

# PROCEEDINGS OF THE 2nd NATIONAL AGRICULTURE SUMMIT

**Theme: Accelerating Private Sector Investment in Agriculture for growth and transformation**



**DATE: 26th-27th May 2022: VENUE: KALRO Headquarters**



## FOREWORD



Ms Flora Mutahi - Chair KEPSA –

I take this opportunity to welcome all of you to the 2<sup>nd</sup> Agricultural Sector Network Summit which is aimed at taking stock of what we have achieved in the last two years and also charting the way forward. The network plays a key role in bringing together Business Membership Organizations (BMOs), MSMEs, Development partners, Research institutions and Academia. I wish to extend my gratitude to all our partners for the support they have availed to the network that has made an event like this possible and we do not take it for granted. We also extend our appreciation to all of you participants for taking time to attend this summit either physically or online and encourage all to participate actively. Your views will help the Agriculture Sector network in the realization of her goals and aspirations, and in the effective implementation of the Strategic Plan. We are all aware of the negative economic impacts of the pandemic which we are recovering from and especially the disruption in international markets involving both imports and exports. As we embark on the road to recovery from the pandemic, it is our hope that our efforts as a network will play a great role towards raising the level of growth of the sector. I therefore once again take this opportunity to wish you all the best and call upon all of us to play our part in contributing towards this important sector of our economy.

Thank you

Ms Flora Mutahi – Chair KEPSA

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## ACRONYMS AND ABBREVIATIONS

<b>AFA</b>	Agriculture and Food Authority	<b>Kg</b>	Kilogram
<b>AFC</b>	Agriculture Finance Corporation	<b>KNCCI</b>	Kenya National Chamber of Commerce and Industry
<b>AGOA</b>	African Growth and Opportunity Act	<b>MoALF&amp;C</b>	Ministry of Agriculture, Livestock, Fisheries and Cooperatives
<b>ASAL</b>	Arid and Semi-Arid Lands	<b>NAAIAP</b>	National Accelerated Agricultural Inputs Program
<b>ASNET</b>	Agriculture Sector Network	<b>NAES</b>	National Agriculture Extension Services
<b>ASTGS</b>	Agriculture Sector Transformation and Growth Strategy	<b>NAETS</b>	National Agriculture Education and Training Services
<b>ATC</b>	Agriculture Training Centre	<b>NARS</b>	National Agriculture Research System
<b>ATO</b>	Agriculture Transformation Office	<b>NGO</b>	Non-governmental Organization
<b>BDS</b>	Business Development Services	<b>NPCK</b>	National Potato Council of Kenya
<b>CAADP</b>	Comprehensive African Agriculture Development Program	<b>PCPB</b>	Pest Control and Products Board
<b>CAS</b>	Chief Administrative Secretary	<b>PPPDF</b>	Public Private Partnership Development Finance
<b>CIDP</b>	County Integrated Development Plan	<b>PPPs</b>	Public Private Partnerships
<b>COG</b>	Council of Governors	<b>PS</b>	Principal Secretary
<b>CS</b>	Cabinet Secretary	<b>PVoC</b>	Pre-Export Verification of Conformity
<b>CSOs</b>	Civil Society Organizations	<b>R&amp;D</b>	Research and Development
<b>DAP</b>	Diammonium Phosphate	<b>SDGs</b>	Sustainable Development Goals
<b>EAC</b>	East African Community	<b>SFR</b>	Strategic Food Reserves
<b>FAO</b>	Food and Agriculture Organization	<b>SMEs</b>	Small and Medium Enterprises
<b>GDP</b>	Gross Domestic Product	<b>SPS</b>	Sanitary and Phytosanitary Standards
<b>Ha</b>	Hectare	<b>SSC</b>	Strategic Sector Corporation
<b>ICT</b>	Information Communication Technology	<b>STAK</b>	Seed Trade Association of Kenya
<b>JASCCM</b>	Joint Agriculture Sector Consultation and Cooperation Mechanism	<b>SWAGs</b>	Sector Working Groups
<b>KALRO</b>	Kenya Agriculture and Livestock Research Organization	<b>UN</b>	United Nations
<b>KEMLEIC</b>	Kenya Meat and Livestock Exporters Industry Council	<b>USAID</b>	United States Agency for International Development
<b>KEBS</b>	Kenya Bureau of Standards	<b>VAT</b>	Value Added Tax
<b>KeFERT</b>	Kenya Fertilizer Platform	<b>VSP</b>	Village Service Providers
<b>KEPHIS</b>	Kenya Plant Health Inspectorate Services		
<b>KEPSA</b>	Kenya Private Sector Alliance		

## **EXECUTIVE SUMMARY**

The 2<sup>nd</sup> Agriculture Sector Summit was held on 26<sup>th</sup> to 27<sup>th</sup> May 2022 at the KALRO headquarters, Loresho and was officially opened by the Chief Administrative Secretary of the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. The two-day event was attended by over 200 delegates both from the Private and Public Sector. The summit was organized into oral presentations and panel discussions. In total, eight oral presentations and four panel discussions were held.

These presentations were made in four sessions where on day one session one, remarks were made by various groups comprising ASNET management, development partner representatives, Ministry of Agriculture. In their remarks, they all emphasized on the importance of the private sector and the major role that ASNET has and will continue playing in bringing the sector together. The development partners were especially pleased with the amount of work that the network had managed to do in the two years. They encouraged the network to keep up the tempo and intervene in areas that can transform the sector.

In session two, there were two presentations and two panel discussions where it came out clearly that there is a lot that can be done if proper investment is done and with the right policies in place. A challenge that was very prominent was the failure by the government to fulfill the requirement of the Malabo declaration of 10% of GDP funding to the agriculture sector. Various interventions were suggested to address the current challenges being encountered in the sector among which were full implementation of the key flagships in the ASTGS, and need for preparedness to face any emerging calamities. Two Panel discussions were held that brought out the key challenges faced by entrepreneurs when they try to venture into the export market. The challenges are mainly related to lack of access to information. The other key challenge is lack of financial resources especially for the upcoming entrepreneurs who are yet to gain credit history. In the second panel discussion, there was consensus that there was need to commercialize value chains if there is a desire to improve the sector. This will be through investments to the sector that can be availed in a similar way to other sectors like the transport sector. The panelists felt that there was need to embrace value addition which has a multiplier effect and can create many jobs. Key infrastructure facilities such as irrigation to avoid overreliance on rains for production, storage infrastructure and feed lots among others. All these will go a long way in addressing the current challenges which in turn will spur growth in the sector and the economy.

The cost of doing business in the agricultural sector was examined and it became apparent that unlike the commonly held believe, the agricultural sector has many incentives. Such incentives include the capital allowance for investments in the agricultural sector, exemptions on pesticides and farm machinery. There are challenges

however owing to unstable tax regime, multiplicity of taxes and levies and delayed tax refunds. A recommendation to lobby persistently, increased agricultural investments in the Special Economic Zones and tax professional to guide advocacy decisions were made

A challenge to youth main streaming into agriculture was cited as lack of experience, exposure and network and that many financiers look for systems and institutional frameworks when making decisions on what to fund. While such systems are available in other groups, they are lacking in the case of the youth and hence they are left out of many funding opportunities. Such systems and structures need to be developed to mainstream youth in agriculture sector. It was also pointed out that there is need to change the narrative that agriculture is a job of last result. It was also pointed out that embracing digital tools would make youth main streaming easier.

At the end of the summit various highlights were drawn that could be classified into what has been achieved by ASNET in the last two years, enablers for investments in the agricultural sector, value chain improvement, digitization and youth and policy concerns. Commitments and recommendations were drawn to form the Ten Point Agenda for the 2<sup>nd</sup> Agriculture Sector Summit as follows

The 10 Point Agenda for the 2<sup>nd</sup> agriculture summit, 2022:

1. *Re-establish linkages with the new national government –*

Kenya is going through the campaign period which will usher in a new government on 10<sup>th</sup> of August. It will be important for ASNET to establish linkages with the new government at the earliest opportunity in order to put the agricultural agenda on the table.

2. *Strengthen interaction with Council of Governors (COG) –*

As the elected governors take over power from the existing governors, ASNET will need to strengthen interaction with the Council of Governors so that the sectors' concerns from all the counties will be well articulated.

3. *Strengthen the roles and linkages with specific value chain BMOs –*

There is need for ASNET to strengthen the linkages and roles of the different Value Chain Business Membership Organizations and this will help flush put any concerns that may be hindering growth in the value chains

4. *More research on value addition in collaboration with KALRO. –*

Given the importance of value addition for agricultural produce, ASNET should liaise with KALRO for strategies on how to conduct research on value addition for different agricultural produce and for targeted markets.

*5. Lobby for increased incentives in the agriculture sector including capital allowances and tax breaks –*

The important contribution of the agricultural sector to the GDP is very clear and ASNET can coordinate efforts to lobby for increased incentives such as capital allowance and tax breaks. This will spur growth of the sector and in turn spur growth in the economy

*6. One new stop-shop at MOALFC for agricultural investment –*

A major bottleneck to increased agricultural investment in Kenya is the windy and bureaucratic paper work and levies which discourage investors. ASNET should play a role in fast tracking the establishment of a one stop shop at the Ministry of Agriculture for would be investors. The one stop shop will have all what it takes for an investor to set up shop in Kenya without unnecessary hurdles

*7. Allocation of 10% of GDP budget to the agriculture sector –*

As per the Malabo declaration by African States, there is need for ASNET to put in more effort in agitating for an increase in allocation from a meager 2.4% to 10%. This will see to it that major and impactful facilities are put in place to improve performance of the sector. Such facilities may include irrigation infrastructure, storage facilities, and processing and value addition hubs among others.

