



**MURANG'A COUNTY GOVERNMENT**  
**DEPARTMENT OF AGRICULTURE, LIVESTOCK, AND FISHERIES**

**THE AGRICULTURAL  
FARM INPUTS SUBSIDY POLICY**

**2022- 2032**

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Contact: County Executive Committee Member  
Department of Agriculture, Livestock, and Fisheries

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## PREFACE

The Schedule IV of the Constitution of Kenya (2010) provides for the County Agricultural Planning as a function of the County Government, implementing national policies and the subsidiarity functions of the national government in global agreements and policies such as the Comprehensive Africa Agriculture Development Programme (CAADP)'s call for 10% investment of the GDP, which need grassroots engagement. In the CAADP spirit, the National Government formulated the Agriculture Sector Transformation and Growth Strategy (ASTGS), premised on three anchors, nine flagships, with a number of enablers. Flagship #2 calls for *creating nationwide subsidies to register high-needs farming households and empowering them to access a range of inputs from multiple providers, enabled by a data driven digital system to support small scale farmers to access and deliver a vibrant, commercial and modern agricultural sector.* The County Government of Murang'a seeks to implement this devolved mandate, through a policy anchored Agricultural Farm Inputs Subsidy Fund for Murang'a County.

With a population of over One Million people (GoK, 2019) out of which the rural-farming-supported population is close to 850,000 people in over 250,000 households, a vibrant, commercial and modern agriculture needs a focused financial enabler. Over the last decade, farmers relied on a subsidy system based on the physical delivery of materials like planting seed, fertilizers, as well as Services; like Artificial Insemination (AI) that were largely, controlled and determined by the Government.

Choices of the inputs received, and the models of input delivery led to restricted food crops interventions, which to a large measure ignored support to such subsectors as the dairy sector, in the high potential areas, and the fruit value chain, in the marginalized regions of Murang'a.

My Government therefore introduces a policy driven Agricultural Farm Inputs Subsidy program, anchored on the support of the County Assembly's legislative implementation framework. The subsidy will rely on farmer owned businesses, to transmit cash support directly for quality farmer aggregated deliveries using mobile phone based accounts.

The Agricultural Farm Inputs Subsidy programme will kick off based on the following parameters;

1. Participating Dairy Cooperatives will register their members who deliver quality milk to them who will receive Ksh 5/Liter for livestock productivity inputs and services.
2. Participating Mangoes Cooperatives will similarly mangoes for delivery to contracted agro processing company for which Ksh. 5/Kg will be paid for deliveries to the processor or registered consumers and consumer outlets

H.E. (Hon). Dr Irungu Kang'ata  
**Governor - Murang'a County Government**

## FOREWORD

Devolution in Kenya constitutionally assigned 14 functions under the Schedule IV of the constitution, including agriculture, County health and Transport services, Trade and tourism development and County Planning.

Article 174 of the Constitution defines one of the key objectives of devolution as the promotion of social and economic development and provision of proximate, easily accessible services throughout Kenya. Murang'a County Government appropriates this call by identifying the regional potential in Dairy and Fruit production, which contributes to farm forestry that is largely lacking presenting challenges that need incentivizing. Tree crops contribute not only food security alongside dairy, but are good carbon sequesters that mitigate the effects of global warming. With the agricultural sector facing the many challenges resulting in reduction of agricultural land, coupled with low agricultural production and productivity, due to high inputs prices, climate change, poor marketing, market uncertainties and low value addition to agricultural products, as well as high post-harvest losses and unfavorable taxation, focused intervention to support farmers is necessary. The agricultural farm inputs subsidy policy seeks to cushion small-scale producers from unstable farm input market prices and therefore spur increased use of appropriate inputs to shore up productivity leading to food security, and attendant wealth creation.

This Agricultural Farm Inputs Subsidy Policy shall methodologically implement known global and nationally tested methodologies covering Mango and Dairy products value chains as a pilot, with a focus on empowering dairy and mango farmers. While the dairy farmers will access farm inputs for their milk herd through cash paid on the basis of milk delivered to their cooperatives societies, the farmers in the mangoes value chain shall be subsidized based on the number of kilograms delivered to processors, identified through County Government partnerships. Only registered farmers identified on specific criteria shall qualify. The policy shall be applicable within Murang'a County.

