Policies and interventions to support SDG-oriented investments in the indigenous vegetables sector in Kenya
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Abbreviations and acronyms

AgrInvest-FS  AgrInvest- Food Systems
AIV           African indigenous vegetable
CBO           Community based organisation
DALF          Department of Agriculture, Livestock and Fisheries
DHS           Department of Health Services
ECDPM         European Centre for Development Policy Management
FAO           Food and Agriculture Organization of the United Nations
FMO           Dutch Entrepreneurial Development Bank
FS            Food systems
KALRO         Kenya Agricultural and Livestock Research Organisation
KCV           Kenya Climate Ventures
KEBS          Kenyan Bureau of Standards
MOALF         Ministry of Agriculture, Livestock and Fisheries
MOU           Memorandum of understanding
MSP           Multistakeholder platform
PDB           Public Development Bank
PGS           Participatory Guarantee System
PP            Public procurement
SACCO         Savings and Credit Co-operative Society
SDG           Sustainable Development Goal
UNIDO         United Nations Industrial Development Organisation
VAT           Value Added Tax
VC            Value Chain
1. Introduction

The Food and Agriculture Organization of the United Nations (FAO), in partnership with the European Centre for Development Policy Management (ECDPM), is implementing the project “AgrInvest-food systems” (AgrInvest-FS), aimed at fostering SDG-aligned investments in food systems in four African countries. The first outputs of this project led to the suggestion, for Kenya, to concentrate on supporting the development of two specific value chains, with a focus on the territories between Nairobi and Lake Victoria. Based on the related analyses of Kenya’s food system (Rampa and Dekeyser, 2020) and of how to address the bottlenecks in the African indigenous vegetable1 (AIV) sector (Rampa and Obiero, 2021), this paper recommends a package of policy improvements and interventions that aim to support investments in AIV, with the goal of contributing to the achievement of the Sustainable Development Goals (SDGs). By adopting a “sustainable food systems approach” (Dekeyser et al., 2020), this paper provides a big picture view, and the recommended package can better inform policies and facilitate more effective investment collaborations among stakeholders. More investments depend on improved policies for the AIV sector. To date, there are several Kenyan national and county-level policy initiatives to support the AIV sector. Nationally, for instance, the seed law is under review and current proposals point to a more lenient approach to informal AIV seeds. In several counties, the county government provides stakeholder facilitation and direct support to the sector.

1.1 A theory of change for the proposed policies and interventions

The proposed package aims to remove the main bottlenecks in the AIV value chain (VC) and enable a conducive environment to stimulate concretely SDG-oriented investments. The theory of change is that by intervening in parallel in different parts of the VC, the increasing demand for AIVs can be reliably met for the benefit of consumers, distributors and producers, supporting simultaneously several SDG goals. The starting point for the recommended policies and interventions is therefore the centrality of better market stability for AIVs and improved consumer trust in terms of the safety and origin of the vegetables. Exploiting better market access requires in turn enhanced AIV aggregation, processing and seed systems for more consistent supply and to solve perishability and seasonality bottlenecks. Finally, key improvements cutting across the whole VC relate to the mechanisms for better access to finance and stronger multistakeholder coordination. The following sections describe such policies and interventions, in this order, presenting for each of them the specific steps to follow, their feasibility, and how SDG synergies would be supported and likely trade-offs countered.

The ensuing overall VC development in the specific territories of interest can be visualized as the creation of an “AIV Corridor” from Lake Victoria to Nairobi (see Figure 1), where stronger aggregation, processing, and seed policies and interventions, together with better finance and coordination mechanisms, would serve the increasingly stable markets (Rampa and Obiero, 2021); firstly in the counties of Nakuru (through public procurement for hospitals and schools) and of Nyamira (through processing off-takers) with the facilitation of their respective local governments; and subsequently also in Nairobi (with much larger opportunities for the whole value chain, from distribution networks, to processors to exports).2

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1This report focuses on Amaranthus (Terere in Kiswahili), Cowpea (Kunde), Nightshade (Managu), and Spiderplant (Saget), given their importance in Kenya, taking a food system approach i.e. for economic, social and environmental sustainability, and their wide diffusion in terms of production and consumption levels (Rampa and Dekeyser, 2020).

2For more details, see “Table 4. Four potential cases for investment in the AIV VC” in Rampa and Obiero (2021).
This overall theory of change and the specific policy and intervention proposals presented below emerge from two years of interactions with all the relevant stakeholders in Kenya and were specifically discussed and validated during two workshops in Nakuru and Nyamira as well as by extensive consultations with both the public and the private sectors in Nairobi, in February 2022.

1.2 Maximizing SDG synergies and minimizing trade-offs

The recommended package of policy improvements and interventions envisions the coordinated launch of an AIV National Policy and County-specific AIV Policies. These would include the strengthening or launch of AIV multistakeholder platforms for better inclusion and coordination along the VC that would oversee pre-commercial memorandums of understanding among all stakeholders (indicating “who does what”) that can in turn lead to the commercial agreements needed to facilitate SDG investments in the AIV value chain (including via financial mechanisms that can better serve the AIV sector).

With each policy improvement and intervention aimed at one or more of the SDGs, this dialogue-based approach, targeting the concrete creation of business opportunities around AIVs and based on the specificities of involved counties, seems the only way to maximize developmental synergies and minimize the possible trade-offs. Doing this will depend on the behaviour of food system stakeholders and the influence that each group has on economic, social and environmental outcomes, as well as on the incentives that stakeholders face (including for those that stand to lose from the interventions). Hence the recommended pathways are selected and designed to be as realistic as possible and are based on local stakeholders’ preferences and an understanding fostered by AgrInvest over the course of two years - of: the governance dynamics in the AIV value chain and the food system as a whole; existing partnerships among local drivers of change; and promising ongoing policy and investment processes. Accordingly, our recommended approach includes the condition that a higher social and environmental sustainability of the related investments (i.e. the specific intermediary outcome of the project) should be incentivized and monitored as part of the implementation of the pathways, both on the public side (e.g. through the selection of public procurement suppliers; quality control at aggregation centres; and the gradual enforcement of standards) and on the private side (e.g. investors can influence sustainability in the VC via their selection criteria and auditing requirements).
2. Public procurement, quality certification and communication strategy

A new AIV National Policy and the related County-specific AIV Policies should improve market stability for AIVs and consumer trust, in terms of the safety and origin of the vegetables, through the launch of AIV public procurement (PP) schemes at county level, the gradual adaptation and enforcement of national horticultural standards and awareness campaigns about AIVs.