*8. Reduce cost of doing business including county government charges and national government taxes –*

The multiple taxes that are currently levied on agricultural goods as they move from one county to the other should be done away to encourage more business. SNET should therefore lobby the county governments through the council of Governor forum to establish a workable system that will not discourage agricultural business operators

*9. Explore digitization as an enabler for increased productivity -.*

There is need for ASNET to play a role in encouraging digitization as an enabler for increased productivity and marketing. This will open opportunities for hitherto untraded products that are needed by the users out there



*10. Strengthen partnerships with national government and development partners and agencies e.g. SDG, UN –*

There is need for ASNET to strengthen partnerships with the national government, county governments, development partners and other stakeholders. This will ensure collective delivery and achievement of the expected outcomes.

In conclusion the 2<sup>nd</sup> Agriculture Sector Summit brought out pertinent issues that if implemented could transform the agriculture sector in Kenya. The starting point for transformation is an investment into the sector by the government as per the African states declaration in Malabo. If the contribution to the sector is 34% after investing only 2.2%, this could be increased tremendously if 10% of GDP investment is allocated to the sector. Other necessary interventions include enactment and implementation of favorable policies, use of digital tools, commercialization of value chains, improved marketing, removal of bureaucracy to enable private investment in the sector and removal of multiple taxes. These interventions are summarized in the ten-point agenda and ASNET has an important role of coordinating the roll out through interaction with the government.



**DAY 1 - 26<sup>TH</sup> MAY 2022**



**WELCOMING REMARKS BY DR WILSON SONGA, SENIOR ADVISOR, SYNGENTA FOUNDATION EAST AFRICA, DIRECTOR ASNET**

Dr. Songa started with a welcome to all the delegates and thanked them for making time to attend this second national agricultural summit which is a follow up to the ASNET launch summit held at the Safari park hotel in February 2020. He stated that the network was created through a partnership of KEPISA, KNCCI, SDG partnership platform of the United Nations, Elgon Kenya Limited, like minded business associations, partners and other stakeholders. The key role of ASNET is to coordinate agriculture sector actors in Kenya through various mechanisms to engage in policy advocacy that promotes productivity, competitiveness and attracts investments into the agriculture sector. He went on to point out that ASNET has done a lot since the launch in 2020 and this second summit is an opportunity to take stock of what has been done and what should be done better into the future

He pointed out that almost 400 delegates registered for the summit and the exhibitions and he thanked the CAS and the PS Agriculture, Livestock, Fisheries and cooperatives for gracing the summit. He closed his remarks by stating that while a lot has been done there is still a lot that needs to be done with the aim of improving this important sector in our country. He wished all the delegates useful deliberations during the summit.





## **APPRAISAL AND STOCK TAKING OF PROGRESS SINCE THE 1<sup>ST</sup> NATIONAL AGRICULTURE SUMMIT – MS. JANE NGIGE, VICE CHAIR, AGRICULTURAL SECTOR NETWORK**

The vice chair of ASNET, Ms. Jane Ngige started her remarks by indicating that ASNET as an apex body in the agricultural sector has made significant strides since the 1<sup>st</sup> summit held in February 2020. She pointed out that one of the most important roles bringing r the government and the private sector together. The network recognizes both small- and large-scale farmers and plays an advocacy role as well as following up on the implementation of the ASTGS.

She commended the active participation of the PS Livestock in all the monthly round tables held to discuss issues that are of concern to the sector and also thanked the ATO and AGRA for supporting the network. The network has several working groups as well as technical advisory groups led by eminent persons in the industry. She expressed gratitude to the Business Management Organizations (BMOs), associations and cooperatives for their active participation and also the good relations with KEPSA whose efforts led to the establishment of the network. ASNET has been actively participating in various SDG Fora and also has been having close working linkages with the Kenya Association of manufacturers (KAM) considering that agro processing is a major component of manufacturing in Kenya.

The network has participated in the deliberations on tea, coffee and sugar bills and will continue with dialogue to increase competitiveness of these economically important sub sectors. ASNET through the NPCK successfully lobbied the Kentucky Fried Chicken (KFC) to procure potatoes for chips from Kenya which is a boon for Kenyan Potato farmers. ASNET acknowledges the role of the cooperative sector and also strongly supports the involvement of the youth in the agriculture sector by arranging for internships and attachment for them. On Research and innovation, there are a couple of projects led by Dr Songa and Professor Miriam where there are 15 commercial activities and analysis of 3 value chains and several policy briefs have been shared with the government. She extended gratitude to the development partners for the financial and technical support extended to the network through which a lot of activities have been achieved. She

expressed the need to develop a framework to be used for tracking the progress of the network activities.

Ms. Ngige ended by commending Ms. Agatha Thuo the General Manager for using her previous experience in the agriculture sector and injecting it into the operations of ASNET. She also commended the ASNET Chairman Dr Bimal Kantaria for his devotion towards ensuring that the network operations are properly articulated and implemented. She wished the delegates all the best in this two-day summit.



## **STATEMENT FROM AGRICULTURAL SECTOR NETWORK - MS AGATHA THUO, GENERAL MANAGER, ASNET**

Ms. Agatha started by welcoming all delegates to the 2<sup>nd</sup> summit and pointed out that the delegates comprise investors, researchers, business member organizations service providers, financial institutions, development partners, national government representatives and the county government representatives among others who all have a stake in the agriculture sector.

She went on to indicate that the 2<sup>nd</sup> summit is being held at a time when the sector is experiencing some challenges. It has declined in growth from 25.2 percent in 2020 and dropped by 0.1% in 2021. The sector has a contribution of 22.4 percent to the GDP and the hope is that there will be growth in the market and agriculture produce. She stated that the sector has continued with facilitation of marketing of agricultural produce despite the pandemic and thanked the enabling environment provided by the government represented by the PS who sits in the monthly roundtables.

Ms. Agatha went on to say that the private sector has a critical role in the agricultural transformation through fostering productivity, creation of jobs, food security and supporting development in this country. She added that the private sector actors account for 80 percent of our agriculture value chain development actors and hence the importance of bringing all these actors together to facilitate exploration of ways to take the sector to the next level.

She informed the summit that the government is ready to provide the private sector with a conducive environment to be able to move forward and speed up the focus on the role of the SMEs in the agriculture transformation. She emphasized the role to be played by the private sector in the face of the looming food crisis at the moment which if not checked can spiral into something bigger. She further went on to explain that ASNET operates with very specific and strategic objectives one of which is to continually consolidate the private sector in this country. She added that in the last two years, a very big number of business member organizations have become members of ASNET and added that Regulatory and Advocacy agencies have also worked with ASNET on very specific legislation to support the private sector. ASNET has also played a role in value chains development jointly with member organizations such as the National Potato Council, the Avocado Society of Kenya and the Fertilizer Association of Kenya among others and all these member associations are working very hard to see that agriculture indeed transforms.

Ms. Thuo further informed the delegates that ASNET supports inclusivity in the agriculture sector through support that is extended to young agriculture graduates in different parts of the country with specific examples being Siaya and Kakamega in Western Kenya. She pointed out that the young graduates are attached to government and the private sector thereafter are availed with gainful employment. She extended her profound gratitude to the GIZ for the support extended towards this particular role of the network.

She ended her statement by thanking the network Chairman Dr Bimal Kantaria and the vice Chair, Ms. Ngige, for their insightful guidance and his commitment to supporting the network. She also extended her gratitude to the development partners such as GIZ, FAO, AGRA, Sida, the EU, WB, UN Partnership Framework and USAID. She concluded her remarks with the hope that at the end of the two days it will be possible to come up with commitments and actionable areas that will partly inform ASNET's next one-year workplan to be presented in the 3<sup>rd</sup> National Agriculture Summit. With that she wished every delegate all the best in the deliberations.





## **REMARKS FROM FOOD AND AGRICULTURE ORGANIZATION (FAO) MR. TITO ARUNGA, SUB PROGRAM LEADER, INCLUSIVE VALUE CHAINS,**

In his remarks, Mr. Arunga expressed the FAO's gratitude for the steps taken by ASNET despite having been in existence for less than 2 years. He indicated that FAO has been working closely with ASNET right from the development of the strategic plan and within the two years, the network has performed exceptionally well. This is despite the outbreak of the COVID 19 pandemic that led to lockdown and thus restrictions on movement and goods. It was very gratifying to see intervention of the private sector through ASNET in facilitating the movement of food during this critical period in the country through engagement with the government. We have also witnessed other initiatives such as the voice of the private sector in various policy interventions. We look forward to more of such actions to fill the gap that has for a long time been apparent in the agricultural sector in Kenya.

Mr. Tito informed the summit that the Deputy Director General of FAO as well as the regional Directors had a chance to participate in one of the ASNET meetings and they were greatly impressed by what they witnessed. Consequently, what they witnessed in Kenya has given the organization a good feel of how the private sector can play its rightful role in the agricultural sector. He further added that the rallying call of the FAO is better production, better environment and better life. He emphasized the need for safe food and feed and expressed hope that FAO will continue working more closely with the network and the sector into the future. His organization will continue with coordination of global framework while making sure that no one is left behind. He ended by wishing all delegates successful deliberations and resolutions that will lead the network to more impactful achievements in the future.