Kamau wa Kiringai  
County Executive Committee Member  
Department of Agriculture, Livestock, and Fisheries



## EXECUTIVE SUMMARY

The Agricultural Farm Inputs Subsidy Policy is an instrument that outlines the goals, the objectives, the methodology and the justification with resultant outputs and impacts of the programme designed to start in year 2022 up to year 2032. The programme aims at cushioning farmers from the many challenges they face through a farm inputs subsidy initiative in the subsectors of mango and dairy, delivering produce to contracted processors and up takers of raw production. This seeks to improve on the previous subsidy agenda, where the County Government procured specific farm inputs non-targeted to specific outputs. It generated a number of lessons that this policy improves on. Rather than work through human agents, the Agricultural Farm Inputs Subsidy Programme shall use a cooperative anchored cellphone-based approach where farmers shall receive a cash subsidy instead of physical farm inputs, rendering flexibility in decision-making for production options.

The Fund's overall goal is to ensure adequate use of agricultural inputs, which are, identified as critical in enhancing agricultural productivity. Agricultural input subsidies aim to make inputs available to users at below market costs as a way of incentivizing adoption, increasing agricultural productivity and profitability, increasing food availability and access, while ultimately reducing poverty to stimulate economic growth. The logic behind the proposed subsidy premises on the fact that farm inputs use among small-scale producers is low due to inflationary factors beyond their control ending up in a poverty cycle. Furthermore, Fund shall use a cellphone based-digital platform to:

1. facilitate capacity building to agricultural farm inputs subsidy beneficiaries and process implementers
2. facilitate the transfer of farm inputs subsidy to farmers/ from physical procurement to delivery of inputs using an electronic platform based infrastructure
3. promote use of cash transfers and to ring-fence the farmer subsidies to only targeted farm inputs and services

A methodology to achieve the defined results framework will be, deployed to realize productive actions within a legitimate legislative framework. The expected outcomes shall be to increase mangoes productivity as well as increased production and delivery of milk to dairy cooperatives for reduced poverty and improvement of people's living standards.

## DEFINITION OF TERMS

**Agricultural Service Providers:** trained and registered professionals registered through their professional bodies to administer extension and support service delivery for good agricultural practices, veterinary services, livestock production services, an all food systems based service delivery considered necessary to optimize agriculture, livestock and fisheries services

**Cash transaction:** an electronic signature generated once a registered farmer delivers produce eligible for payment, within the criteria defined by the Fund Management Committee.

**Digital Aggregation:** process of using Department of Weights and Measures approved Digital Weighing Scales of farmers produce Farmers duly registered under this Agricultural Farm Inputs Subsidy Programme and as per the policy and legal framework guidelines from Murang'a County delivering milk to dairy cooperatives.

**Farm Input Suppliers-**Identified, registered and contracted stockists supplying farm inputs under the Agricultural Farm Inputs Subsidy Programme to beneficiary mangoes or dairy farmers

**Farm Inputs Subsidy Fund:** A fund set up specifically for cash pay outs to beneficiaries through a mobile based platform to cushion farmers from high production costs of farm inputs. The fund payout shall be made against marketable farm produce deliveries to specific cooperatives and/or processors.

**Mobile Wallet:** Mobile account number against which payment will be made using the telecommunication service provider that a member is subscribed

**Memorandum of Understanding (MoU):** a partnership agreement signed between food systems actors and the County Government to deliver inputs needed by members of Producer Cooperatives

**Producer Cooperative:** a farmer organization formed using Cap 490, Laws of Kenya to promote agricultural activities, and administered by agricultural officers trained on the legal requirements of the Cooperative Law to promote governance in agricultural cooperatives

# THE MURANG'A COUNTY AGRICULTURAL FARM INPUTS SUBSIDY POLICY

## 1. BACKGROUND

Adequate use of agricultural inputs such as improved seeds and inorganic fertilizers has been identified as one way of enhancing agricultural productivity. However, these inputs can be financially unaffordable or unattractive to many poor farmers in developing countries. Agricultural input subsidies aim to make inputs available to users at below market costs as a way of incentivizing adoption, increasing agricultural productivity and profitability, increasing food availability and access and ultimately reducing poverty and stimulating economic growth.

