker,

Encouraging the participation of the private sector requires clarity on the roles of the government and the private sector. Creating synergies through public and private partnerships necessitates the recognition of opportunities and the establishment of commercial systems for the efficient involvement of both sectors. Failure to clearly define the role of the government and relations with the private sector and producers may prevent private firms from making long-lasting investment decisions that could benefit the farmers.

For instance, there could be arrangements where the private sector leads in projects to help farmers with the government offering aid in social

mobilization and technical expertise such as The Nepal Community Livestock Development Project.

This is a perfect example of successful cooperation between the private and public sectors. Even though there was no formal establishment of the partnership, both worked together effectively to attain the goals and objectives of the project.

9 Inclusion of the Poor and Marginalized Groups

Every government aims to reduce poverty levels in its country/county. Agricultural Value Chain systems can offer opportunities to the poor such as employment. Since the key objective of the value chains is to make profits, the means of attaining this can conflict with poor people's inclusion since they generally lack the expertise and skills to generate high-quality and high-value markets.

All the same, this should not prevent practitioners from harnessing the substantial pro-poor potential of value chains. Some value chains offer more opportunities, thus, institutions should pay more attention to these. Poor people's inclusion in value chains has mainly been based on production support. Often, the design phase fails to include poverty and comprehensive value chain assessments to establish precise needs and opportunities for linking marginal groups to value chains.

CHAPTER FOUR

4.0 RECOMMENDATIONS

Hon. Speaker,

The County Governments offer a great promise towards driving the government's agricultural transformation agenda by improving the value chains. We applaud the cooperation of both government levels towards the establishment of the County Aggregation and Industrial Parks (CAIPs). Particularly, we laud the commitment of Kitui County towards the CAIPs and embrace this important initiative for the benefit of the people of Kitui County and Kenya in general.

Hon. Speaker,

We need to do more as a County as far as Agricultural Value Chains are concerned, to enable our people to get the maximum benefits from the agriculture sector. The Committee, therefore, makes the following recommendations.

1. Establishment, Maintenance, and Strengthening of CAIPS

Hon. Speaker,

As mentioned, Kitui County has embraced this unique initiative that will bring together Aggregation Centres and Industrial Parks if effectively established. The development of these facilities is not an issue, rather, their maintenance and ensuring their effective functionality is. Aggregation Centers offer small-scale farmers a centralized place to take their crops for value addition including cleaning, sorting, grading, packaging, and distribution to add value

or to sell in the domestic or export markets. Industrial Parks, on the other hand, bring together firms to these common user facilities to take advantage of positive externalities and economies of scale through sharing infrastructure and get opportunities for bulk selling and purchasing, extension services, training courses, recycling, modern technologies, and use of agro-industrial residues.

Hon. Speaker,

While it is admirable to have all 47 Counties host the multidimensional CAIPs, there is an opportunity for the counties to explore the economies of scale through Regional Blocs, the Southeastern Kenya Economic Bloc (SEKEB), for the case of Kitui County. Such initiatives will enable Kitui County to create an ecosystem to adopt modern technology to add value to their products, enhance access to better markets, and develop work relations with actors in the agriculture and manufacturing sectors, the government, development partners, and the public in general.

2. Development and Enhancement of Partnerships with Stakeholders and Inclusivity.

Hon. Speaker,

We acknowledge that Kenya has had lots of opportunities to reinforce Agricultural Value Chains, particularly to enhance the linkages between the sector with the manufacturing sector. For this to take place, there is a need for continuous consultations with all stakeholders in Agricultural Value Chains, both big and small stakeholders. Some key stakeholders to work with include the Kenya Investment Authority (KenInvest), Kenya Association of

Manufacturers (KAM), Medium and Small Enterprise Agency (MSEA), Kenya Livestock Producers Association (KLPA), Kenya Leather Development Council (KLDC), Kenya Development Council (KDC), Kenya Export Promotion and Branding Agency (KEPROBA), Agriculture and Food Authority (AFA) among others.

Hon. Speaker,

To eradicate poverty and create job opportunities, we need to ensure that the marginalized groups in our community are involved in the Agricultural Value Chains. Giving support and access to the marginal groups and the poor to information, credit and finances, infrastructure, farm inputs, and technology can improve their involvement. Capacity-building activities, however, are frequently general and not particularly geared toward meeting the requirements of the value chain. Therefore, training programs need to be made specific to meet the requirements. There needs to be a staged approach to inclusion to increase producers' skills and capacity gradually to enable them to participate in value chains effectively.