## **REMARKS FROM GERMAN DEVELOPMENT COOPERATION - MR DANIEL GUENTHER, HEAD, GERMAN DEVELOPMENT COOPERATION**

Mr. Guenther started by congratulating ASNET for the important role played in various interventions in the agricultural sector. He congratulated ASNET for bringing all the delegates together to discuss how the private sector engagement can contribute to the growth of the agriculture sector. He stated that the private sector was key for agricultural development in Kenya. He went on to express the need for skilled manpower and this can be achieved through training the youth population to acquire new skills. He cited the case of the youth empowerment project in Western Kenya where the German government is supporting ASNET to implement. This is due to the German government's commitment to youth initiatives. He stated that there was need to reverse the trend where most finished products found in the Kenyan market are external. This can be reversed through increased local production and Germany is supporting Africa towards this effort and Kenya is a beneficiary of this support

He stated that the world is facing acute food shortage due to two major crises which are the Russian invasion of Ukraine and the adverse impact of climate change. A call for cessation of aggression has been made by the G7 countries and hopefully reasoning will prevail and bring the invasion to an end. The second crisis facing the world is adverse impact of climate change occasioned by increased Green House gas emission and this has affected many countries in the World. Kenya is affected as illustrated by the increased and prolonged droughts, unexpected floods and occurrence of outbreaks of pests and diseases which are all being witnessed on an increasing frequency. To address some of the challenges, the German government is working with innovative NGOs to promote solar pumps which is climate friendly intervention that avoids use of fossil fuels. In addition, his country is involved in initiatives that promote use of organic soil amendments to avoid challenges that are encountered through use of inorganic fertilizers. He ended by stating that Germany believes that Kenya's can be a powerhouse in Africa if appropriate policies, innovation and investment are ensured in the agricultural sector. He ended by wishing all delegates fruitful deliberations.







## **STATEMENT FROM KENYA PRIVATE SECTOR ALLIANCE (KEPSA) - MS FLORA MUTAHI, CHAIRPERSON**

The chairperson started her remarks by commending the achievements of ASNET in the two years of existence and added that the network is important as it provides a forum for consultation between the government and the private sector. She lamented the prevalence of rain fed agriculture in the country that keeps on frustrating the farmers' effort and expressed the need for increased irrigated agriculture. She pointed out that food security is a concern to all and there is need for coordination for impact to be realized in the agricultural sector. There is need for sustainability through transformation of the way we do things. Such could be irrigation, smart farming and water harvesting as has been illustrated in Dubai through hydroponics where the technology deployment is being led by a Kenyan expatriate. There is need to establish a coordinated approach through speaking in one voice. Sustainable agriculture can be ensured through investment and partnerships such as PPPs as well as organizational innovations such as leasing out land to those with know-how and this way the private sector will be able to drive agriculture. She ended her statement by wishing all fruitful deliberations.





## **STATEMENT FROM CHAIRMAN, AGRICULTURAL SECTOR NETWORK - DR. BIMAL KANTARIA – CHAIRMAN, ASNET**

Dr Bimal Kantaria welcomed all delegates to the 2<sup>nd</sup> summit and conveyed his gratitude for the support that the network has been receiving from the government through the Principal Secretary, development partners, the ASNET officials among others. He indicated that despite the challenges faced including the COVID pandemic, the country recorded a negligible drop of 0.3% in the sector's performance in the year 2020. He informed the summit that during the COVID period, the network used to hold bi-weekly meetings and later changed to monthly meetings with focus being on what needed to be done to address various challenges due to the pandemic. The government was very supportive despite ASNET giving it a hard time. This is thanks to his Excellency the president and his team of able Cabinet Secretaries led by Hon Betty Maina among others.

He thanked the development agencies for their support and also recognized the newly formed Agricultural media association within the network. The chair shared the experience of the network where there was hostility and suspicion at first but gradually, there was acceptance that the platform meant well for the agricultural sector.

The chairman further stated that lots of partnerships had been formed courtesy of the network and major achievements have been realized among which are: lobbying for increased cargo freight through conversion of passenger to cargo planes, approval for other airlines to ferry freight, supply of Kenyan potato to KFC and a delegation to treasury to discuss budget.

There has also been coordination with Cereal Growers to ensure proper amount of maize is shipped in to meet the shortfall without interfering with the expected harvests.

He concluded his statement by saying that a lot had been done but more remains to be done with an example being how to get the document on transformation of agriculture into the manifesto of political parties. He added that there is also need to continue working towards establishing a one stop shop for investment in agriculture and also removal of

16% VAT on agro processing machinery among others. He wished all delegates fruitful deliberations.



### **REMARKS BY PRINCIPAL SECRETARY, STATE DEPARTMENT FOR LIVESTOCK - DR. HARRY KIMTAI**

The PS started by stating that the private sector has all along been missing until the establishment of ASNET but with the establishment of the network, a lot has been achieved that includes reduction of regulatory agencies and thus reduction of bureaucracy that has been impeding business and causing loss of revenue. He further noted that ASNET needs to be more involved in policy formulation using evidence-based studies to show how incentives can increase revenue. He assured the summit that the government will facilitate a meeting with the Directorate of policy at the Ministry to align policies that will facilitate agribusiness. He further challenged the sector to come up with proposals on the reforms necessary to support business. He summarized by saying that if the private sector can come up with a way to reduce costs, the government is ready to listen in round tables and with that, he invited the chief guest to officially open the summit





## **OPENING ADDRESS BY MR. LAWRENCE OMUHAKA, CHIEF ADMINISTRATIVE SECRETARY (CAS) MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES (MOALFC)**

The Chief Administrative Secretary opened the summit on behalf of the Cabinet Secretary Ministry of Agriculture, Livestock Fisheries and Cooperatives. He started his remarks by stating that the private sector is key to Kenya's agricultural sector but its contribution has not been significantly felt unlike in India where contribution is immense. He added that if the sector was to be more proactive, more people would be employed and payment of taxes would improve. He commended ASNET for the achievements so far and encouraged the members to continue and assured them of continued support from the ministry. He then proceeded to read the Cabinet Secretary's speech

The Principal Secretary Present, Chairman, Agriculture Sector Network

Directors of agriculture Sector Network, Development Partners. Delegates

Invited Guests

### **Ladies and Gentlemen.**

I am delighted to join you during this second Agriculture Sector Network National Agricultural Summit after the first one held in February 2020. You will note that the period under review by this summit has experienced many challenges that have influenced the Agricultural sector.

Despite the encounters, the significance of Agriculture Sector was emphasized by the performance in 2020 where agriculture, forestry and fishing were more vibrant despite a contraction in global trends. The sector grew by 4.6% in 2020 compared to 2.3% growth in 2019 but contracted by 0.2% in 2021. Despite the poor performance, Agriculture remained the dominant sector accounting for about 22.4% of the overall GDP in 2021. Further, it is important to note that the overall value marketed agricultural production increased by 4.3% from 505.3 billion in 2020 to Ksh 527.0 billion in 2021.

**Ladies and Gentlemen,** I note that this 2 day long Agricultural Summit brings together over 400 stakeholders from both levels of governments, development partners, investors, business, academia, research, farmers and farmer organizations, NGOs and multilateral institutions to take stock of the agriculture and agro sectors in Kenya since the last summit.

As you may remember, my Ministry presented the Agriculture Sector Transformation and Growth Strategy (ASTGS 2019 – 2029) in the last summit as the blue print in transforming the Kenyan Agriculture. It is therefore impressive to note that this year summit theme is **Accelerating Private Sector Investments in Agriculture for Growth and Transformation**'. Indeed, the ASTGS identifies private sector investment as key driver in the transformation of the sector.

**Ladies and Gentlemen,** Agricultural transformation is critical to growing the economy, reducing the cost of food, alleviating poverty and therefore delivering 100% food and nutrition security. Millions of citizens depend on agriculture for income and food security, and the country's economic growth therefore depends on enabling these people to achieve food security and contribute more fully to the economy.

Transforming the Agriculture Sector will provide the tools to combat price volatility, improving the environment for private investment and developing more strategic approaches to lower the country's dependence on food imports. The ASTGS is anchored in the belief that food security requires a vibrant, commercial and modern agricultural sector that sustainably supports Kenya's economic development, national priorities, and commitments to the Malabo Declaration under the Comprehensive Africa Agriculture Development Programme (CAADP) and the United Nations Sustainable Development Goals (SDGs)

**Ladies and Gentlemen,** The Government estimated that in implementation of the strategy, it would cost up to KES 440 billion over five years (KES 230 billion in agriculture specific costs, and KES 210 billion in agriculture supportive spend including power, roads and price stability) Of this cost, up to 80% could be financed through public private partnerships (PPPs), particularly in the agro-processing and arable land flagships. Thus, it is imminent that private sector investment in agriculture is core in realization of the desired agricultural transformation.

In particular, the strategy identifies private sector activities in supporting farmers to access a wide range of inputs, engaging in being large – scale private farms (>2,500 acres each) with 150,000 acres being availed for lease and private sector warehousing among others as low hanging fruits for private sector investment.