A key explanatory factor for sub-Saharan Africa's low agricultural productivity, in comparison to other regions of the world, is the region's low rates of fertilizer. As NEPAD (2013) notes, cereal yields in Africa are less than half of those obtained in Asia. Substantial agricultural intensification has not occurred in the region. According to the World Bank (2009), for instance, cereal yields per hectare moved from a little over 1 ton per hectare in 1960 to 4.5 tons per hectare in 2005 in South Asian countries, compared to about 0.9 tons per hectare in 1960 to a little over 1 ton per hectare in 2005 in sub-Saharan Africa. Between 1961 and 2009, cereal yields in sub-Saharan Africa grew by 0.95 percent, compared to 2.40 percent in East Asia, 1.95 percent in Latin America and Caribbean and 1.95 percent in South Asia (Chirwa & Dorward, 2013).

Examples of agricultural input subsidies include tax exemptions, free provision of agricultural inputs, price subsidies where inputs are made available at lower prices to consumers or, as is common in many contemporary contexts, the provision of vouchers to farm households that they are free to redeem in local markets. Agricultural inputs that can be subsidized include seeds, fertilizers, pesticides, herbicides, animal feed, drugs, machinery and fuel. Subsidies are most often only targeted at a few inputs and are in many cases limited to fertilizers or seeds.

## 2. JUSTIFICATION

The underlying assumption of the agricultural farm inputs subsidy schemes is that by reducing the costs of the use of fertilizer and other inputs, their use will increase, thereby leading to production increases, particularly if the subsidized inputs are used by households facing input market failure (Druilhe & Barreiro-Hurlé, 2012).

These subsidies seek to maximize the multiple benefits of subsidies to different stakeholders while minimizing their distortionary effects on *inter alia* efficient commercial market operation and development (Morris et al., 2007). The key features of smart subsidies include: promotion of fertilizers as part of a wider agricultural strategy; leveraging



the private sector through the use of redeemable vouchers that can promote competition among input suppliers, giving farmers market choices; planning some form of exit strategy into the scheme from its inception; and, a focus on ensuring sustainability and promoting pro-poor economic growth (Morris et al., 2007).

The agricultural farm inputs subsidy that is proposed is meant to reduce costs of delivery of subsidies and improve efficiency. The bulk procurement of farm inputs is tempting and likely to attract corruption schemes. The agricultural farm inputs subsidy proposed e voucher system breaks this temptation and ensures that services actually reaches the intended beneficiaries.

Previous subsidies done by the county government on milk, have taught us that channeling finances through cooperatives is not necessarily the best option as finances have been held up rather than be channeled to farmers.

Since devolution, the County government has not prioritized Mango farming in its subsidies programmes. As a result, the enterprise has had major challenges that have affected production and marketing.

### **3. SITUATIONAL ANALYSIS**

#### **(i) The Agriculture Sector Transformation and Growth Strategy, 2019-2029**

The Agriculture Sector Transformation and Growth Strategy (ASTGS) approach is centered on three anchors and a set of enablers- small scale commercial production, large-scale production and value-addition, and household food resilience. These anchors and enablers cover nine big ideas (“flagships”), to deliver a vibrant, commercial and modern agricultural sector that sustainably supports Kenya’s development in the context of devolution, short-term national aspirations for 100% food security, and longer term global CAADP and SDG commitments. Any flagship projects will need to align with the theory of change of the strategy, and will still have to drive the outcomes determined by the three anchors of the ASTGS.

