

Intervention:	Promotion of Private Sector Development in Agriculture - PSDA
Country:	Kenya
Date:	2003 - 2015
Challenge:	Key challenges for Private Sector Development in Kenyan agriculture: (1) under-utilisation of production and market potential due to policy and market failures and (2) environmental degradation.
Objectives:	Small and medium-scale enterprises in selected value chains in agriculture increasingly use their market chances under an optimal farm economic and environmentally friendly production method as well as improved framework conditions.
Approach of the Intervention:	<p>The programme applies an adapted value chain development approach. This means it links its interventions to the agricultural value chain as a whole and gears support to market demands. Emphasis is on value addition at the levels of small scale farmers and local processors. It differs from classical value chain development, since it marries regional aspects with the sub-sector concentration on single value chains.</p> <p>A frame concept to guide the interventions in every value chain was developed. The same guidelines shall be flexibly applied to all value chains, also for the ease of reporting and monitoring.</p> <p>Every value chain supported by PSDA will be analysed in detail, along the following steps: 1. Stakeholder analysis to identify more precisely the existing players in the chains, including geographical mapping; 2. Market Studies (where necessary) to quantify the market potential and identify marketing channels (i.e. local demand, the regional market, export possibilities); 3. Participatory Chain Mapping to identify the different transformation steps in the chain, the involved actors and the strengths, weaknesses, threats and opportunities of the chain and 4. Support Strategy for the chain to develop solutions for the problematic areas, including agreements on the role of private and public stakeholders, as well as the PSDA programme in the implementation.</p> <p>The support strategies contain a number of activities at different intervention levels. At macro level the (re-) formulation of legal notes to reform the policy framework is supported. Training of farmers and farmer groups in "Farming as a Business" and "Organisational Development" ensures that lacking capacity is build at the micro and meso level. At the same time PSDA promotes the dissemination of environmental friendly technologies in agribusiness and fosters the improvement of market places.</p> <p>In a nutshell, the private sector actors are empowered to actively and efficiently participate in markets whereby the public sector is supported to create the necessary enabling environment for the selected value chains.</p>
Benefits and Impacts:	Impact has been measured so far mostly on the "user" and "use" levels. Main direct impact has been on the degree of self-organisation and representation of farmers (organised groups, registered associations, KENFAP), a better chain governance (organisation, match-making), improvement in productivity (technical innovations, access to inputs, processing, biogas), creation of additional value (processing, biogas) and better framework conditions (policies and regulations). In the potato chain and the related association (KPGMA), for example, PSDA interventions have led to the result, that from the

	<p>roughly 500.000 potato farmers, about 30% have been reached indirectly and 1500 directly (30 groups); they could improve their income through technical advice and new standard potato bags by 20 – 50%. Another example from the slaughterhouse association KINAKASHA shows that some participating slaughterhouses could increase their turn over by more than 200% because of better slaughter hygiene.</p>
<p>Lessons learned:</p>	<p>The comprehensive concept of PSDA, its implementation experience and its set-up are responsible for efficient implementation. PSDA's value chain approach is characterised by various tailor-made products such as manuals on business training and market linkages. The value of those concepts has been validated many times through implementing them on processor and farm level. Activities touch all levels and, thus, experiences and insights from different perspectives are continuously fed back into the project cycle.</p> <p>PSDA's performance provided it with a role well beyond the limited budget status towards the implementing Ministries. Furthermore, past experiences leave PSDA well equipped to chair the agricultural donor group and represent the interest of the various donors towards the government.</p> <p>The project found, that the programme steering committee needs to be staffed as well by the implementer level to be functional. That is why the programme team consists of seconded experts from three partner ministries and of national and international GTZ experts, while the programme is managed by two programme managers: one from the Kenyan partner ministry, one from GTZ. Furthermore, teambuilding exercises are necessary at all levels (programme proper, implementing districts and partners) to create cohesiveness and ownership.</p> <p>Implementation experience and a clear development concept, together with integration can give direction to policy development.</p> <p>Even though formation of producer associations has been one focus in PSDA'S, this exercise should be addressed more carefully. Hastily put up groups at district and/or national level have the tendency to develop a spoon feeding mentality and might not really represent the bulk of producers. From the beginning, umbrella organizations need to be fully integrated in the process. An exit strategy for support to associations should be available right from the word "go".</p> <p>Another lesson learned was that questions of group cohesiveness need to be taken into consideration from the beginning. Developing business or technical skills is not enough to link producer groups to the market – it also requires organizational development measures.</p>
<p>Wider application:</p>	<p>The approach could easily be up-scaled – and it happens already in Kenya. Both the government and other donors have adopted the value chain concept and are in the process of implementing it in ongoing projects and programmes. The biggest limiting factor is that it requires still quite a lot of capacity building: both for public and private service providers regarding role change (from provider to facilitator) and skills in business and organizational development. The substantial need for capacity development poses a challenge for time and financial resources of PSDA.</p>

Implementing agency & partners	German Technical Cooperation (GTZ) Government of Kenya: Ministry of Agriculture, Ministry of Livestock and Fisheries Development, Ministry of Cooperatives Development and Marketing Kenya National Federation of Agricultural Producers (KENFAP)
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