**Ladies and Gentlemen,** Cognizant of the challenges engulfing the sector such as low productivity, limited value addition, weak extension services, poor land use, market

inefficiencies, climate change among others, my Ministry has continued to improve on the sector policy and legal environment. Impact of some of the already rolled out policies have been witnessed like in the case of industrial crops like tea and coffee. In addressing shifting weather patterns which has other effects like prolonged drought and pest invasion and disease outbreaks, the Ministry has continued to promote irrigated agriculture and strengthened pest and disease control. You may remember that early this year, we launched management of Migratory Pest Strategy in order for the country to be better prepared in addressing threatening invasion such as the desert locusts and army worms.

It is also important to remember that our Constitution gives many functions in agriculture to the County governments and to this end, the Ministry has strengthened the Joint Agriculture Sector – Intergovernmental Relations platform commonly known as Joint Agricultural Sector Coordinating Committee (JASCCOM) for coordinated development of policy instrument and seamless implementation. This platform will also serve as engagement mechanism for Agriculture Sector Network with the Counties.

**Ladies and Gentlemen**, in your deliberations given that we are in the third year of our transformational agenda, it will be productive for the Summit to identify opportunities to enhance growth, efficiency, productivity and sustainability across agricultural value chains in support of small holder farmers, agricultural products processing and boost food security. I look forward to feedback on extent to which the private sector has been able to utilize the opportunities for their investment in the agricultural sector. Any evidence – based policy recommendations will be very useful in informing our policies in order to further promote investments in agriculture.

**Ladies and Gentlemen**, May I now take this opportunity to declare the Second Agriculture Sector Network National Agricultural Summit officially open. Have fruitful discussions and God bless you all.



## PANEL DISCUSSIONS:

### PANEL DISCUSSION 1 - UNPACKING THE CHALLENGES AND OPPORTUNITIES FOR PRIVATE SECTOR INVESTMENT IN AGRICULTURE

**MODERATOR:** Ms Lydia Kimani



**Panelists:** Ms. Tedyline Murylah, (General Manager, Mace Foods Ltd), Ms Myra Bernard, EU, Head of Section, Agriculture Job Creation and resilience, Ms Siewertsen Hedwig (AGRA), Ms Florence Kariuki (Equity Foundation, Equity Bank), Ms Agnes Angela (Founder, Little Acre)

**Moderators Question: What do you consider to be enablers for small scale farmers?**

**Ms. Myra Bernard:**

In her introduction, Ms. Myra Bernard indicated that she works for the EU delegation in Kenya as a head of section for Agriculture Job Creation and resilience and that her portfolio supports companies that invest in agriculture in Kenya through trade facilitation, individual SMEs and incubation of business startups. She further pointed out that she works across the spectrum from regional to facilitate regional trade, national with regulatory bodies and SME level. She stated that she has been in Kenya for four years and understands how the situation is very well.

**Ms. Tedyline Murylah,**

Ms. Tedyline Murylah is the General Manager, Operations of Mace Foods based in Eldoret Town. The firm deals with Indigenous Vegetables and Chilies for both the local markets and for export. The biggest handicap has been lack of information about the requirements of the export market. She explained that she started working on indigenous vegetables in 2009 and it has been a long journey. Operations have not been easy since requirements for markets like the EU do not appear in one place. Luckily, she has been

supported by AFFA (Horticulture Directorate), KRA, Ministry of Agriculture and Fisheries and all these entities have been of great assistance to her work. She cited lack of information as a major obstacle to start ups and especially issues to do with certification and other requirements. Fortunately, there is a move to establish a one stop shop where entrepreneurs can get all the information on export requirements

**Ms. Florence Kariuki – Equity bank**

Ms. Florence Kariuki works with Equity Bank in the Equity Bank Foundation and is based in Nairobi. She stated that the bank is involved in e-lending through various platforms like other financial institutions. She informed the Summit that the recent significant growth in the bank's earnings have been mainly facilitated by digital platform. Equity bank has broken from the brick and mortar to digital space. She however also pointed out that while the idea is to reach the very small-scale farmer, this has not yet been realized but the introduction of an e-voucher system where borrowers will receive a voucher to be redeemed at a point of sale and this is expected to facilitate tracking.

**Ms. Agnes Angela: - Little Acre**

Ms. Agnes Angela is the founder of Little Acres which is a firm that sells various agricultural produce. She started business this year and her main challenge has been access to finance. She however was able to link up with a more experienced business partner who advanced her some finance. The biggest challenge is off takers as well as lack of information especially on export markets.

**Ms. Hedwig Siewertsen (AGRA)**

Ms. Siewertsen works with AGRA as the Head of inclusive Finance, responsible for implementing and driving AGRA's inclusive finance strategy. The Inclusive Finance team supports Agricultural Transformation by making sure that appropriate and affordable financial services are available to enable agricultural entrepreneurs and farmers to realize their growth. AGRA does not provide finances to farmers directly but does so through Equity Bank. The blended model is used which is about use of public and private money. She added that AGRA wouldn't want to put money in startups who do not have a track record to avoid getting black listed by Credit Reference Bureau. She concurred with Angela that family is the first port of call for funds that new people in business normally result to. She went on to observe that farming insurance would be a good product for producers and has been tested successfully

**Ms. Myra Bernard:**

In response to EU green deal and Environmental sustainability and the change on trade and financing, she stated that the EU has increased productivity and reduced



greenhouse gas emission. One of the areas being explored is freight by ship and not by air.

**Ms. Florence Kariuki – Equity Bank**

In response to steps taken by Equity bank to ensure sustainability, she responded that the bank is focusing on climate smart agriculture. There is a focus on capacity building internally.

**Ms. Agnes Angela (Little Acres)**

Responding to a question on experience with certification, she responded that she has not embarked on export but she hopes to do that in 2 years' time. She has already learnt that it will cost her Ksh 200 to 300,000 which is quite prohibitive.

**Ms. Tedyline Murylah – (Mace Foods)**

In response to a question on her experience with certification, Tedyline responded that KEBS has local standards but it currently does not have any for indigenous vegetables and this has forced her to come up with standards. She pointed out that there is need to take note of the increased degradation of soils and perhaps it is time to explore soil replenishment using organic manures as used to happen in the past.

**Comments from the floor:**

A speaker raised concern about campaigns conducted to popularize certain enterprises but eventually farmers have no market for their produce with an example being. Tissue culture (TC) bananas in Bungoma. Cold stores were constructed but are now lying in disuse. The experience is the same with macadamia and avocados.

In response, it was pointed out that there is need to harmonize the approach used and also a need to digitize all farmer SACCOS to be able to share information on production and demand for products

A speaker stated that organic agriculture is for the rich farmers. A horticulture farmer described an innovative marketing idea from Uganda where green bananas are peeled and vacuum packed (Frevasema) and exported all over the world by Ugandan farmers. This is done by the University, business partners and innovators (UniBri). A further comment on need for African resilience where countries should leverage on FTAs that enable cross border trade and the need to be seamless in trade in African markets.

A speaker pointed out that the SMEs in Kenya have tended to remain very informal and below the rudder to avoid paying taxes and this then denies them finances that could be enablers of their businesses. Regional integration was mentioned as an area that should be explored with a view to tapping more markets and especially within Africa without having to rely on European markets only.



### **THE ROLE OF SMES IN AGRICULTURE TRANSFORMATION, EMPLOYMENT AND JOB CREATION - BY MS THULE LENNEIYE, COORDINATOR, AGRICULTURE TRANSFORMATION OFFICE**

Ms. Thule started her presentation by stating that all 50 African States committed themselves to allocate 10% of their GDP to the Agriculture Sector but this is yet to be accomplished in majority of the states. Kenya is one of the countries that has not achieved this goal with only 2.4% of GDP having been allocated to agriculture. This is despite the fact that agriculture contributes up to 34% to the GDP and also having recorded a sterling performance after the onslaught of the COVID 19 pandemic.

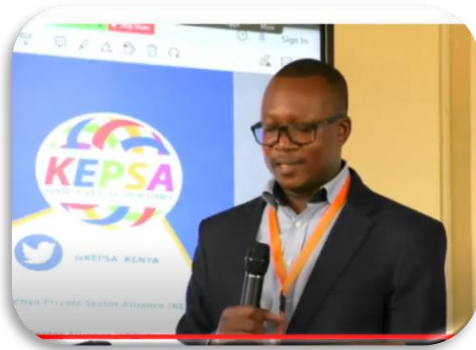
She cited a quote by the Vice President of CAADP about the fact that ‘Agricultural transformation will not occur unless all key stakeholders can effectively partner with African SMEs who are the center of the African agro production, processing and distribution sectors’ (Chris Muyunda. VP, CAADP)).

She further referred to the big four agenda which had one of the key objectives to create 1000 agro processing SMEs and create 600,000 new jobs. Another of the objectives was to increase the agricultural sector contribution to 47% and a 47% reduction in cost of food as a percentage of the income.

She also talked about the ASTGS flagship and especially 1 and 3. Flagship one is about providing opportunity to 1 million producers through 1000 agro SMES and three is about attracting investors in 6 agro processing hubs. She further went on to give the challenges which include negative attitude to agriculture by the youth, limited access to land, seasonality of income, lack of innovation which perpetuates drudgery. Another challenge is lack of adequate infrastructure and underutilization of ICT for production and agribusiness management.

She then gave the way forward as Aggregation across the value chains to enable optimization of existing continental trade agreements e.g. AFCTA, AGOA etc. There is also need to integrate micro financing to enable small scale farmers to engage in gainful business. Finally, leveraging technology to improve productivity and reduce postharvest losses.