##### *Anchor 1: Increase small-scale farmer incomes*

The two flagships in this anchor aim to support small-scale farmers, pastoralists and fisher folk to transition from highly diversified subsistence production to more specialized and market-oriented output in higher-yield value chains. Of the ~13 priority value chains identified in Chapter 1, flagships in this anchor focus on those that best support rural development and poverty reduction including potatoes, horticulture, dairy, beef, poultry, fish and maize for food security. Counties should select similar value chains that are most suited for their agro-ecologies, and not feel constrained to these:

1-Target ~1 million farmers in ~40 zones (initially) producing crops, livestock and fish served by ~1000 farmer-facing SMEs that provide inputs, equipment, processing and post-harvest

aggregation

2-Shift nationwide subsidy programme focus to allow ~3 million registered high needs farmers to access a wide range of inputs (seeds, crop protection, fertilizer, equipment) from a variety of private and public providers, using e-vouchers with digital service delivery

*Anchor 3: Increase household food resilience*

The two flagships in this anchor increase the ability of the country and individual households to respond to acute emergencies and price shocks with a mix of nutritious traditional staple crops, while building resilience to address food system risks. At the national level, the value chains of focus are maize and beans; but at the household level, value chains are region-specific and can include millet, sorghum, maize, beans, etc.:

1-Restructure governance and operations of the Strategic Food Reserve (SFR) to better serve ~4 million vulnerable Kenyans through:

2- Reserves optimized for emergency responses only; ii. buy/sell guidelines published with pre-determined emergency release triggers for stocks and cash; ii. private sector warehousing; and iv. price stability managed through Treasury (i.e., minimum price controls via cash transfers)

3-Boost food resilience of ~1.3 million farming and pastoralist households in ASALs through community-driven design of interventions, and more active economic bloc coordination of development partner and private sector resources

## **(ii) National Agriculture Accelerated Inputs Farm Programme (NAAIP)**

The government of Kenya under the Ministry of Agriculture, Livestock and Fisheries has been implementing some of the flagship projects as proposed under the ASTGS. The implementation of the Anchor-1 and Anchor-3 within this programme has adopted the form of farm inputs subsidy utilizing the voucher system and which Murang'a County Government can borrow a leaf from. Subsequently the e voucher system has successfully been implemented in Lebanon and in Tanzania albeit with a number of challenges from which this proposal can learn from.

Under the emergency challenge, country context, recovery strategy and rationale paper of the World Bank programme for intervention in Kenya following the Global challenge arriving from the Corona virus pandemic and the ongoing depression from conflicts in Ukraine a number of similar relevant interventions can be a pointer to continued reference to the ASTGS.

Within its project rationale

- a) The proposed Project takes a three-pronged approach aimed at enhancing the production capacity of smallholder farmers and diversifying their production systems. This will be done by up-scaling two ongoing GoK programs, which target: (i) the poor and vulnerable smallholder farmers in maize production zones; (ii) smallholder farmers in marginal areas where maize does not do well; and (iii) other smallholder farmers and traders through provision of input credit to purchase agricultural inputs. The support to

poor and vulnerable farmers will involve the provision of input vouchers aimed at enhancing their maize production.

- b) To ensure quick results and impact, the proposed project intends to scale-up two on-going GoK programs. These programs are: the NAAIAP and the Orphan Crops Programme (OCP). The choice of these two GoK programs is informed by the valuable lessons learned from the AISP implementation and the need to have activities that are quick disbursing and can immediately address the emergency situation. Through the support provided under AISP, 48,000 smallholder farmers (96 percent of the targeted beneficiaries) received input vouchers during the 2009 long rains planting season.

#### **4. PRINCIPLES, OBJECTIVES, THEORY OF CHANGE AND METHODOLOGY**

##### **(i) Principles**

###### **This policy and strategies are premised on**

*The principle on right to development:* The right to food and right to development under the Bill of rights chapter six of the Kenya Constitution 2010 will be exercised while taking into consideration the harnessing of not only the specific County's economic and social needs but also enhancement of conservation of fragile zones within the County.

*Principle of good governance:* The principles of rule of law, effective institutions, transparency and acceptability, respect for human rights and the meaningful participation of civil population will be integrated in the target resources management initiatives.

##### **(ii) Policy objectives**

1. To provide for capacity building of the agricultural farm inputs subsidy beneficiaries and process implementers to improve on the delivery;
2. To facilitate transfer of farm inputs subsidy to farmers/ producers of raw materials and service providers' in Murang'a County from physical procurement and delivery of inputs to an electronic mode in form of mobile wallet and e cash payment.
3. To ring-fence the farmer subsidies to only the targeted farm inputs and services through an integrated IT system.