2.1 Public procurement for market stability and better nutritional outcomes

PP schemes to purchase AIVs for meals in schools and hospitals could be very important to support the AIV value chain, since they have the potential to provide a guaranteed market and can help gradually to formalize and stabilize the demand and supply of the vegetables, with several development benefits such as improved nutrition (Rampa and Obiero, 2021). This intervention does not require reforming an existing strategy or launching a new one, rather promoting the public procurement of AIVs as part of the AIV National and County-specific Policies, using the available regulations effectively and implementing a carefully sequenced series of steps that consider the interests of all the actors involved, thus maximizing SDG synergies and minimizing trade-offs. The recommended process described below to make this happen is based on the case under development in Nakuru County thanks to the leadership of the current administration, but it should be adopted in other counties as well.

First, a decision by the Procurement Department of interested hospitals to serve AIVs to patients should lead to a formal letter from the Hospital Nutritionist to the Procurement Department of the County Department of Health Services (DHS). This should indicate specific information about the hospital demand: which vegetables, in what amounts and under what form (i.e. entirely raw or pre-processed, washed and plucked, or possibly even dried).

Based on such a letter, the Procurement Department of the DHS can then launch an open county tender, leading to a 2-3 year Framework Contract for a list of identified AIV suppliers to hospitals. This procedure, that can be followed also in the case of food procurement for schools, is allowed under the national procurement legislation, which allows 20 percent of the volumes of produce requested under a tender to target local contractors and suppliers; and it includes simplified procedures, so as to ensure that smallholders can comply and avoid benefiting only established commercial operators from outside the county. In urban areas, where suppliers’ facilities need to undergo safety inspections, the AIV suppliers would probably be mostly aggregators registered for other vegetables already approved under the PP system; while in rural areas, suppliers could easily be AIV Farmers Organizations (FOs) themselves. Under a Framework Contract, suppliers could provide the necessary vegetables in rotation (there is no limitation in principle to the number of suppliers).

This approach should also help improve the implementation of the existing PP procedures to better match the smallholders’ needs and to include many farmers and women especially, with positive impacts on incomes and livelihoods. The Tender and Framework Contract should thus plan accordingly, from a sufficient publicity of procurement notices also in the rural areas, to a better alignment of the procurement cycle with the AIV harvesting seasons, to reasonable payment schedules for suppliers. In particular, contracts should set a fair price for AIVs.\footnote{This way the framework contract ring-fences the local supplies by stating that whoever is contracted to supply the AIVs must source from within the County and only look for external sources if local sources are not sufficient.}

\footnote{Without underestimating that AIV price would be compared to cabbage and kale that are usually chosen for their low price (but this is linked to their scale of production and easier aggregation and transport; if AIV VC improves aggregation and transport, then costs are in principle lower than these competitors due to less chemical inputs needed).}
calculated on the basis of average production costs to smallholders and seasonal market price fluctuations (in such a way that prices may be respected year-round by all parties regardless of fluctuations), with flexibility for adjusting the pre-arranged price when market fluctuations make the differential so big that it incentivizes side-selling outside of the PP contract (this is possible since the Procurement Department conducts quarterly market surveys for procured goods to set the price and, if needed, update them.

Different elements of the County Government, under the leadership of the County Executive Committee Members for Agriculture, Health and Education, supported by the local AIV multistakeholder platform (more details in section 5), should contribute to and facilitate the procurement process:

1) Department of Agriculture, Livestock and Fisheries (DALF) with the Department of Finance and Economic Planning (DFEP) and DHS: formalization of AIV producers and their organizations, with registration as suppliers\(^1\) and Capacity Building to improve smallholders’ compliance with PP rules. The DALF can also assist with: AIV seeds (distribution of seeds can also provide an opportune moment to register FOs as potential suppliers of PP); post-harvest handling skills, before and at aggregation (this may require financing by banks and donors if infrastructure and processing facilities were needed).

2) DALF (and sub-county offices): coordination and guidance for the AIV aggregators that are part of the PP scheme about which FOs they can source supplies from and how to organize points of collection (shaded, with crates, and possibly washing facilities) for AIVs. Consultations indicated that collectively, the FOs in Nakuru could ensure AIV supply all year round if there was certainty about markets and contracts: DALF has knowledge about which FOs can supply and how much, including those with or without irrigation.

3) The DHS: coordination with the different hospitals involved in the scheme, to avoid over-demand and to continue checking AIV quality via the internal Safety Committee of the Procurement Department (KS-1758 compliance is not required for PP).

4) Department of Education, ICT and e-Government Services (DEIGS): sensitization campaigns to create awareness about AIV benefits and overcome consumer trust issues (e.g. cultural inertia against some AIV products), including towards the Agriculture Committee voting on the county budget and the inspection committees of individual schools and hospitals; parents, patients, and school and hospital staff (e.g. via AIV recipe books), aiming at a gradual introduction of AIVs into school meals, starting with once a week (given students’ current scepticism). This would be in line with the “National school meals and nutrition strategy” of Kenya, which sees nutrition education as a core component of school meals [Republic of Kenya, 2017].

This approach can also be important to stimulate banks’ co-financing of the AIV value chain: up to a certain amount, a contract (including as part of PP provision) can replace collateral, which is one of the major obstacles for smallholders to access finance. Banks can also contribute to this public procurement scheme via capacity building of FOs and their financial literacy initiatives (e.g. Equity Bank), and contribute to effective arrangements within the PP Framework Contract as they normally check the margins for farmers to make sure production costs are sustainable and also the contractual timeframes as the release of payments to farmers is central for loan repayment.

\(^1\)Registration as suppliers for PP requires: Personal (tax) Identification Number; a bank account; one contact person per FO.
2.2 Certification of safety, origin and sustainability for improved consumer trust

The certification of origin, safety, and development benefits of the AIVs through standard enforcement or labelling schemes is very important to support this VC, in particular to enhance the confidence of consumers in this sector (Rampa and Obiero, 2021). Moreover, recent research finds that voluntary sustainability standards can reduce financial risks for investors; and specifically for Kenya, it confirmed that consumers find quality and safety more important than price. A new AIV National Policy and the related County-specific AIV Policies should therefore envisage for this sector the gradual adoption of the Kenyan Bureau of Standards (KEBS) Standard on Horticultural Products, particularly Part Two – Fruits and Vegetables (KS-1758-2:2016), adapting it at the county level, and enforcing it over time, integrating the 1758 rules with certification and labelling schemes that are more suitable to the capacity of informal players such as most AIV producers. Currently, a new government body to coordinate public food safety is being proposed (Kenya News Agency, 2022).

Under this policy, a “differentiated-gear approach” would be applied to the adoption and enforcement of KS-1758 to the AIV value chain. Compulsory compliance would initially only be for commercial AIV value chain players who can afford it, i.e. medium to large-scale operators involved in the production, processing, transportation and marketing of the vegetables. For those producing AIVs on a small scale and selling them in local informal markets (the majority), there would be a temporary waiver in the use of KS-1758, granted through the National AIV Policy. The origin, safety, and sustainability benefits of their AIVs would instead initially be certified by means of “participatory guarantee schemes” (PGS) and labelling systems, and only gradually enforcing compliance with KS-1758.