## **UNDERSTANDING KEY CHALLENGES AND OPPORTUNITIES FOR PRIVATE SECTOR INVESTMENTS IN AGRICULTURE - BY MR. VICTOR OGALLO - DEPUTY CEO, KEPSA**

In his presentation, Mr. Gallo started by stating that we should not be thinking about whether it will happen but what you will do when it happens. He went on to explain that a lot of scary scenarios have been painted with regard to the war in Ukraine, the locusts from the Middle East, the COVID 19 pandemic and others. Of course, all of them have impacted the agriculture sector negative but the most important thing is the lesson that we should learn from such occurrences. What should we do to prepare for similar future eventualities? He pointed out that the situation appears so bleak due to lack of preparedness and not lack of interventions that can be put in place.

He gave the example of the investment that has been lately seen in Kenya with regard to road infrastructure and wondered why a similar investment cannot go into irrigation infrastructure to be a legacy project for a future leader. This is because Agriculture with its major contribution to the GDP should not be relegated to the back burners. If such an investment is done, it is certain that we shall be able to feed ourselves. He cited some research that he conducted that showed that there has been a declining trend of the staple food crops, there has also been a steady rise on food prices and also prolonged hunger periods since the 1990s. However, such information has not been made use to come with mitigation measures.

He ended with a raft of interventions that included such measures as increased value addition for high earnings from our agricultural products such as potato as well as increased shelf life, build storage structures for food to avoid shortage in times of famine, implementation of the blending policy. The policy will facilitate blending maize and /or wheat flour with sorghum, cassava, millet etc. and hence reduce the overdependence on the staple cereals. In addition, the government should implement the 10% GDP of the budget to agriculture at national level as per the Malabo declaration. This should also be done at the county level. These interventions if implemented would go a long way in reducing the suffering that is experienced by a large proportion of the population in this country



## PANEL DISCUSSION 2: COST OF DOING BUSINESS IN KENYA AND OPPORTUNITIES: VALUE ADDITION

The ASNET chairman, Dr. Bimal Kantaria welcomed panelists to the stage for the second panel discussion of the day.

**Panel Discussion Question: What three things would you recommend to increase value addition to enhance growth and transformation of Kenya's Agriculture?**

**Moderator:** Dr. Bimal Kantaria



**Panelists:** Mr. Victor Ogola, Deputy CEO, KEPSA, Mr. Muchai Kunyiha, National Chairman, Kenya Association of Manufacturers (KAM), Mr. Dave Govender, Managing Director, AMIRAN Kenya Limited, Ms. Thule Lenneiye, Coordinator, Agricultural Transformation Office, Mr. Nicholas Ngahu Dadho Kenya Meat and Livestock Exporters Industry Council of (KEMLEIC)

Panelists gave responses as follows:

### **Mr. Muchai Kunyiha- Chairman KAM**

Mr. Muchai started by stating that while agriculture is the biggest part of Kenya's economy there is a decline in productivity and its contribution to the GDP has also contracted. He noted that Kenya lacks a lot of natural resources and there is therefore need for the country to utilize the available scarce resources sparingly. He further gave three approaches that in his view would enhance growth and transformation from a big picture perspective:

1. *Commercializing value chains-* The main focus here should be on getting farmers to understand and produce for the market. This encompasses understanding aspects such as quality, price and availability as is currently the case in the

horticulture sector which is one of the sub sectors in the agricultural sectors that is doing well. Other subsectors in the agricultural space should emulate these steps.

2. *Enhancing competitiveness*- Mr. Muchai gave an example of the Kenyan poultry market whose cost of production is higher than Uganda's, making the poultry market in Kenya uncompetitive. The focus in Kenya's market should be on determining how to lower the production cost by looking into issues such as cess, county charges, and cost of feeds and licensing.
3. *Linkages and value addition*- There is need to create a chain to export value added products. For example, the dairy sector has done well over the years and it should be used as a benchmark to other value chains. Mr. Muchai recommended that the private sector should work together towards improving other sectors.

**Mr. Dave Govender- MD, Amiran Kenya Ltd**

Mr. Govender remarked that the Kenyan market needs to study the global landscape and position itself appropriately. He gave the following approaches towards fostering growth:

1. *Simplifying bureaucracy* – Bureaucracy has been a big bottleneck to conducting business in the country. There is need to simplify the process of carrying out business which will not only reduce the cost of production, but also enhance growth in the agriculture sector and the Kenyan economy.
2. *Promote skills development in:* This would be especially beneficial to the youth. There is a combination of factors that can support value addition and this would include access to finance and creating an enabling policy environment. Enhancing the adoption of value addition would be a win for the agriculture sector.
3. *Breaking down the supply chain* – This would for example be achieved by having government sponsored exports to stimulate growth. Mr. Govender recommended an export incentive scheme with a functional system to manage it to promote growth.

**Mr. Dadho- KEMLEIC**

Mr. Dadho started noted that Kenya lacks competitive advantage. In the meat industry, there is a 300,000 metric tons deficit. He recommended the following approaches to remedy this:

1. Improving infrastructure in the meat sector, such as quarantine centers for diseases management, and investing in cold chain infrastructure.
2. Value addition means continuous improvement of systems from what the market is used to. For example, embracing irrigation can mitigate some of the climate change effects.
3. Creating awareness on the Kenyan market- The needs of the Kenyan market are different from what the export market needs.
4. Feed lots- to ensure the market feeds on the right quality of meat. Mr. Dadho remarked that the government will release idle land to the private sector, which is a good move to provide feed lots for livestock.

**Mr. Victor Ogallo - Deputy CEO, KEPISA**

Mr. Ogallo highlighted that if Kenya increased value addition by 50%, there would be 500,000 new jobs created for Kenyan citizens. He also noted that Kenya can benefit from its expertise and adopt smart cities and clustered farming.

Mr. Ogallo gave the following approaches to stimulate growth and transformation:

1. National approach to irrigation by making irrigation a significant part of national infrastructure.
2. Establishing private sector labs for surveillance to promote food safety.
3. Organizing farmers in cooperatives- There are millions of small holder farmers who would access more services and facilities they require to grow if they are organized in groups.

**Ms. Thule Lenneiye- Coordinator, ATO**

Ms. Thule gave the following approaches to enhance growth in the agriculture sector:

1. Stop formulating more policies and implement the ones that already exist. Ms. Thule highlighted that the ASTGS is a rich document that can drive immense growth in the agriculture sector if implemented fully.
2. Bringing innovations and making them affordable, available and accessible for farmers and citizens to ensure food and nutrition security.

Dr. Bimal appreciated the panelists for the informative panel discussions and opened up a Q&A session. Participants brought up questions as follows:

A delegate asked a question on the status of food security in Kenya and in response, Ms Thule noted that the government has already gazetted livestock feeds millers to import yellow maize. She also mentioned that two weeks ago, the government allowed importation of 540,000 tons of non-GMO maize. Lastly, she remarked that a month ago the government allowed a subsidy on fertilizers. Ms. Thule insisted on the importance of the government and private sector working together and communicate better before there is a crisis.

Another question asked was to what extent is Kenya escalating the conversation to benefit from upcoming global trade dialogues? Is Kenya attending COP? In response, Mr. Ogallo remarked that there is a lot happening on this space. There are a lot of global funds to support climate actions. Some of these funds have already been identified and marked to identify the ones the private sector can run with. He recommended that Kenya needs good negotiators to get the best deals out of climate change negotiations. It is up to every country to support its farmers to adopt climate smart agriculture.

A comment was raised that the government sponsored export incentive that Mr. Govender brought up is a great idea. She suggested that the government should also support soil health management. Soil sampling and testing is expensive, especially for small holder farmers. Supporting such would support small holder farmers to a great extent and ensure the supply chain is competitive end to end.

On soil health, Thule reported that the fertilizer policy is almost finalized. It is undergoing public participation. The policy will support sustainable food production processes, which is part of the adaptation process. There is also a food safety policy that is also under public participation. Thule will provide the document through ASNET for comments. On soil health management, Mr. Ogallo suggested a mindset change among farmers, especially on the type of crops their soils can support depending on the soil's nutrient composition.

**The Panelists gave additional comments as follows:**

Ms. Thule challenged KALRO to make innovations and technology more cost-effective for farmers to be able to afford. Dr. Bimal commented that the [croputs.com](http://croputs.com) website provides information on the mapping of the whole country for soil testing. Dr. Bimal appreciated the panelists and the audience for their input in the discussion. He welcomed Architect Lee Karuri to make closing remarks for day 1 of the event.