##### **(iii) Theory of change**

The theory of change for intervening in input markets through input subsidies is that subsidies will lead to incrementally increased use of subsidized inputs, which will in turn lead to increased agricultural productivity and production. This will result in increases in incomes for farm households as well as wider effects on consumer welfare through lower food prices, increasing demand for labour, higher wages and incomes, reductions in poverty and increases in overall economic growth. Subsidies offset higher input costs and tend to equalize the farming population. Eventually subsidies lower the overall cost of production effectively pulling down cost of food.



This outcome is itself affected by changes in a number of intermediate outcomes and by the validity of underlying assumptions. Firstly, where a subsidy programme is introduced, there must be a functioning distribution mechanism in place to make the subsidy available to farmers at the local level. Potential corruption in the supply chain also needs to be addressed to prevent leakage or subsidy diversion.

Where subsidies are made available at the local level, farmers must be aware of their eligibility to access them and recognize the value of the subsidy/ input to actually make use of them.

For adoption of the subsidy at the farm level, usually measured through increases in the use of the subsidized input, the subsidized inputs must actually be utilized by farmers rather than being sold or otherwise diverted. However, where subsidized inputs are sold, they may still lead to changes in farm incomes through increased cash incomes from their sale despite not actually impacting productivity or yield at the farm level (Kaiyatsa, 2015). Where farmers do access subsidies, displacement of commercial sales of inputs may occur.

#### **(iv) Methodology**

A subsidy voucher is a delivery mechanism that provides farmers with access to agricultural inputs and/or services. Beneficiaries are provided with a voucher that they can exchange for inputs at existing suppliers (shops/representative sales' person) which have agreed to honor the vouchers. The registration of selected suppliers to the scheme is mandatory for the duration of the scheme, which usually lasts several weeks or several months. The vouchers do take the form of physical paper vouchers but more efficiently the electronic voucher format and e cash via mobile platforms.

The Agricultural Farm Inputs Subsidy Programme is proposed to adopt an e voucher system and e cash transfer through mobile transfers and shall be implemented and be shortened to reduce bureaucracy. Starting from a data base, stored through a MIS, the farmers shall receive their payout through electronic transfers including mobile platforms. Certain procedures need to be accomplished to make the subsidy work smoothly that includes

#### **a) Needs and market assessments**

Voucher schemes can be organized based on identified needs and on the analysis that they are the most appropriate instrument to meet those needs in a timely, efficient and effective manner. As voucher systems interventions have an impact on local markets and economies, the main prerequisite is to assess/confirm that markets are functioning and that any inflationary effect will be minimal.

Accordingly, the quantitative and qualitative needs and gaps of the target population groups should be assessed involving the participation of potential beneficiaries and other key stakeholders capturing their preferences in terms of agricultural inputs eg. feeds and seed varieties.

The market assessment could provide information regarding the capacity and willingness of local vendors to support the proposed voucher intervention, i.e. vendors' capacity to supply inputs/services. in the required quantity, of the correct specifications, of satisfactory quality at prevailing market prices. This could be based on assessments of market accessibility and functionality, including and likely effects (if any) of voucher operations on prices, inflation, supply chains, availability of goods, etc. In case there is no available assessments, a rapid market survey should be launched to probe the market in terms of access, availability and quality.

Based on these assessments, the organization will select the agricultural inputs both in terms of quality and quantity, which will be needed during the agricultural farm inputs subsidy mobile walletscheme. This selection should take into consideration: the request of the affected population; suitability of inputs to the local conditions; beneficiaries' familiarity with the inputs; and the price.

#### **b) Beneficiaries Selection**

Beneficiary targeting depends on the objective of the program, Targeting should be carried out according to clear and transparent targeting criteria and should be equitable and fair to prevent potential tensions. It should also involve the local community and/or the local authorities to minimize the risk of elite capture.