These certification processes for AIVs should follow a public-private collaboration approach and funding model, where public authorities (MOALF and KEBS in the lead) ensure the achievement of minimum food safety standards and origin and traceability to protect consumers, while the remaining arrangements (marketing dimensions, how to define and certify the AIV sustainability benefits, etc.) should be led directly by the private sector (including consumer and vendor organizations and the Retail Trade Association of Kenya). A differentiated-gear approach means that the specifications of the AIV certification would take different formats and features for different market segments (and for fresh and processed AIVs), e.g. for PP it would largely follow the public safety standards, for supermarkets it would also integrate the stricter private quality standards these commercial entities use, and for very large distribution and consumption hotspots like the national capital, a certification process promoted by the County administration could help regulate the wholesale markets, in line with the Nairobi County food systems Strategy under discussion that envisages a quota system for safer, certified, fresh produce entering the capital.

A certification system for AIVs should also draw on existing private schemes aimed at promoting sustainable food production and consumption, considering the possibility of integrating existing labelling schemes for various food products in Kenya (fair trade, organic standards, etc.) firstly with safety and origin and traceability in line with procedures set by KEBS, MoALF, etc. and,

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1https://www.iisd.org/ssi/reviews/standards-investment-sustainable-agriculture/
3KS-1758 is a national government standard developed under the leadership of the private sector, currently at a very early stage of implementation, covering issues of food safety and traceability, environmental sustainability, and social welfare. The standard provides rules for safe and sustainable production and supply of fruits and vegetables in Kenya, but it is mostly applied to exports and by medium and large commercial operators, while it remains unknown to many producers, distributors and consumers in the domestic market.
4PGS certification is more affordable for small producers compared with third-party certification schemes. Adherence is voluntary, and the choice of standards adequate to the reality of informal vegetable markets, certifying producers based on peer-reviewing and on the active participation of local stakeholders, also building trust, social networks and knowledge exchange.
secondly, with the (additional) economic, social and environmental sustainability benefits of AIVs. Making use of existing schemes can reduce the costs of setting up a totally new system for AIVs, hence possibly contributing to lowering the final market price of the certified AIVs.

2.3 A communication strategy about the development benefits of AIVs
A new AIV National Policy and the related County-specific AIV Policies should also launch communication campaigns on national and local media (TV, radio and social media), creating awareness about AIV i) safety, ii) origin and traceability, and iii) sustainability benefits such as nutritional value, smallholder (women) economic empowerment, low environmental impacts and climate resilience. Communication campaigns, financed jointly by public and private actors, should also create awareness about cooking, recipes and the other gastronomic dimensions of AIVs, taking into account current consumers’ tastes and the widespread inertia as regards dried and packaged AIVs. Lessons should be drawn from the recent successful case of public campaigns about managu, involving MoALF, KALRO, and various media companies, as well as ongoing media initiatives like “Shamba Shape Up”, a successful knowledge-based agricultural entertainment TV-show. Specialized information programmes should target in particular Kenya’s most vulnerable communities, which are most at risk for undernutrition and often lack access to information channels. A leading role should be assigned in these coalitions to consumer organizations like the Kenyan Organic Consumer Alliance, given this is a package of activities to improve the AIV value chain by considering not only the market angle, but also the kitchen one (i.e. behavioural change on the plate).

Expected benefits and SDG synergies
- Certification schemes for origin, safety, and development benefits would increase consumers’ trust, and address food safety concerns and cultural inertia against certain AIVs and production regions. Increased trust and consumer awareness of AIV benefits would boost demand and thus support better access of AIVs to markets and improve farmers’ incomes (especially for women).
- This can create a price premium for the AIVs (given their certified safety, origin, and sustainability benefits), thus providing an incentive for more production of AIVs and their supply to the market, as well as higher farmers’ incomes (especially for women).
- By strengthening both supply and demand of AIVs with those sustainability features, labelling would increase the share of AIV produced, processed, distributed and consumed within the overall food system (and likely decrease the share of other less sustainable products), thus promoting healthier diets (more diversified diets and more nutrients intake) and agricultural practices that are more sustainable (reduced consumption of natural resources and farming inputs, hence protection of agro-biodiversity) and resilient (production diversification improves farmers’ ability to cope with climate change, that brings more droughts and pests, for example).
- Establishing quotas in PP, such as meals for schools and hospitals, for the purchase and provision of AIVs can provide not only guaranteed market access for farmers but also incentives for distributors, thus enhancing the profitability of the VC and increasing AIV consumption.

Handling possible trade-offs
- AIV local procurement quotas and compliance training for AIV smallholders would avoid unintended outcomes (i.e. it would benefit only the already established commercial producers). While strict enforcement of standards for AIV quality and safety and a fully open tender at the national level could further marginalize smallholders and informal traders
[typically unable to comply with standards], hence affecting their incomes and potentially increasing poverty, instead of improving market access and people’s diets.

- The premium associated with the certified safety, origin, and sustainability benefits of AIVs, as well as the certification compliance costs, can lead to higher consumer prices for AIVs, with a possible negative impact on their affordability for the poor (especially in urban areas) and on the aggregate levels of AIV demand. The differentiated-gear approach, and the integration of existing schemes rather than launching new ones, can mitigate this negative price effect.

- Gradual adoption of KS-1758 can prevent the likely increase of the initial rejection rate by retailers or processors of AIVs supplied by smallholders (with negative consequences on farmers’ income, especially for women) as a result of the stricter safety standards.

- Certification and other interventions on the demand side of the AIV value chain should be coupled with actions to overcome the existing supply side constraints for AIVs, to avoid only more costly demand side activities (e.g. certification at community level; communication campaigns about AIVs), and therefore high opportunity costs.

- All this should be designed and controlled jointly by public and private actors, since exclusively public-led measures and investments could risk discouraging private initiative and investment along the VC and distorting market prices, with possible negative consequences on the demand, supply and profitability of AIVs.
3. Enhanced AIV aggregation and processing for more consistent supply

A new AIV National Policy and the related County-specific AIV Policies should enhance the consistency of AIV supply and solve the perishability and seasonality bottlenecks of this VC through the launch of AIV aggregation centres at county level and by creating an enabling environment for more processing of AIVs.

3.1 Aggregation Centres to better structure the VC

*Developing and effectively managing AIV aggregation centres* is a key practical step to better structure the sector, by linking demand and supply more closely, which is also central to attracting investors to the VC, with several development benefits such as avoiding food waste (Rampa and Obiero, 2021). This can be a low-hanging fruit as part of the AIV National and County-specific Policies that can immediately be pursued, building on existing public and private initiatives in several counties, such as programmes run by local administrations to build and improve wet-market facilities along feeder roads in different wards, and on investments by FOs acting as cooperatives to collect their members’ produce more efficiently. This could also stimulate the willingness of lending institutions to provide loans for those AIV farmers who are associated with cooperative societies. The recommended process described here is based on the case under development in Nyamira County, thanks to the leadership of local organizations and the current administration, but it should provide guidance to others, also making an important contribution to other AIV initiatives such as PP in Nakuru County.