### **REMARKS BY ARCH LEE KARURI, - EXECUTIVE CHAIRMAN RESORTS AND CITIES, BOARD MEMBER ASNET**

Architect Karuri stated that it is an exciting time to see diverse leaders in the agriculture sector discussing matters of importance to the economic development of Kenya. He reiterated the importance of the agriculture sector since it is the backbone of the country's economy. It contributes the highest proportion to the GDP ranging from 25 to 34% depending on the year and this is a proportion that cannot be ignored. The sector therefore deserves meaningful investment to steer its growth. He went on to state that he was very happy to be associated with the ASNET and also to be one of the founders of the Network since it was formed during his tenure as KEPSA Chairman. He noted that Agriculture can transform Kenya's Economy as clearly articulated in the Agricultural Sector Transformation and Growth Strategy (ASTGS). He remarked that the ASTGS policy is a well-done policy that has so much potential as was well presented by Prof Hamadi Mboga during the ASNET launch in 2020. He commended the Ministry for creating the Agricultural Transformation Office and expressed the need for ASNET to continue working with ATO to realize the full potential of ASTGS. He agreed with Ms. Thule that we ought to implement the current policies for the sector to grow and this will in turn spur economic growth. He also agreed with the panelists who indicated that value addition of agricultural produce to drive investment since it created a huge multiplier effect. This will create wealth, generate revenue and positively impact on the economy. There is also need to enhance quantity of exports as per the integrated Export Promotion Strategy which was launched recently with a view to drive the export agenda. He indicated that 60% of the exports in the strategy are agricultural products and the drivers of the strategy are delegates in this summit. He closed his address by noting that from the day's deliberations, ASNET will take a message to FINTRINET that they are now ready for business.





## **DAY 1 CLOSING REMARKS – AGATHA THUO, GENERAL MANGER ASNET**

Ms Agatha made announcements pertaining to the day's proceedings and also the expectations for the second day. She thereafter thanked all the delegates for attending the national agriculture summit day one and closed the first day's proceedings.

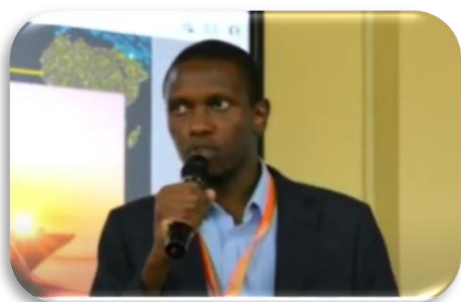


## **DAY 2 - 27<sup>th</sup> May 2022**

### **OPENING REMARKS BY MODERATOR – MS LYDIA KIMANI**

The moderator, Ms. Lydia Kimani welcomed participants for day two of the summit. She thanked the sponsors and all stakeholders for their support in ensuring the success of the summit. Ms. Lydia did a recap of the first day of the summit. She highlighted that climate, sustainability, inclusive financing and cost of doing business in the agriculture sector are issues that stood out in day one of the summit.

Ms. Lydia welcomed Mr. Robert Maina from Ernst and Young to make a presentation on Kenya's taxation regime in the agriculture sector.



### **COST OF DOING BUSINESS IN AGRICULTURE AND RECOMMENDATIONS BY ROBERT MAINA, SENIOR TAX MANAGER, ERNST & YOUNG**

Mr. Maina began his presentation by remarking that based on 2021's economic survey, the agriculture sector declined by 0.2% from 2020. Over the years, the contribution by the agriculture sector to the GDP has gone down. On taxation regime, Robert noted that Kenya does not have a huge level of activity in the agriculture sector. Business formalization is also a major challenge. Most business people do not register their business formally leading to non-compliance and investors pulling out their investments.

Robert highlighted that the agriculture sector pays taxes in two instalments; 75% and 25% on the 9<sup>th</sup> and 12<sup>th</sup> month respectively. All the other sectors make four instalments; one

instalment every quarter. This is because it takes a longer time for farmers and actors in the agriculture sector to access their proceeds.

The agriculture sector has many incentives. For example, stakeholders do not pay advance tax for trucks and tractors used for agriculture. Moreover, an individual is entitled to a capital allowance for all capital investments made in the agriculture sector. Other exemptions include exemptions on pesticides. The current agriculture CS is powerful; thus, his recommendations for the agriculture sector are usually implemented.

### **Challenges**

1. Unstable taxation regime- The Kenyan taxation regime is unpredictable, unclear and incoherent. Introduction of a tax policy will help resolve this challenge.
2. Multiplicity of taxes and levies both at national and county government.
3. Inconsistency in status of raw materials and finished goods- From a technical perspective, exempting these from VAT has an economic impact. It is a major pain point. Mr. Robert recommended that zero rating raw materials and finished goods is the best solution.
4. Delayed tax refunds- Over the years, there has been a major improvement on tax refunds in the agriculture sector. However, there is still a huge space for improvement. Benchmarking with South Africa and Rwanda can help improve the Kenyan system. Currently, as soon as an individual gets approval for a refund, KRA can offset against other taxes, which is advantageous.

### **Way Forward**

1. Persistent lobbying by stakeholders and targeting the priority policies that the sector needs.
2. Harmonization of county levies, cess and tariffs. This will be achieved through lobbying with relevant county government officials.
3. Invest in special economic zones (SEZs) - This has not been explored enough in the agriculture sector. Tax incentives that come with SEZs are many under the SEZ act. Mr. Robert recommended that coming up a SEZ focused on agriculture is a huge opportunity for the sector.

Ms. Lydia commented that most incentives in the agriculture sector are informed by political decisions. The tax policy is a promising remedy. The 2<sup>nd</sup> agriculture summit is building advocacy for the agriculture sector. She commented that there is need to engage tax professionals to inform advocacy decisions.

### **Q&A**

Participants raised the following questions:

1. More information on SEZs and how they can tap their full potential in the agriculture sector
2. Is it possible for all stakeholders to come up with a policy that will be constitutionalized?
3. How can the country harmonize the tax advantage on agro-processing machines?
4. To what extent is the authority responsible for what goes on in the SEZ and are the zones responsible for the specific taxes to counties?
5. Is there a body to monitor whether members benefit from reduced cost of production?
6. How can the agriculture sector ensure incentives serve their purpose and they are not called back?

Mr. Robert gave the following responses:

On SEZ, he noted that in the agriculture sector, the SEZs are specifically set up for agriculture and there is a myriad of benefits of setting up agricultural SEZs. On county taxes, Mr. Robert noted that SEZs are exempted from county levies. On national tax policy, the constitution has a provision for the government to incentivize products. The tax policy will provide a generic guidance on, say, period of incentives etc. Agro processing machines- Under SEZs, agro processing machines should be provided. Having targeted requests to the national government and prioritizing policies will ensure incentives do not get called back.





## **DIGITAL AGRICULTURE: INNOVATION, OPPORTUNITIES AND CHALLENGES- BY FRANKLINE AGOLLA, AGTECH ADVISOR, ATO**

Mr. Ogallo started his presentation by noting that digitization is at the center of all transformation. Farmers form a significant part of the Kenyan population. How then, does the government support private sector and other players to enhance digitization?

Mr. Ogolla noted that ASTGS is a blue print running from 2019-2029. One of the goals in the strategy is to achieve 100% food security. ASTGS has nine flagships and digitization cuts across all of them.

Flagship 8 involves “Unleashing the power of digital solutions for agriculture transformation”- CS Peter Munya.

Mr. Ogolla noted that the digital transformation goals for MOALFC align to the global scenarios of the public sector entities. A significant opportunity in digitization is that digital tools and technology will enhance knowledge access to the farmer, enhance data streams where a click of a button provides a wide range of information and will ensure Kenya makes data-driven investments.

Mr. Ogolla presented the following as the state of data and digital landscape and challenges:

There are multiple data sets in different databases, leading to:

- i. Data duplication
- ii. Lack of traceability
- iii. Mistrust in data sharing
- iv. Difficulty in seamless data exchange

Kenya needs to have democratization of data. The digitization flagship aims at having a data-driven system to support the agriculture sector.

Mr. Ogolla reported that the ministry did an assessment supported by other stakeholders on gaps analysis in technology.

The main gaps include network challenges, infrastructure, cybersecurity and data and applications are in silos. Another major challenge is human capital inadequacy in terms of training and limited resources. In terms of process, there are inadequate policies and segmentation of budget.

There are five areas of digital transformation roadmap as listed below:

- i. Data integration
- ii. Reporting
- iii. Information security
- iv. Infrastructure
- v. Capacity building and IT governance

Mr. Ogolla noted that technology, data and resources are key areas to work with stakeholders to enhance digitization.

Currently, the following initiatives are ongoing:

- i. E-voucher system-KIAMIS
- ii. Digital food balance sheet
- iii. Warehouse receipt system
- iv. E-extension and digital advisory services
- v. Unified agriculture data platform- A one stop shop for all agriculture information.
- vi. Desert locust early warning system.

Ms. Lydia noted that digitization is an area that the agriculture sector needs to look into to drive growth and transformation in the sector. She invited Mr. Arif to make his presentation.





**MAINSTREAMING KENYAN YOUTH IN AGRICULTURE – MR. ARIF NEKY – SENIOR ADVISOR, UN STRATEGIC PARTNERSHIPS AND SDG PLATFORM COORDINATOR**

Mr. Arif noted that there is a whole world of financiers and a whole world of proposals available in the agriculture sector. However, a lot of proposals lack technical capacity and the right information packaging.

Mr. Arif noted that President Uhuru and President Kagame of Rwanda have been instrumental in driving SDGs. He also noted that UN has created a common youth technical working group. The major focus now should be how to create convergence.

There are opportunities for pool funding for the youth. Mr. Arif expressed interest to discuss this further and see how this can be scaled up.

Mr. Arif highlighted the following areas that need focus:

- i. How to get investors into bankable areas
- ii. Training
- iii. Convergence
- iv. Social enterprise Act

He also added that a stakeholder like FINTRINET is ready to work with other players in the industry to improve the Kenyan economy.



## Session 2

The second session started with a presentation by Ms. Waithera Gaitho.