##### **i. Who is valid for subsidy?**

Only mango and dairy farmers will be initially qualified in this e-subsidy program. Specifically, only *marketable fruits from mango farmers delivered to cooperative societies* and milk deliveries to *cooperative societies shall qualify for the subsidy*. The subsidy vouchers will have limited periods of validity and defined values and target inputs per season or the case may be. The subsidy will be implemented county wide.

##### **ii. How to seal value chain weaknesses?**

To ensure an improvement on previous physical farm input subsidy challenges encountered in maize seed, french beans, artificial insemination, milk and fertilizers, the County Government will have clear entry and exit plans to avoid dependency on subsidy without measurable outputs. The government will specifically intervene in specific weak links to close up the gaps and ensure farmers are able to market their produce.

##### **iii. How will beneficiaries access the fund?**

A needs and market assessment proposed to be carried out shall identify parameters under which bench marks shall be set. All the registered farmers shall then be entered into an MIS IT platform and categorized based on their vulnerability to market shocks. To access the subsidy, the farmers will have to market through identified processors from where data shall be available through the MOU and legal contract to qualify for subsidy.

#### **c) Identification of potential suppliers**

The County could carry out a market assessment to identify potential suppliers who are willing to participate in the voucher system and meet the County' requirements. This

identification of suppliers could be made through several actions.

**d) Quality control of inputs**

In order to achieve the objectives of agricultural farm inputs subsidy, it is critical to ensure that the inputs available to beneficiaries meet certain minimum quality standards. The County government shall ensure compliance to quality standards.

**e) Maximum prices and monitoring**

As mentioned prior to launching the agricultural farm inputs subsidy, it is essential to conduct a market analysis, which would reveal the current prices for the agricultural inputs that will be made available against the subsidy voucher and prevent suppliers from using the issued voucher to raise their prices.

**f) Designing the cellphone based payments to minimize the risk of counterfeiting**

**i. Value of the mobile wallet**

The value of the voucher will be pegged on quantities of milk and mangoes delivered to respective cooperatives by individual farmers. A Kilogram of milk and a Kilogram of mangoes will be subsidized at Ksh 5.

**ii. Delivery mechanism**

The agricultural farm inputs mobile wallet farm input subsidy will be adopted and shall target qualifying farmers in crops and livestock sub sectors.

Specifically, it is proposed that in crops it should target farm inputs on select cash crops that are strategic to the County economy and to be piloted in the Mangoes value chain in line with the current Governments development objectives.

Under livestock it is proposed to target dairy with specifics to guaranteed minimum returns(GMR) in milk as a priority to enable dairy farmers access quality inputs for increased productivity

The veterinary artificial insemination (AI) service is critical to breed improvement and therefore milk yields increase in addition to cow feeding. There has been an ongoing subsidy on semen seed. A management information system (MIS) data platform is proposed to support the impact process on the subsidy with an increase in breed quality so far achieved. An IT based data capture is essential to qualify its role in dairy production improvement.

It is proposed that electronic transfer be used based on mobile platform application to allow the cooperative-registered mango and milk farmers receive their cash payout upon delivery and sale of their milk and mangoes.

**g. Institutional framework**

The Agricultural Farm Inputs Subsidy Programme shall be implemented under the guidance of the CECM department of agriculture, livestock and fisheries. The day to day running of the programme shall however be under a fund manager.



i. **Agricultural farm inputs Fund creation**

There shall be a fund created through a legal framework regulation under the public finance management Act 2012 to be operational within Murang'a County for purposes of facilitating farmer beneficiaries in the Agricultural Farm Inputs Subsidy Programme for dairy and mangoes value chains

ii. **Programme sustainability**

All cooperatives shall be required to develop a sustainability mechanism in both dairy and mango subsidy programmes

**5. LEGAL REVIEW, POLICY AND STRATEGIES**

(i) **Legal and policy review**

(a) **The Constitution of Kenya 2010**

The Constitution stipulates the distribution of functions between the national and the county governments whereby among the functions and powers of the county is; agriculture, including - crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control; and fisheries. In section 43 (c) under the bill of rights, the Constitution stipulates that "every person has the right to be free from hunger and to have adequate food of acceptable quality".