First, interested stakeholders in a particular county such as FOs, community based organisations (CBOs), transporters, aggregators and county authorities should agree (with a legal arrangement) on the parameters, and business model, of the **public-private partnership that will manage the AIV aggregation centres** at two interconnected levels. At ward level, the centres will be run by local aggregators and traders and CBOs; while at county level, the larger centre(s) will collect the vegetables from different wards and market them through differentiated distribution sections serving different types of buyers (e.g. a section for retailers, one for wholesalers, one for processors, etc.), under the coordination of the DALF and through the enforcement of the recognized legal arrangement. This should include identification of the land where the centre will be built or of the existing storage facilities that should host it (according to our consultations there is plenty of available land and existing facilities, often idle, owned by local authorities, FOs, and CBOs, including that were used in the past for other crops).

The aggregation centres could then be constructed or improved through public-private funding, and equipped with **cold storage facilities** to prolong the freshness of the produce. As seen in Figure 2, the centres will be used to coordinate extension services, including provision of inputs, timely payments, marketing in collaboration with willing networks of aggregators and small traders of AIVs, control and certification of quality and safety and origin and other development benefits (in line with the compliance processes described in the previous sub-section). As enhanced aggregation improves also on post-harvest losses and transport constraints in this VC due to the high perishability of AIVs, the public-private partnership managers should also use the resulting enhanced consistency of supply to attract larger nationwide distributors and off-takers, and ask them to also co-invest in the centres, including to help broker loans from local banks for smaller aggregators to pay AIV farmers for produce on the spot (this is the model

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10For example, MACE Foods is continuously expanding its sourcing of AIVs from smallholders in Western Kenya and expressed interest in becoming a major off-taker of AIVs available at future aggregation centres including in Nyamira.
recently adopted by successful fresh produce distributors like Twiga Foods, as they found that fast payment to farmers is the best incentive for consistent supply).

The pre-commercial memorandum of understanding (MoU) facilitated by the local AIV multistakeholder platforms (more details in Section 5) is particularly important for the aggregation centres, as it should describe the following features: local banks to offer financial literacy package to FOs upon opening an account; agreement of off-takers to pay into such account; registration of non-Nyamira traders; acceptance by local banks of listed guarantors for farmers; support from the county for the registration of farmers and technical assistance for cooperatives and extension officers; the National Agriculture and Rural Inclusive Growth Project (NARIGP) to fund logistical improvements; the FOs commit to volumes and quality of AIVs; and the procedures if the contract is breached.

**Figure 2:** A business model for an aggregation centre public-private partnership

### 3.2 Processing AIVs for more jobs and value addition

**Increasing AIV processing** is very important for the growth of this VC, and can contribute more broadly to the increased sustainability of the food system through several development benefits such as longer availability of nutritious foods throughout the year and more jobs (Rampa and Obiero, 2021). AIVs face many constraints e.g. losses during transport due to high perishability. These constraints, coupled with strong seasonality (AIVs are mostly only available twice a year during rainy seasons) add to their erratic availability on the markets. Processing can address these issues as processed vegetables can be transported and stored much more easily and become available for consumption for much longer periods than fresh (e.g. packaged and dried AIVs last for more than a year). Drying, grinding, and fermenting AIVs, and blending processed AIVs into new and existing products, such as biscuits or maize meal, can lead to increased availability, quality, safety, cooking convenience, and value addition for AIVs.

A new AIV National Policy and the related County-specific AIV Policies should therefore **support an increase in AIV processing and promote new AIV products**: fermentation of leaves, oil from grain AIVs, and product development such as maize flour blending, breads and chapatis, pasta, etc. This is a medium-term perspective due to the need to first create the right enabling environment.
(to face related costs such as infrastructural development, technology and registration costs) as well as address a negative perception for processed AIVs on the part of consumers who generally prefer them fresh. The advantages in terms of lower perishability, and the demand, jobs and profit potential of processing AIV are evident, as shown by the success case of MACE Foods in attracting investment into processing and with ever growing markets (Kenya Climate Ventures invested USD 0.5 million to improve MACE’s processing facilities in Eldoret). But the launch of AIV products is risky as it requires high initial investment in an unsure market. This risk reinforces a cycle of underinvestment in an underserved market. But the absence of larger players also provides opportunities for innovative food start-ups. There are various ways in which the public sector and the related public-private collaborations can support AIV processing, with three priorities.

First, each processed product needs to be registered at the KEBS, which is relatively costly and time-consuming, especially for small players in a VC characterized by such a wide product diversity as AIVs (compliance with such standards raise the price for consumers). The AIV Policy should support registration and standardization and lower registration costs for new AIV products. A public fund to finance the registration of AIV-dense products and lower the entry barriers for AIV processing start-ups would enable a wider diversity of AIV products to enter the market, provide an incentive for the inclusion and innovation of smaller actors and ‘agri-entrepreneurs’, and lower the price for poorer households. This funding and technical assistance support can be tied to certain sustainability characteristics, such as the nutritional profile of the new product, the levels of added sugar, salt, and saturated fats, and the environmental impacts of the processing methods.

Second, given the importance of maize and maize processing in Kenya, the AIV Policy under the leadership of the MOALF and Millers Association, should promote and co-fund blending AIV and maize flours. Indeed, Kenya’s government has already prepared the guidelines for the blending of maize flour with traditional crops, such as sorghum and millet. This is part of Kenya’s Big 4 Plan and aims towards a blend with 10 percent indigenous or traditional crops. Extending these guidelines to AIVs would provide a tremendous boost to AIV demand and further support the fortification of staple flours, such as maize and wheat, with nutrient-rich crops. Initially, there were concerns that the millers would block compulsory guidelines, but these abated after the millers’ associations joined in the dialogue with the government.

Finally, the Policy should support and provide the ‘software’ part of ‘hardware’ projects such as Industrial Parks, planned in various parts of Kenya to aid the structural transformation and commercialization of the agricultural sector. These parks, like the one being proposed by United Nations Industrial Development Organisation (UNIDO) and Nyamira County, can link agriculture with industry and provide services along the input, production, aggregation, processing and transport stages of the chain. UNIDO aims to put the nucleus of the park in Nyamira County, but with linkages to nine other counties or centres. Such a park, to be constructed on land donated by the county, would be run through a public-private partnership. Discussions to give space to AIV aggregation and processing through the park are under way.

National and local AIV multistakeholder platforms (more details in Section 5) can assist these three interventions, including by linking to national and international research on AIV processing, aiding start-ups with the registration processes, accessing capital, market information, or linking up with start-ups in other food sectors.