### **PROMOTING YOUTH IN ENTERPRISE - MS. WAITHERA GAITHO- EXECUTIVE DIRECTOR, ALTERNATIVES AFRICA, VICE CHAIR, KEPISA ICT AND CO-CHAIR ASNET YOUTH FORUM**

Ms. Waithera began her presentation by noting that the conversation in the summit has been enlightening and enriching. She noted that together, all players in the market can drive the youth agenda to the next level.

She highlighted that data is a pertinent part of the agriculture sector. She appreciated ASNET's role in the agriculture sector especially the board and management.

The agriculture sector has been a significant issue in the agriculture sector, especially among the youth. For example, there is an unemployment challenge among the youth, but no solution for it.

A major concern is 'Who cares for the youth?'

Ms. Waithera gave background on some of the work she has done with KEPISA. She noted that she has worked with KEPISA for eight years. Most people do not know how to create impact for the youth agenda and how to plug into it.

In most cases, young people are bulked as unemployed and viewed as consumers than producers. There is an urgent need to change perspective for policymakers and decision makers. Young people need to contribute to the GDP of the nation.

Ms. Waithera appreciated PASGR, who she partnered with to implement a project on creating employment for youths in agriculture. Other stakeholders involved in the project include CABI, KEPISA, ASNET, and NPCK. ASNET has been supportive in the implementation of the project. The project focused on two value chains. The project has made evidence-based data based on research available for reference.

She highlighted the following milestones in the KEPISA youth forum:

The youth subcommittee was established in 2017.

The youth sub-sector board was established in 2021.

Evidence based pilot of youth in enterprise project was implemented starting 2020-2022.

Ms. Waithera highlighted that there is a challenge in intergenerational shift between the youth and experienced players in the industry. The challenge revolves around exposure, experience and networks. There is need to work on a system where these three factors trickle down to the youth by including them in the industry.

She also noted that ASTGS has identified over 100 value chains. However, of the 100 value chains, the sector focuses on a few high priority value chains. Creativity and innovations could help explore the other value chains to create jobs and enhance the existing systems.

Ms. Waithera noted that one of the greatest challenges on youths accessing opportunities is that many partners look for organizations with systems and structures to absorb their funds. She recommended that investors and partners need to invest in local youth institutions and build their systems and structures.

In conclusion, Ms. Waithera insisted that it will take time to unlearn and relearn a new way of doing things; impact takes patience. There is need to invest time in the youth by focusing on research on youth enterprise to find out where they are, the challenges they experience and the opportunities available for them.

Ms. Lydia applauded the presentation and added that stakeholders need to make bold decisions to undo systems that are not working for the youth.





## PANEL DISCUSSION: CHALLENGES AND OPPORTUNITIES FOR YOUTH MAIN STREAMING IN AGRICULTURE AND DIGITIZATION

**Moderator:** Ms Jane Ngigi



**Panelists:** Mr. Arif Neki, Senior Advisor, UN Strategic Partnerships and SDG Platform Coordinator, Ms Waithera Gaitho, Executive Director, Alternatives Africa, Mr. Sriram Bharatam, CEO, Kuza Biashara, Ms Vera Sharon Ochieng, CEO KENAFF, Mr Nixon Gecheo, Senior Program Officer, AGRA, Mr Franklin Agolla, AgTech Advisor, ATO, Mr Vincent Marangu, Director, Co-operative Bank, Kenya, Dr. Alfred Ndemo, CEO, FINTRINET

How can ASNET utilize the capacity represented in the Panel?

Panelists were given an opportunity to introduce themselves and make some opening statements

**Mr Arif Neki** introduced himself and added that there is need for connectivity and a focus on the best five issues of each aspect such as financing, marketing etc. and in all this aim is to make our agriculture world class. There is need to elevate the 'Buy Kenyan Build Kenya' slogan and also target to reduce post-harvest losses. We also need to ask how ASNET can utilize the capacity represented in the panel

**Ms Waithera Gaitho** introduced herself as the Executive Director of Alternatives Africa and co-chair of the ASNET Youth platform.

**Mr. Sriram Bharatam**, CEO KUZA Biashara representative introduced himself and said that KUZA is a social enterprise

**Ms Vera Ochieng** introduced herself and explained that KNFF is a member-based association of practicing farmers

**Mr Nixon Gecheo** is an Agra senior program officer and urged for identification of partners who can work with small holder farmers to improve their operations

**Mr Franklin Ogola** is the ATO adviser and stated that there is need to ensure that ASTGS is implemented and the digital unit that he heads is an important player in the process

**Mr. Vincent Marangu** from cooperative bank talked about the Coop foundation that draws membership from farmers who work with the bank through their cooperative Societies

**Dr. Alfred Ndemo** introduced FINTRINET as acronym for finance, trade and investment, and a source for financing.

Questions from the floor:

Q: How is digitization and rapid deployment going to affect job creation?

R: Data will drive job creation online. FINTRINET offers a capacity building platform and there is need for partnerships.

Q: There is a lot of interest in e-voucher because it is loaded with inputs but this is scattered across the value chain etc., Is there a plan to bundle the services provided so that voucher is all inclusive? What is being done to sustain it?

R: A pilot is being done on bundling the services and soon the services will not be fragmented

Q: How do we encourage youth in agriculture?

R: A major handicap is the narrative that agriculture is a less prestigious or job of last result. This discourages the youth who do not want to appear to their peers that they missed options and joined agriculture. Other discouragement is from the little earnings that accrue to the existing farmers. There is need to have clear incentives including youth and innovative technology, enterprises, understand the entire value chain and post-harvest losses and behavior change.

What is needed for youth to be involved in Agriculture is an institutional framework within organizations. There is need to focus on governance but legislation and regulation are an obstacle. It is also apparent that there has not been effort geared towards luring the youth to the cooperative movement and hence denying them access to financing

Q: How can we create information and exposure on available markets? Our youths are not exposed to industry through the current curriculum. How can this be changed?

R: KALRO has documented more than 6000 technologies and we empower youths by providing them with gadgets to beam the good agriculture practices in the rural areas. (A demo). We have 67 innovators in Kenya without off takers. Can we create a digital extension policy given that the extension staff are no longer sufficient? The recommended ratio is 1 extension officer to 400 farmers but in Kenya we have one Extension Officer to 5000 farmers. Extreme conditions are fertile ground for innovation. In KUZA, we have a hand-held gadget that is loaded with information on many technologies and it is able to beam the information without need to connect to electricity source (he demonstrated the gadget). This way a single field worker can reach very many farmers within a short time.

Q: How do you intend to leverage on big data when there is no data?

R: The aim in digitization is to offer interoperability and this calls for the data to be harbored in a form that can be used by many actors

Q With regard to digital roadmap, how can someone access the data stored in KALRO? Is there a strategy to make it easily accessible?

Q: Why can banks not go down to where people are like in table banking? Banks can even explore value chain-based systems to fund the value chains

R: Cooperative bank is able to understand the customers and crops they grow thus making it easier to work with farmers.

Q: There is need for aggressiveness in policy implementation

We need to think hard about the farmers' agenda. This will only happen if we involve the farmers in policy formulation and regulation. There is need to strengthen farmer driven advocacy and also speak in one voice to advocate the farmers agenda. There is also need for stepping out to reach out for partnerships. An additional point is that this country is endowed with bright minds with regard to digital innovations. However, there is need to fast track Intellectual Property policy before all the innovations are taken at throw away prices only to be sneaked into the country again to rake billions



## AFTERNOON SESSION



### **STRENGTHENING INTERGOVERNMENTAL INSTITUTIONS: MR. STANLEY MBAGATHI- ADVISOR, ASDSP II**

The speaker noted that he is making a presentation on behalf of ASDSP II, one of the sponsors of the summit. ASDSP II is an intergovernmental program between the national and county governments in the agriculture sector through MOALFC and COG.

It is a unique program since it is in all the 47 counties. ASDSP II supported the establishment of JASSCOM, which coordinates the agriculture sector.

ASNET, being the umbrella body of private sector agriculture, plays a significant role in the agriculture sector.

The primary role of JASSCOM is to enable the two-level government to work in cooperation and consultation for efficient and effective service delivery to sector stakeholders.

ASNET has started engaging with CASSCOMs, which is a good move to enhance coordination. The speaker noted that ASNET needs to take care of CASSCOMs since that is where all the work happens.

A highlight in the presentation is the role SWAGs plays in the sector. ASNET should focus on these since if they have access to SWAGs, then they have direct input into the policy discussion.

ASNET being coopted into JASSCOM is a big win. Currently, all the counties have CASSCOMs. They all require legal mandates and more capacity building on how to collaborate with the private sector.

The speaker suggested the following way forward:

In August, there will be a new government. The MOALFC (ATO), COG, JAS/IGS, RDDG, SDG, KENAFF, FINTRINET (among other stakeholders) and ASNET must jointly convene a special meeting with the new CSs, PSs and all CECMs (agriculture caucus) and sensitize the sector on what they need them to do.

Ms. Lydia appreciated the presentation, being the last presentation in the summit. She noted that what was discussed will be the rise or fall of the sector based on the actions that will be taken after the meeting. She insisted that the sector needs to use the ASNET forum to drive growth and transformation.

Ms. Lydia reported that there are two major global decision-making processes coming up. These forums will affect agriculture. The two forums are WTO and COP.