(b) **Food security and nutrition policy, 2017-2022**

It is the policy of the Government of Kenya that all Kenyans, throughout their life cycle enjoy at all times safe food in sufficient quantity and quality to satisfy their nutritional needs for optimal health. The broad objectives of the Food Security and Nutrition Policy are To achieve good nutrition for optimal health of all Kenyans, To increase the quantity and quality of food available, accessible and affordable to all Kenyans at all times, To protect vulnerable populations using innovative and cost effective safety nets and emergency relief programs linked to long term development and To develop implementation arrangements that would achieve the objectives of the policy.

(c) **Agriculture Sector Transformation and Growth Strategy 2019-2029**

The ASTGS approach is centered on three anchor strategy's and a set of enablers- small scale commercial production, large-scale ~~commercial~~ production and value-add, and household food resilience

*Anchor 1: Increase small-scale farmer incomes*

The two flagships in this anchor aim to support small-scale farmers, pastoralists and fisher folk to transition from highly diversified subsistence production to more specialized and market-oriented output in higher-yield value chains. Of the ~13 priority value chains identified in Chapter 1, flagships in this anchor focus on those that best support rural development and poverty reduction including potatoes, horticulture, dairy, beef, poultry, fish and maize for food

security. Counties should select similar value chains that are most suited for their agro-ecologies, and not feel

## **(ii) POLICIES AND STRATEGIES**

### **I. Objective One**

To provide for capacity building of the agricultural farm inputs subsidy beneficiaries and process implementers to improve on the delivery.

#### **(a) Murang'a County Government policy commitment**

The County executive committee shall ensure timely processing of approvals for projects requisitions and all partnerships in support of the Agricultural Farm Inputs Subsidy Programme aimed at capacity development of all actors identifies within the policy;

#### **(b) Strategy adopted**

- i. Recruit and facilitate training of all service providers engaged including extension workers and farm inputs traders;
- ii. Recruit and facilitate training of all beneficiaries engaged in the agricultural farm inputs subsidy program;
- iii. Recruit and facilitate a participatory development of a platform for delivery of Agricultural Farm Inputs Subsidy Programme that shall be electronically administered via an information management IT system.

### **II. Objective Two**

To facilitate transfer of farm inputs subsidy to farmers/ producers of raw materials from service providers' in Murang'a County from physical procurement and delivery of inputs to an electronic mode in form of electronic voucher system an e cash mobile platform.

#### **(a) Murang'a County Government policy commitment**

The County Government shall ensure keen implementation of the methodology outlined in the policy to the letter in line with tested national and global standards of agricultural farm inputs e-subsidy farm inputs programme while continuously adopting best practices in the industry;

#### **(b) Strategy adopted**

- i. Take time to study best practices in industry through bench marking among peers;
- ii. Conduct a needs and market assessment of the subsectors chosen for support;
- iii. Ensure a fair and equitable beneficiary selection process
- iv. Clearly map out the potential suppliers with a potential to serve the programme smoothly
- v. Regularly conduct farm inputs quality control within the programme to ensure value for money;
- vi. Set a committee to determine maximum pricing and review when need arises including voucher validity;
- vii. Conduct regular monitoring of the programme and advice the county executive;
- viii. Procure services of an expert in development of the best IT based MIS and a complementary mobile based application for the work according to policy specifications;

- ix. Design a delivery mechanism that serves the programme adequately
- x. The County shall ensure an incremental membership for the cooperatives under this program
- xi. The cooperatives will be encouraged to employ qualified personnel for cooperative management

### **III. Objective Three**

To ring-fence the farmer subsidies to only the targeted farm inputs and services through an integrated IT system.

#### **(a) Murang'a County Government policy commitment**

The county executive committee shall ensure timely processing of approvals for projects requisitions and all partnerships in support of the agricultural farm inputs subsidy program

#### **(b) Strategies adopted**

- i. That County government shall facilitate the approval process of this policy framework and assist in development of a legal instrument on the Agricultural Farm Inputs Subsidy Programme that intends to create a farm input fund under the public Finance Management Act of 2012;
- ii. Subsequently appoint a fund manager to run the programme in line with the regulations once enacted by Murang'a County assembly;
- iii. Allocate and ensure the voting of the funds by the county assembly of adequate resources within the annual development framework to support the running of the programme within the department of Agriculture, Livestock, veterinary ad Fisheries,
- iv. The County government shall ensure that there is good corporate governance in the respective cooperative societies under the subsidy program;
- v. The county will design and implement strong controls systems and risk mitigation measures.