11For example, MACE Foods went through a long process of standardization and certification, which required high initial investments and represents an obstacle for other start-ups to emerge. As the first Kenyan company to register dried AIVs at KEBS, MACE now can access several markets, domestically at several Kenyan supermarkets and some export markets.
Expected benefits and SDG synergies

- Economically, increasing AIV processing will add local value, especially when the raw material is sourced from small-scale farmers and the processing units are accessible for smaller actors (such as Posho mills). Also, increased processing will support off-farm employment, which might be especially attractive to youth. With reduced perishability and new types of AIV products, AIV value chain players can better access current markets, or open new markets with high earning potential as diasporas. This creates a positive feedback loop, as new markets can demand new products, which in turn leads to even more markets.
- Socially, the increased shelf life, cooking convenience, and new markets make AIV products more available for households, which can support the nutritional adequacy of diets. Certain processing methods, such as fermentation, also enhance the nutritional profile and safety of AIVs.
- Environmentally, processing reduces post-harvest loss and food waste, as pathogens can be removed and shelf life extended. This translates into fewer resources needed at the production stage, which generally has the highest environmental pressure in food systems.
- In the medium-term, given high economic and health costs of malnutrition, including obesity, this public fund might pay for itself.

Handling possible trade-offs

- Given the skills required, medium to large-scale processing seems more viable than micro and small-scale ventures. Economically, these larger processing facilities might choose fewer but larger producers over many small ones. To mitigate this, smaller producers can be organized through the AIV multistakeholder platform (proposed in Section 5) and achieve economies of scale through cooperation.
- The affordability of AIV products will depend on their price. As poorer households are most likely to have micronutrient deficiencies, new AIV-dense products should be affordable to those households. But processed products may cost more, necessitating efficient processing at scale to lower prices. Also, certain methods of processing, such as boiling, can reduce the nutritional profile, while new products can involve added sugar, salt, and saturated fats. Processing should not significantly lower the nutritional profile of the AIVs, as this is a major selling point.
- Environmentally, processing might use energy, water, chemicals, and plastic for packaging. Without proper care, processing facilities and packaging can pollute the environment. Training in management best practices is needed to minimize environmental harm.

3.3 Indigenous vegetable seeds

A new AIV National Policy and the related County-specific AIV Policies should enhance the consistency of AIV supply, AIV productivity and VC inclusivity, including by improving the AIV seed system. This focus on seed systems emerges from most consulted stakeholders finding this the most serious policy gap among the various pathways to support enhanced AIV productivity and relates to the fact that this VC is dominated by informal and small-scale farmers (Rampa and Obiero, 2021), which depend mostly on informal seed buying.

Indeed, 70 percent of Kenyan farmers get their seeds for any crop from the informal market, with related quality and consistency issues (informal seeds are untested and sometimes have forged certification), while reliable seeds are essential for high productivity. This is particularly true for the AIV value chain, where only one commercial actor [Simlaw Seeds] produces and commercializes certified AIV seeds, but not in sufficient quantity to meet growing demand and only
a limited number of varieties of AIV. Exchanging and selling non-certified seeds in Kenya is illegal, although exchange between smallholders is generally tolerated at the local scale. Smallholder AIV farmers prefer using their own seeds, as their varieties are tastier and better adapted to local environmental conditions; and they tend to store seeds of many varieties of food crops in rural seed banks, with knowledge about the performance and the properties of each variety being passed on by oral tradition. At the same time, the current intellectual property rights system is incapable of protecting farmers’ varieties and knowledge and, de facto, it prevents proposals for innovative policies that could try to support seed innovations at the community level. However, the Constitution of Kenya recognizes local ownership and rights to genetic resources.

The AIV National and County-specific Policies should therefore promote indigenous vegetable seed diversity and quality, and overcome AIV seed availability constraints, with three priority interventions. First, leveraging and implementing existing domestic policy frameworks and the already ratified international treaties to protect farmers’ varieties that are still to be integrated into national legislation. Article 11 of the Constitution of Kenya provides for the “protection of indigenous seeds and plant varieties, their genetic and diverse characteristics and their use by the communities of Kenya”; the Seed Harmonization Implementation Plan of the Common Market for Eastern and Southern Africa (COMESA); and the “International Treaty on Plant Genetic Resources for Food and Agriculture” still requires inclusion in the Seed and Plant Varieties Act (2013) to protect farmers’ varieties.

Second, drawing especially on Article 11 of the Constitution and as part of the ongoing revision of seed law and policy, seed certification procedures for AIV should be relaxed, introducing: a temporary waiver i) on the Distinct, Uniform and Stable (DUS) tests12 and on ii) the requirement for the variety registration before certification of AIV seed; and amending current regulations to allow iii) for free access to AIV seeds registered by public institutions, community seed banks, and universities and iv) for group certification mirrored on PGS schemes for community-based seed banks. The final objective is for all AIV seeds to be safe, of good quality and regulated, but this differential certification approach would be based on the reality of largely informal VCs and recognize that commercialization cannot be the only objective of a seed policy (for instance, the related provisions of the AIV Policy would aim for 70 percent, up from the current 30 percent, rather than 100 percent, of farmers buying commercial seeds). It could initially be piloted in just a few counties, also to better recognize farmers as seed bulkers, so that a seed merchant licence is to trade these AIV seeds exclusively in the particular counties engaged in the scheme. From a political economy perspective, these changes in seed regulations seem feasible as our consultations showed they would be acceptable to the key stakeholders involved.13

Third, launching a package of seed system enhancement (to be supported by the National and local AIV multistakeholder platforms as well), to promote AIV seeds, involving: a) production, through provisions for sustaining the selection, storage and testing of high quality seeds (including with the support of universities, government bodies and non-governmental organizations); b) distribution, supporting via technical assistance and finance community-based seed banks, collaborative Seed Bank programmes and seed distribution schemes;14 and c) participation, to ensure that farmers are involved from seed research to gene banks management.

12This would ensure Plant Variety Protection (legal compliance) without the cost and effort of a full registration, and Value for Cultivation and Use testing would suffice.
13Preliminary discussions with SimLaw Seeds indicated that they would not see this differential certification approach as a commercial threat, rather as a recognition of different market segments for AIVs, the commercial and the informal; and KEPHIS are also willing to explore it, in their facilitation role of private sector actors.
14Existing programmes to be upscaled include those promoted by Seed Savers Network, ARVDC, KALRO, and Bioversity International.
Expected benefits and SDG synergies

- **Availability of quality seeds can improve and better stabilize production**, which is beneficial for both environmental and economic sustainability and attracts more producers and investors to the VC.

- Supporting seeds can lead to initiatives that **build on both farmers’ and scientific knowledge**, such as linking traditional storage and selection practices with modern testing methods, materials and technology.