Lydia challenged the forum on the following: The EU has introduced the green deal. Are Kenya's exporters ready for this shift? Is the private sector ready to leverage climate financing? Do we know the Kenyan position on climate change?

Ms. Lydia thanked all the stakeholders for their participation in the summit and welcomed MS. Jane Ngige to make closing remarks.



## **HIGHLIGHTS, COMMITMENTS AND WAY FORWARD - MS. JANE NGIGE, VICE CHAIR ASNET**

Ms. Jane thanked all the participants for attending the 2<sup>nd</sup> agriculture summit. She noted that as key players, stakeholders should hold such forums and inform major decisions. She challenged ASNET to adopt such a stance given the chance. She also recommended talks and webinars to fill the knowledge gaps that exist. The private sector has the ability to shape decisions made in the agriculture sector. He called upon the rapporteur Dr Geoffrey Kamau to present a summary of the summit

### **HIGHLIGHTS**

In his opening statements, Dr Kamau pointed out that the Summit has brought out very pertinent issues that if considered would lead to a turnaround in performance of the Agriculture sector. This will however require a concerted effort from both the private and public sector stakeholders. He then listed the key highlights grouped into four areas namely ASNET Achievements, Enablers of agricultural investment, digitization and youth inclusion policy issues and facilitation by value chain improvement as follows:

#### *ASNET ACHIEVEMENTS*

- While many stakeholders were initially not clear about the main agenda of ASNET, they have gradually come to realize the important role played of linking the public and private sector
- In the last two years, the network has been able to articulate the concerns of the private sector as well as playing an advocacy role and has given input in various fora such as the SDGS among others
- ASNET has been at the fore front in deliberations on Tea, Coffee and Sugar bills as well as the fertilizer and feed pricing
- ASNET together with the National Potato Council has been involved in fruitful discussions with the Kentucky Fried Chicken on procurement of Kenyan potatoes for chips in the KFC outlets and at the height of COVID pandemic, the network lobbied for conversion of passenger into cargo planes for increased agricultural exports.
- ASNET together with the Kenya Grain Council has been involved in guiding the importation of the necessary quantities and quality of maize into the country
- ASNET has been proactive in advocating for youth inclusion in the agriculture sector
- The network has been at the forefront in advocating for a 10% of the GDP to be allocated to the Agriculture sector from the current 2% as per the Malabo declaration

#### *ENABLERS FOR AGRICULTURAL INVESTMENT AND VALUE CHAIN FINANCING*

- Need to address agricultural input tax exemption and unstable taxation regime
- Multiplicity of taxes and levies to be addressed through harmonization of county taxes
- Need for establishment of Special Agricultural Economic Zones similar to the ones in manufacturing
- There is need for SME's to operate in a more formal way to avoid missing out on financing opportunities since there is no financier who is ready risk their finances with informal entities
- Bureaucracy impedes agricultural investment and exports and this should be addressed through a 'one stop shop' for investment clearance

#### *FACILITATING VALUE CHAIN IMPROVEMENT*

- Commercialization of value chains through value addition is important in addition to exploration of options to reduce production costs to enhance competitiveness
- Cost of production should be reduced and value addition to be enhanced to improve competitiveness

- Agricultural infrastructure such as irrigation systems to be improved to reduce reliance on rain fed agriculture
- Feedlots to enhance quality and private laboratories to enhance surveillance and ensure quality to be established
- There is need for a mindset change with regard to soil health

#### *DIGITIZATION AND YOUTH INCLUSION:*

- Digital platforms are increasingly being used by farmers
- Enhancement of the e-voucher system is being explored with a view to bundling the services so that instead of fertilizer only other inputs like seeds, pesticides etc. are included
- Digitization of agriculture is a potential business enabler but requires an integrated and unified approach and exploration of opportunities for convergence

#### *POLICY ISSUES*

- There exists many good policies and regulations but implementation is not effective
- Consultation between the Private sector and the policy making section of the Ministry need to be continued
- There is need to include agriculture concerns in the manifestos of the prospective political parties as Kenya approaches the elections in August
- County level initiatives aimed at guiding/influencing policy making are needed

Ms. Ngige thereafter invited Dr. Bimal Kantaria to give the 10-point plan for the 2<sup>nd</sup> agriculture summit.



## **COMMITMENTS AND RECOMMENDATIONS – WAY FORWARD**

Dr. Bimal reported that from the 10-point plan picked up from the 2020 agriculture summit, 9 items have been accomplished but the point on harmonization of BMOs and strengthening them was not well accomplished. He then went on to list the ten point agenda points arising out of this summit.

### **THE TEN POINT AGENDA OF THE 2<sup>ND</sup> NATIONAL AGRICULTURE SUMMIT**

Dr. Bimal gave the following 10-point agenda for the 2<sup>nd</sup> agriculture summit, 2022:

*1. Re-establish linkages with the new national government –*

Kenya is going through the campaign period which will usher in a new government on 10<sup>th</sup> of August. It will be important for ASNET to establish linkages with the new government at the earliest opportunity in order to put the agricultural agenda on the table.

*2. Strengthen interaction with Council of Governors (COG) –*

As the elected governors take over power from the existing governors, ASNET will need to strengthen interaction with the Council of Governors so that the sector's concerns from all the counties will be well articulated.

*3. Strengthen the roles and linkages with specific value chain BMOs –*

There is need for ASNET to strengthen the linkages and roles of the different Value chain business management Organizations and this will help flush put any concerns that may be hindering growth in the value chains

*4. More research on value addition in collaboration with KALRO. –*

Given the importance of value addition for agricultural produce, ASNET should liaise with KALRO for strategies on how to conduct research on value addition for different agricultural produce and for targeted markets.

*5. Lobby for increased incentives in the agriculture sector including capital allowances and tax breaks –*



The important contribution of the agricultural sector to the GDP is very clear and ASNET can coordinate efforts to lobby for increased incentives such as capital allowance and tax breaks. This will spur growth of the sector and in turn spur growth in the economy

*6. A one stop shop at MOALFC for agricultural investment –*

A major bottleneck to increased agricultural investment in Kenya is the windy and bureaucratic paper work and levies which discourage investors. ASNET should play a role in fast tracking the establishment of a one stop shop at the Ministry of Agriculture for would be investors. The one stop shop will have all what it takes for an investor to set up shop in Kenya without unnecessary hurdles

*7. Allocation of 10% of GDP budget to the agriculture sector –*

As per the Malabo declaration by African States, there is need for ASNET to put in more effort in advocating for an increase in allocation from a meager 2.4% to 10%. This will see to it that major and impactful facilities are put in place to improve performance of the sector. Such facilities may include irrigation infrastructure, storage facilities, and processing and value addition hubs among others.

*8. Reduce cost of doing business including county government charges and national government taxes –*

The multiple taxes that are currently levied on agricultural goods as they move from one county to the other should be done away to encourage more business. SNET should therefore lobby the county governments through the council of Governor forum to establish a workable system that will not discourage agricultural business operators

*9. Explore digitization as an enabler for increased productivity -.*

There is need for ASNET to play a role in encouraging digitization as an enabler for increased productivity and marketing. This will open opportunities for hitherto untraded products that are needed by the users out there

*10. Strengthen partnerships with national government and development partners and agencies e.g. SDG, UN –*

There is need for ASNET to strengthen partnerships with the national government, county governments, development partners and other stakeholders. This will ensure collective delivery and achievement of the expected outcomes.

He noted that ASNET has become influential and has work to do to implement the 10-point plan.



### **SUMMIT CLOSING REMARKS - DR. BIMAL KANTARIA**

Dr. Bimal started his closing remarks by reiterating the fact that ASNET has made significant progress since its launch in 2020. This progress is remarkable given the fact that the networks launch coincided with the onset of the CORONA Virus pandemic. The pandemic threatened agricultural trade through the lockdown and restriction of movement within and outside of the country. The network played a significant role through its work with the government through the Ministry of agriculture and helped to put in place measures that enabled movement of agricultural products within and out of the country. This entailed negotiations with various players in the private sector such as the airlines to convert their passenger planes to cargo planes as well as issuance of permits to facilitate transportation of food stuff from the producing areas to the city and other urban areas. He also mentioned the key lobbying role played in tea, coffee and the animal feed sectors in addition to key decisions on maize imports. He ended by stating that while a lot has been achieved, there is a lot more that needs to be achieved and mentioned a key one as the lobby for the 10% GDP to the agricultural sector from the current 2% which should also be cascaded to the counties. With this as declared in the Malabo declaration, the sector will record high growth rate and impact will be felt on local and national incomes, food security and environmental conservation.

Dr Kantaria thanked all the delegates for attending the summit and participating actively in the deliberations. He noted that for the physical attendance during the two days of the summit was very encouraging and this added onto the online participation was an indication of the importance of the network to the various stakeholder groups. He went on to thank the ASNET secretariat for the time spent in organizing the summit and congratulated them for a job well done. Dr Kantaria also passed his thanks to the Chief Administrative Secretary of Agriculture for officially opening the summit and also the participation of the PS Dr Harry Kimtai. He ended his closing remarks by thanking KALRO for providing the venue for this summit and thereafter declared the 2<sup>nd</sup> National Agricultural Summit officially closed.

**Annexes:**

*Annex 1: Summit Program*



*Annex 2: List of delegates, Day 1&2*



*Annex 3: Role of SMEs PPT*



*Annex 4: Cost of doing Business PPT*



*Annex 5: Digital Agriculture Transformatio PPT*