## **6. INSTITUTIONAL ARRANGEMENTS**

### **(i) Policies coordination**

A committee shall be established under the CECM Agriculture, Livestock, Veterinary and Fisheries, to implement, monitor and evaluate the program. This committee shall be coordinated under the County Agricultural Sector Steering Committee (CASSCOM) to ensure participation of a broader array of actors.

### **(ii) Monitoring and evaluation**

A monitoring an evaluation framework shall be generated to allow for regular monitoring by committee under CASSCOM and an evaluation within every season of implementation.

### **(iii) Resource mobilization and financial implication**

The agricultural farm inputs subsidy fund shall be a fund established as a money bill within the finance management Act 2012 through regulations. To ensure the programme gains traction, the County Government of Murang'a shall set funds aside to fund the programme while mainstreaming it in the annual planning and budget cycle. The county shall endeavor



to attract equal partners within Murang'a and beyond that are or may be interested in similar social programs targeting the vulnerable in an effort to expand the initiative beyond the two value chains.

**(iv) Communication**

The committee appointed to monitor the programme shall generate a seasonal report and preferably at the end of each cycle but not later than once each year or half year to be submitted to the office of the Governor and to Murang'a County Assembly

**(v) Policy review**

This policy shall be due for review within two consecutive years but not later than one five-year period within the period of implementation.

**ANNEXES**

**ii. Implication on the agricultural farm inputs subsidy policy**

A budget implication on the following activities

- a) Benchmarking with NAAIP in Nairobi and one implementing case in a pilot County

- b) Drafting of a County legislative paper including public participation process as required in law as a roadmap of the County Government commitment
- c) Drafting of a legal instrument to facilitate the operation of the Agricultural Farm Inputs Subsidy Programme within the County and allowing for a legal expenditure process
- d) Recruitment of farmers and prequalification of appointed stockist.
- e) Training of beneficiaries and process implementers by staff through lead Consultants
- f) Cost of actual system implementation that inclusive of development of a mobile application platform on which data shall be fed and a budget for the subsidy
- g) A budget for monitoring and evaluation

### iii. Provisional budgetary Scenarios

#### i. Dairy Milk Value chain

The County produces an average of 600,000 Litres of milk per day, most of which is contracted by processors. Production is universally distributed throughout the county.

**The target will be milk coming through the dairy cooperative societies and contracted by milk processors to guarantee regular deliveries.**

Dairy Milk at Ksh5/- per litre of Milk delivered by farmers who are in the dairy cooperatives to buy animal inputs such as dairy meal.

100,000 litres of milk daily Input Subsidy;

$$100,000 \times 365 \times 5 = 182,500,000/-$$

#### ii. Mango Value Chain.

**To Target 10,000 farmers from lower Murang'a producing 500kg per farmer per annum**

Mangoes at Ksh5/- per Kg delivered to the agro processing contracted company

$$10,000 \text{ farmers} \times 500\text{kg} \times \text{Ksh. } 5 = 25,000,000/-$$

#### iv. Training and consultancy

Field operation and Transport costs for County staff **Ksh 8,000,000/-**

Expert fees **Ksh 7,000,000 per annum**

#### v. Youth Engagement in Monitoring using Technology **Ksh 35,000,000/-**

#### Annual Cost Summary

Value Chain	Target Farmers	Quantities/yr (Kg)	Cost/yr
Mango	10,000	5,000,000	25,000,000
Dairy	20,000	36,500,000	182,500,000
Field operations			8,000,000

Reg Expert Fees			7,000,000
Youth Technology			35,000,000
<b>Total</b>			<b>257,500,000</b>

Annual returns shall be diverse and hence fully justifiable as long as there is availability of resources to finance the programs.

The implementation can be phased based on the available resources.