- Preservation and enhancement of Indigenous local knowledge is important for continuing **local and national food cultures**, which is important for the social sustainability of the food system.

- **Supporting national and community seed banks will foster the conservation of AIV varieties**, which is important to build biodiversity resilience and can provide an opportunity for breeders to access new breeding materials.

Handling possible trade-offs

- **Seed research and propagation are costly**, with private investments generally recuperated through price premiums, which may make improved seeds unaffordable to poorer farmers. Kenya supports farmers through a new e-voucher system, which should include AIV seeds and inputs in the subsidy scheme.

- **Relaxed certification procedures can confuse consumers** if there is a lack of knowledge regarding the certification differences. Clear labelling can indicate the standard’s level. Moreover, traditional varieties should still be defended from biopiracy, to avoid unfair practices by foreigners patenting traditional varieties without any benefit for the traditional producers and users. Mechanisms for such protection already exist; for example, Kenya already defended its Kikoy traditional clothing pattern internationally from foreign patenting.

- Too much government support increases the risk of **artificially flooding the market**, which can lead to collapsing prices, especially in the short term when the AIV market is underexplored. Communicating the amount of AIV seeds sold, at least initially, can help farmers make better market projections and planting decisions.
4. Finance-related policies and mechanisms

Policies, interventions and mechanisms to enhance access to finance along the whole VC are a key cross-cutting improvement to stimulate SDG-oriented-investments in the AIV sector in a concrete way, which should complement the thematic policy recommendations in previous sections, and help fund the associated interventions. The type of financial instruments to unlock investments in the sector include subsidies, loans, guarantees, grants and equity capital, with the financing options varying according to the size of the enterprise in the sector and possibly coming from small local saving groups, large banks, impact investors, and others such as public development banks (Ahairwe and Bilal, 2022). Our recommendation is that for the financing environment to be conducive to the SDGs, the full potential of different investors and schemes should be exploited in a coordinated way (government, F0s, small and medium-sized enterprises, public development banks (PDBs), private equity funds, banks, pension funds, impact investors, etc.). This would maximize inclusivity of stakeholders, synergies across the financial instruments used, and therefore also the feasibility of the interventions addressing the different financial needs of the various VC actors.

First, this can be achieved by launching a national agriculture finance policy that specifically and effectively targets smallholder-based value chains. While bearing in mind the risks of over-regulation in a financial sector where private-led innovation is generally dynamic, the policy framework should provide for a deliberate national strategy to improve and increase savings mobilization from all sources towards smallholder-based value chains, from Savings and Credit Cooperative Societies (SACCOs) to those of a broader and longer-term nature such as pension funds. Although the overall finance sector regulatory framework in Kenya has already facilitated access to financial services for medium and large-scale agricultural enterprises, a new specific strategy and set of interventions should target the public sector to leverage commercial financial providers in improving access to credit for smallholder groups and micro and small agribusinesses. This should address the main agricultural risk areas that such actors, unlike medium and large companies, do not have the capacity to overcome, especially risks related to the lack of economies of scale and conventional collateral (land and buildings).

Blended finance mechanisms are particularly important to support access to finance by smallholders and micro and small agribusinesses and should be used more systematically by all relevant actors in Kenya, as they can enable the de-risking of smallholder-based value chains through public (development-oriented) concessionary funding, using it to mobilize additional private capital, including from commercial banks. Blended finance is a highly effective and widely used approach enabling private commercial capital to invest more deliberately for social and/or environmental impact, and blended finance mechanisms are increasingly used in Kenya, including in agriculture. Successful cases should be replicated and upscaled, learning for instance from the AgriFI Kenya Challenge Fund financed by the European Union, which has so far invested EUR 11 million in 50 agri-enterprises that integrated 100 000 smallholders in “environmentally sustainable and inclusive value chains” (dairy, horticulture, grains, livestock), by providing 50 percent matching grants to successful applicants through Calls for Proposals for increasing the number of smallholders reached (via working capital and capacity building). Several bottlenecks are still curbing the effectiveness of blended finance in targeting smallholders, and could be addressed by the new agriculture finance policy (and Kenyan public funds) as well as by individual providers of blended finance through direct improvements in their specific instruments and procedures.

Blended finance mechanisms could in particular help remove the obstacles that remain in the provision of credit to smallholder groups and micro and small agribusinesses by commercial banks or various fund managers in a relatively advanced financial sector like the Kenyan one. Some of the main barriers faced in developing countries seem to have already been solved here, as some Kenyan financial intermediaries consulted under the FAO AgrInvest-FS project [such as Equity and Cooperative banks and the Agricultural Finance Corporation] reported that they can already provide credit for smallholders by means of: i) collateral substitutes (like those possibly generated by the measures recommended here, e.g. Aggregation Centres Affiliation, a public procurement suppliers list, off-taker contracts); and ii) digital means that increase outreach but reduce transaction and monitoring costs for agricultural finance. However, other major obstacles remain, such as the rigid management of both the interest rates and repayment schedules, as well as large minimum ticket sizes. While it seems difficult to impose changes in these private-sector credit parameters by direct public regulation, the public providers of blended finance could change the criteria in this direction for their funding allocations, so as to stimulate a change in the investment decisions made by private investors that are more favourable to smallholders and micro and small agribusinesses. This way, minimum ticket size could be reduced (e.g. if this remains around USD 5 million like in some of the existing schemes, even risk-sharing or risk-reduction instruments may not lead to better access to finance in smallholder-based value chains); and the flexibility of the interest rate and repayment schedules could be increased by reviewing them every year to account for actual business and VC trends (e.g. as successfully done by Kenya Climate Ventures, KCV, an impact investor active in AIVs, which allows their yearly modification, within a range, while maintaining financial sustainability).

Guarantees are a particularly interesting type of blended finance mechanism in the case of Kenya, as they are currently being successfully introduced by some of the largest donors, like the European Union, including for stimulating private sector lending in the agricultural sector. Despite their early stages of implementation, the experience so far seems to suggest that Portfolio Guarantees can better facilitate access to finance in smallholder-based VCs compared with First Loss Guarantees. By providing credit risk coverage to intermediaries for the creation of a portfolio of new loans, Portfolio Guarantees allow to target more effectively a private investment in particular VCs of interest or for specific objectives, while First Loss Guarantees may not be enough to change the rules of the game and the attitude of the involved intermediaries vis-à-vis smallholder investment, as this mechanism only compensates the lender if the borrower defaults. In the case of the instruments used in Kenya funded by the European Union, unlike for a First Loss Guarantee, for a Portfolio one, a logframe is used, with objectives and criteria for the investment, to target e.g. specific SDGs, the number of smallholders to be served by the loans, and possibly also individual VCs. This is the successful case of the NASIRA Facility managed by the Dutch Entrepreneurial Development Bank (FMO) that provided a EUR 50 million Portfolio Guarantee to Equity Bank covering loans for underlying borrowers that are in the agri sector and can be classified as women or youth. As part of this, FMO also provides technical assistance aimed at supporting Equity Bank’s offering towards smallholders and companies in agricultural VCs. This type of targeting through guarantees is another tool that should be upscaled and made even more explicit by blended finance providers to stimulate SDG-oriented investments in smallholder-based VCs, in addition to promoting, as mentioned above, improved minimum ticket size, interest rates and repayment schedules. Another recommendation is that this type of Portfolio Guarantee should