3. Development of an Enabling Environment

Hon. Speaker,

We believe that it is critical to establish proper policies and programs, as well as, a conducive regulatory environment to help our farmers trade effectively in both local and other markets. The creation of important measures such as the provision of incentives to farmers and reviving of extension services will accelerate growth in the agricultural sector.

The County should enact laws and policies that promote the coordination between agencies at both the National and County levels to ensure that existing constraints in the value chain process are removed and actors can trade locally and internationally. Further, we need to work towards drafting Bills that ensure there is easier access to capital, credit facilities, markets, and infrastructure that support Agricultural Value Chains. The Bills should, however, be subjected to public participation as required by law.

4. Analysis of Gaps and Opportunities

Hon. Speaker,

There is a need for careful evaluation of opportunities and weaknesses in the identification of sector-level support in our county to contribute to export orientation and import substitution. Such analysis will guarantee a continuous supply of products of the right quality and quantity which satisfy the needs of local industries for raw materials, inputs, and intermediate products. As a County, we should endeavor to create efficiency and effectiveness in inter-county trade including the use of regional blocks to spur economies of scale and gain from specialization. We need to tap the opportunities that are available within and outside our County.

Hon. Speaker,

As indicated earlier, Agricultural Value Chains can move our small-scale farmers from subsistence into commercial agriculture. To support the Government's agenda of attaining food security and sustainability, we should identify the gaps that hinder the commercialization of our products and come up with solutions for the same. Agriculture is a major economic activity and

adding value to it means more economic benefits for our County and Kenya at large.

5. Technology and Innovation and Access to Information

Hon. Speaker,

As mentioned earlier, innovation and technology play a critical role in the development of value chains. We need to embrace them in our Agricultural Value Chains. The County government of Kitui should establish systems, projects, and programs to support the actors involved in value chains. For instance, projects should support research for developing more efficient and effective product processing machinery and the creation of new products to meet the ever-changing consumer demands both locally and internationally. Furthermore, programs could be established to increase capacity to create market-driven value-addition technologies, as well as, improve the quality of agricultural products. Such projects and programs could positively strengthen links between research and extension, encourage more extension services from other stakeholders such as the private sector, and ensure the efficient and effective delivery of agricultural extension services to Wards/Villages in Kitui County.

Hon. Speaker,

We should embrace Digital Agriculture to offer innovative technology solutions to increase farming process efficiency and farm productivity. This can even be simplified through the use of mobile phones, which most farmers have access to and which can be used to access timely and valuable information related to agriculture when necessary.

6. Extensive Research on our Agricultural Value Chains

Hon. Speaker,

There is a need for research to be carried out to establish the viability of the value chains, as well as, identify areas around the County that promote the development of different value chains. Value chains reside at the core of sustainable and high-impact initiatives aimed at improving competitiveness, productivity, and entrepreneurship. Further, the government should establish seamless linkages with the manufacturing sector. It is important to recognize the fact that the agriculture sector cannot work alone, but has to bring in other sectors such as Trade, Industry, and Cooperatives if the benefits have to be realized. Challenges that hinder the linkages with the manufacturing sector include information asymmetry that leaves farmers with minimal knowledge of the expectations of buyers, inadequate incentives to produce high-value products, less capital, and minimal technological access that results in low productivity. The County Government should support the agro-processors to enable them to procure raw materials at competitive prices and consistently.

CHAPTER FIVE

5.0 CONCLUSION

Hon. Speaker,

The adoption of Agricultural Value Chains requires a comprehensive approach to establish the main limitations and the relevant networks among the main criteria for value chain development. Markets, transportation, and other infrastructure should be linked to market information and production to attain better and desired outcomes. There is a need for the Kitui County Government to implement a comprehensive approach to regulatory, policy, and institutional reforms to tackle the major constraints for Agricultural Value Chains in Kitui. Further, research should be undertaken to establish areas around the County that promote the development of the identified value chains. Programs and projects should base value shift design on the commercial agriculture drivers such as market demands. The County should identify infrastructure for the development of agricultural value chains and establish models to enhance partnerships with stakeholders and involve the poor and marginal groups.

Thank You!