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16Kenya Climate Ventures is an investment company that invested USD 500 000 into the AIV processor MACE Foods.
17This can be considered a successful case since Equity Bank surpassed the target set by NASIRA of 15 percent loans to micro, small and medium-sized Agri enterprises, reaching 50 percent.
also be made available to other intermediaries willing to target smallholders’ VCs e.g. impact investors, who, according to some of the consulted stakeholders, can align their risk-sharing mechanism with the needs of smallholder clients better than commercial banks (e.g. with more concessional rates).

Finally, from consultations under the FAO AgrInves-FS project, it seems that in Kenya, so far, guarantee mechanisms have been more successful than other types of donor-funded blended finance mechanisms in mobilizing additional private capital, including from commercial banks. Despite the fact that with challenge funds and matching grants the donor has more direct control over the objectives and SDGs, and the companies and VCs to be targeted, the experience in Kenya to date shows that the private financier counterparts did not change their credit parameters and credit rating system for farmers hence they did not provide the additional on-lending to eligible agri-companies and projects, even when long-term local currency financing was made available by a donor as in the case of the above-mentioned AgriFI.21 With guarantee schemes like NASIRA not only the on-lending seems to happen systematically under market-based credit parameters (without donor or external influence); the advantage is the likely scale of the impact, due to the leverage of PDBs and commercial banks who can serve a much wider client base with their loans (compared with Calls for Proposals or impact investors).

Our recommendation is that both improvements should take place in parallel: more explicit and systematic targeting of beneficiaries and VCs and more effective involvement of public and commercial banks for on-lending. as part of the policies and interventions to upscale and improve the use of blended finance mechanisms for smallholders VCs.19 In this context, the new national agricultural finance policy, together with efforts by public and private providers of blended finance (including the Kenyan government), should concentrate on targeting the SDGs. This can be done through more explicit and systematic use of both screening criteria to select investees,20 and due diligence practices to accompany investees in strengthening the sustainability of their activities (gradually, to avoid overburdening small and informal players that traditionally have a weak capacity for compliance).22

All these recommended improvements for public and private finance to better target smallholder-based value chains would also benefit the AIV value chain, which is dominated by micro and small producers and post-harvest service providers, but other finance-related interventions specific to AIVs are recommended as well. This is also because our consultations and literature review show that so far in Kenya the beneficiaries of policies and mechanisms targeting smallholders (including the donor interventions and blended instruments mentioned above e.g. by the European Union) do not include informal and unstructured value chains like AIVs and mostly comprise a small group of regular value chains that are more structured and led by medium or large commercial off-takers, such as dairy, maize, tea, coffee and some fruits. As priority measures

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18The European Investment Bank is providing, under the above-mentioned AgriFI Kenya programme, long-term local currency financing to Equity Bank for on-lending to eligible food and agriculture sector projects.
19Opportunities and volumes here are increasing, e.g. under the European Fund for Sustainable Development, the European Union Delegations, including those in Kenya, will devote 10 percent of the new Multiannual Indicative Plans (the bilateral aid to Kenya) to blended finance. In the case of AgriFI support and complementing the interventions described in previous sections, private investment matching these increased public seed or guarantee capital could go from direct financing to the ownership of the new AIV processing units to be set up, to working capital for the running costs of the activities such as marketing within public procurement, or certification within labelling schemes, or a mix of both such as in the case of an off-taker’s co-ownership and co-management of aggregation centres.
20For instance, under AgriFI and the related special credit line from Equity Bank, applicants must prove that their operations promote adoption of the “Good Agricultural Practices” certification by the smallholder farmers they partner with.
21For instance, both a public development bank like FMO and a commercial impact investor like KCV urge and support their investees to monitor and increase the environmental and social sustainability as part of their due diligence processes, e.g. beneficiaries like MACE Foods improve environmental sustainability via the KEBS-led Environmental Management Systems Certification as per the IS/ISO 14000 Series of Standards [http://www.kebs.org/index.php?option=com_content&view=article&id=82&Itemid=581].
22While with indirect tools the private counterpart receiving public funds is encouraged/requested to include the enhancement of sustainability in the contractual relations with their own investees, the direct selection of beneficiaries of on-lending is not possible, since in both cases of guarantees and credit lines linked to matching grants, the investees selection and the ensuing contracts are between the (public or private) bank and the company/smallholders group, not the donor.
to support AIVs, various stakeholders suggested introducing **exemptions for this VC from Value Added Tax (VAT) and the Cess**, a county levy recently introduced on products moving between counties and effectively resulting in double taxation (as some administrations refuse to accept the related trade permits issued by other counties).

A subsidy for inputs is another incentive we recommend for attracting more investments in the AIV value chain. Under the current reform of the national government’s main input subsidy scheme, **the new e-voucher system should explicitly list AIVs as a priority product** for which farmers will receive the subsidy. Through this National Value Chain Support Programme and an electronic-based input management system, the national and county governments collaborate with agro-dealers, Mpesa and Kenya Commercial Bank to pay 40 percent of the price of fertilizer or seeds (the farmer is required to pay 60 percent). The implementation of this initiative only started in February 2022, and generated some confusion, with some stakeholders assuming that the subsidy can be used for purchasing any input for any VC, since one of the main reasons for its introduction was to depart from the decades-long government focus on subsidizing maize and fertilizers. But according to others, the government is presenting the e-voucher in the various counties as only applicable to fertilizers and maize, coffee and the regular VCs mentioned above (hence not, for instance, to purchase AIV seeds). Our recommendation is therefore to include the AIV sector immediately, including for seeds purchase, as a beneficiary of this scheme.  

From a political economy perspective, despite 2022 being an election year and as such some focus should be expected on maize, which is the key “political crop” (Rampa and Dekeyser, 2020), the VAT and Cess exemptions, and e-vouchers for AIVs, as well as the targeting of blended finance schemes on smallholder-based VCs should be feasible. The public resources devoted to input subsidies are traditionally large in Kenya (they consumed up to 20 percent of the agricultural national budget between 2009-14; Sitko et al., 2017), so supporting AIVs does not rule out maintaining support for other sectors. Moreover, especially for the counties of focus of the AgrInvest project, the number of smallholders producing AIVs is very large and assisting the sector could also result in electoral benefits for the governments.  

In conclusion, including all these finance-related improvements in the proposed policy package for AIVs described in previous sections is very important to exploit the full potential of different investors. This crucially comprises attracting the Kenyan private sector and commercial banks to the AIV sector (e.g. through a specific guarantee scheme targeting AIVs). They increasingly adopt a “financial ecosystem” approach, that involves financial literacy programs for FOs, group lending for farmers to act as guarantors for each other, but also partnership building, which should be conducive, as confirmed by our consultations, also to their participation in multistakeholder platforms around this VC. Coordination of actors and synergies across the various support instruments used, as detailed in the next section, would indeed increase the feasibility of different investors coming on board and the likelihood of a cascading effect in terms of access to finance (Rampa and Obiero, 2021).  

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23 https://www.kenyanews.go.ke/farmers-to-benefit-from-e-voucher-subsidy/  
24 A cascading effect would include various investments reinforcing each other: medium to long-term financing by investment funds, development finance institutions and donors for small and medium-sized enterprises and banks (e.g. equity or long-term loans for on-lending to agricultural small and medium-sized enterprises, community based organizations, and SACCOs; guarantees for loans by banks to targeted beneficiaries in the AIV value chain); short to medium-term financing by banks, public sources of finance, and start-up ventures for CBOs, small and medium-sized enterprises, aggregators, and SACCOs (e.g. asset finance loans and wholesale finance); and short to medium-term financing by microfinance institutions and SACCOs investing directly in AIV community based organizations (e.g. input loans and group member loans; Rampa and Obiero, 2021).
5. Multistakeholder platforms for the indigenous vegetables value chain

Another key cross-cutting improvement to stimulate SDG-oriented-investments in the AIV sector in a concrete way would be establishing (or improving them where they already exist) multistakeholder platforms to regularly bring together all the relevant actors to share information, discuss improvements, build trust, facilitate compromise, coordinate action and monitor development impact across the VC. The tasks of such MSPs will be to support coordination of the policy improvements and interventions outlined in the previous sections, starting with a National AIV Policy and related County AIV Policies, as well as to design and oversee pre-commercial arrangements among all stakeholders that can in turn lead to the commercial agreements needed to facilitate SDG investments in the AIV value chain. Indeed, considering that different actors will only effectively participate in the multistakeholder arrangements and do their part if the incentives are clear, MSPs could be seen in particular as a way to broker quid pro quo collaborations between the public and private sectors in enhancing SDG impacts in the AIV value chains, with the government side committing to the policy improvements and public interventions that can support the kind of private investments described in this paper, and the business side committing in return to strengthen and incorporate SDG impacts into its own investment decisions, including by using the “Sustainable Investment Guidelines” such as those developed by AgrInvest; (Cortez Tellez, 2022).

Based on the political economy of the AIV sector (Rampa and Obiero, 2021) and previous experiences of relevant stakeholders, the recommended MSP model is a Hub and Spoke configuration. The “Spokes platforms” will focus on county-specific actions, including facilitating business to business relations, such as partnerships, and MoUs between VC players to formalize and scale up AIV supply and markets, in line with the political economy priorities that differ from county to county. For instance, in Nymaira the AIV multistakeholder platform exists and has a workplan and needs assessment; it needs to be made more effective. In Nakuru a platform for public procurement is under development. The “Hub platform” does not exist yet and should be created. Given that certain issues and bottlenecks for AIV investment cut across all counties and that some key actors operate at national level (e.g. banks), this hub platform will be tasked: to regularly bring the spokes platforms together; promote national policy improvements (e.g. seeds regulations, e-vouchers, etc.); coordinate with national actors; exchange lessons and tools among the spokes platforms; and liaise with other public-private coordination efforts in Kenya such as the Agricultural Sector Network (ASNET), which would help to synergize interventions in favour of AIVs with initiatives supporting other value chains, from a food system perspective.

Ensuring a fair representation of all critical actors within the VC and their specific needs, each county MSP will develop a roadmap as a first step to undertake the respective actions needed to implement the above-mentioned policy improvements and interventions, including more detailed proposals for financing, multistakeholder partnerships and policy advocacy strategies. Monitored by an MSP secretariat, the roadmaps will be the tools to define commitments, responsibilities and the timeframe for actions of each actor involved, and to coordinate the implementation of pre-commercial MoUs, through a results framework, including relevant targets to stimulate a certain number of pipeline investments and the quantification of other benefits for VC stakeholders (to

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25Consultations with AIV stakeholders and other food and agricultural experts in Kenya underlined that the most efficient way of approaching the development of an MSP is to start at county level. While there are not many examples of VC-specific multistakeholder platforms for informal and smallholder-based VCs, our interviews pointed to the limited effectiveness of the Kenya Horticultural Council (with the exception of developing KS-1758, but this is only used for exports) due to its centralizing approach and lack of focus on public-private joint actions.

26For an example of a MSP roadmap, see Table 8 in (Rampa & Obiero, 2021).
avoid significant time investment by VC actors without achieving the expected results). The MSP should also collectively assess and handle the trade-offs and synergies that exist both between various sustainability objectives targeted by the same investment or intervention overseen by the MSP and between different investments or interventions. To this end, the ‘Sustainable Investment Guidelines’ (Cortez Tellez, 2022) should be used as part of the MSP process; and the MSPs will launch separate discussions with producers, distributors and consumers, to make sure that the different points of view and concerns about sustainability impacts are genuinely gathered.

**Building trust among different members** of the value chain and avoiding dominant roles (e.g. for the actors with more time, resources or power) is perceived as a fundamental objective and is an expected benefit of the “Hub and Spokes” configuration, whose aim is also to address the missing vertical commercial linkages and the lack of voice of marginalized players that hamper the sector. Other important benefits of the MSP will be linked to its *bankability*: the capacity to transform the better trust built and the smoother and more transparent information flows within the VC, into investments, and also into contributions and funds from MSP members for various types of capacity and institution building of public and private actors, and for VC activities such as research and innovation. To avoid the risks of over-coordinating the many participants, the MSPs may be organized into separate thematic task forces to address specific issues or undertake certain priority actions, led by willing “champions” and stakeholders with the adequate thematic track record. Given that facilitating SDG investments in the AIV value chain is the ultimate objective of the MSPs, a finance task force of the MSP will be very important since it would be more likely to attract the interest and regular participation of investors (who may not see an incentive to engage in the full MSP). Such a task force, possibly facilitated by donors and development finance institutions (who tend to have more resources for public-private dialogues) and composed of different financier categories (one each for each part of value chain, including commercial banks and the Ministry of Finance), should in particular be tackling the bottlenecks to scaling up access to finance in this VC.

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27 According to the stakeholders consulted, it is particularly important, for instance, that the MSP process supports the systematic collaboration between different thematic departments within county administrations.
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AgrInvest-Food Systems Project

Policies and interventions to support SDG-oriented investments in the indigenous vegetables sector in Kenya