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The Political Economy of Kenya's Agricultural Transformation: A Comparative Value Chains Approach

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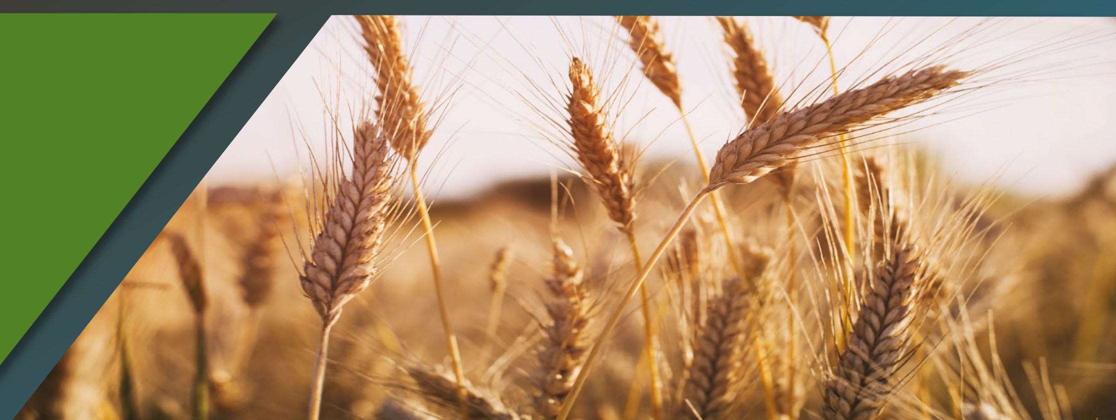

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KEY MESSAGES

- Political economy dynamics play a major role in policy decisions related to agricultural growth and transformation in many countries.
- This note examines how such dynamics affect the choice and implementation of agricultural transformation policies in Kenya
- To do so, the political economy of value chains (PEVAC) framework is introduced, which combines features of conventional value chain studies with different traditions in the political economy discipline.
- The PEVAC is then applied to three contrasting agricultural value chains in Kenya: beef, fruits and vegetables, and sorghum. In doing so, the paper draws on existing literature and associated secondary data, focus group discussions conducted with key experts in each value chain, and semi-structured interviews with approximately 40 value chain participants conducted in Kenya during May, 2022.
- The PEVAC reveals how interactions among different interest groups within the value chains—and vis-à-vis political elites and the bureaucracy—shape decisions related to fiscal policies (e.g. cess, excise tax, and import duties), food safety standards and enforcement, productivity-enhancing inputs, public infrastructure investments, and extension services.
- Overall, PEVAC offers a holistic framework that is useful across different value chains and political systems that helps delineate not only which types of policy changes are needed but also whether they are likely to be politically feasible.

INTRODUCTION

Agricultural transformation—the process of shifting to more productive methods and higher-value added outputs—is a main policy objective in Kenya. The previous government of Uhuru Kenyatta operationalized this objective through the Agricultural Sector Transformation and Growth Strategy (ASTGS, 2019-2029), the creation of an Agricultural Transformation Office (ATO) in the office of the presidency, and the prioritization of food security in the Big Four Agenda. The new president and former vice president and agriculture minister, William Ruto, has likewise emphasized that agriculture is the backbone of the economy, and agriculture and food security were the first of the five pillars outlined in his 2022 Kenya Kwanza election manifesto.

Indeed, the agricultural sector remains critically important in Kenya, constituting 65 percent of the country's exports, accounting for half of GDP (26 percent directly and another 25 percent indirectly) and 60 percent of employment (World Bank 2020a). Improved agricultural growth in recent years is partially responsible for a decline in the rural poverty rate from 50 to 40 percent between 2006 and 2016 (KNBS, 2018; World Bank 2018b). Yet, given the country's many advantages—absence of large-scale civil conflict, a highly literate workforce, a diverse range of agricultural commodities, broad access to digital technologies, a relatively stable macro economy, a favorable agro-ecology, and a dynamic private sector—much greater progress towards agricultural transformation is feasible.

While recognizing that transformation is a complex process, this policy note focuses on one specific binding constraint to Kenya's agricultural transformation: political economy. We present here a summary of a political economy value chain (PEVAC) framework that combines features of conventional agriculture value chain studies with different traditions in the political economy discipline.[1] The framework considers the role of interests, ideas, and institutions, acknowledges power asymmetries within value chains and the political system, incorporates insights from political settlements theory, and recognizes the importance of bureaucratic capacity and autonomy.

The framework is applied to three value chains that are critical to dietary diversity and livelihoods in Kenya: fruits and vegetables, livestock, and sorghum. By comparing several value chains, we can identify how their economic structure and geographic concentration shape lobbying power and political leverage vis-à-vis decisionmakers. As a result, we can better identify which policy constraints and political economy dynamics are specific to a value chain and which are more cross-cutting, shaped by Kenya's public sector governance and democratic system.

In applying this holistic framework, we drew on three key sources of data. The first includes extant secondary literature on Kenyan agriculture, political economy, and the value chains. Second, several focus group discussions occurred with experts in each value chain to help narrow down priority policy issues. Third, approximately 40 key informant interviews occurred in Kenya from mid- to late May 2022 with central government, county government, private sector, and civil society stakeholders directly involved in production, marketing, retail, advocacy, or policy development and implementation for each value chain. All respondents were assured anonymity, but their institutional affiliations are provided in Appendix 1.

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[1] A more detailed version of the findings summarized in this policy note can be found in Haggblade et al. (2022), Kamau and Resnick (2022), Minde et al. (2022), and Resnick et al. (2022). Those studies are available from the authors upon request.

Analysis covers the period from 2013 to 2022 to capture political economy dynamics under Kenya's new constitutional and institutional landscape. This period coincided with several major reforms and policy thrusts that are relevant to understanding constraints and opportunities for transformation of the selected value chains. Most notably, after the passage of Kenya's new constitution in 2010, the country formally devolved many political, administrative, and fiscal powers to the 47 newly created counties in 2013. This process resulted in a new set of actors at the subnational level—governors, deputy governors, a county legislature with elected Members of the County Assembly (MCAs), and a senator who represents the county in the upper house of the national legislature—who court electoral votes and have input over policy formulation and implementation on the ground. For agriculture, the Fourth Schedule of the Constitution stipulates the following responsibilities for county governments: crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control, and fisheries (GoK 2010).

The next section explains the PEVAC framework and how it was derived for our study. Subsequently, we discuss why we applied the framework to the beef, fruit and vegetables (FV), and sorghum value chains. In doing so, we review each value chain's growth trajectories and the range of stakeholders involved in each of their policy processes. Then, we turn to a discussion of a select group of priority policy issues for each value chain before highlighting the political economy factors most salient to explaining these policy dynamics. We conclude by summarizing how the PEVAC framework uncovers critical similarities and differences across agriculture value chains that can impact both policy decisions and implementation.

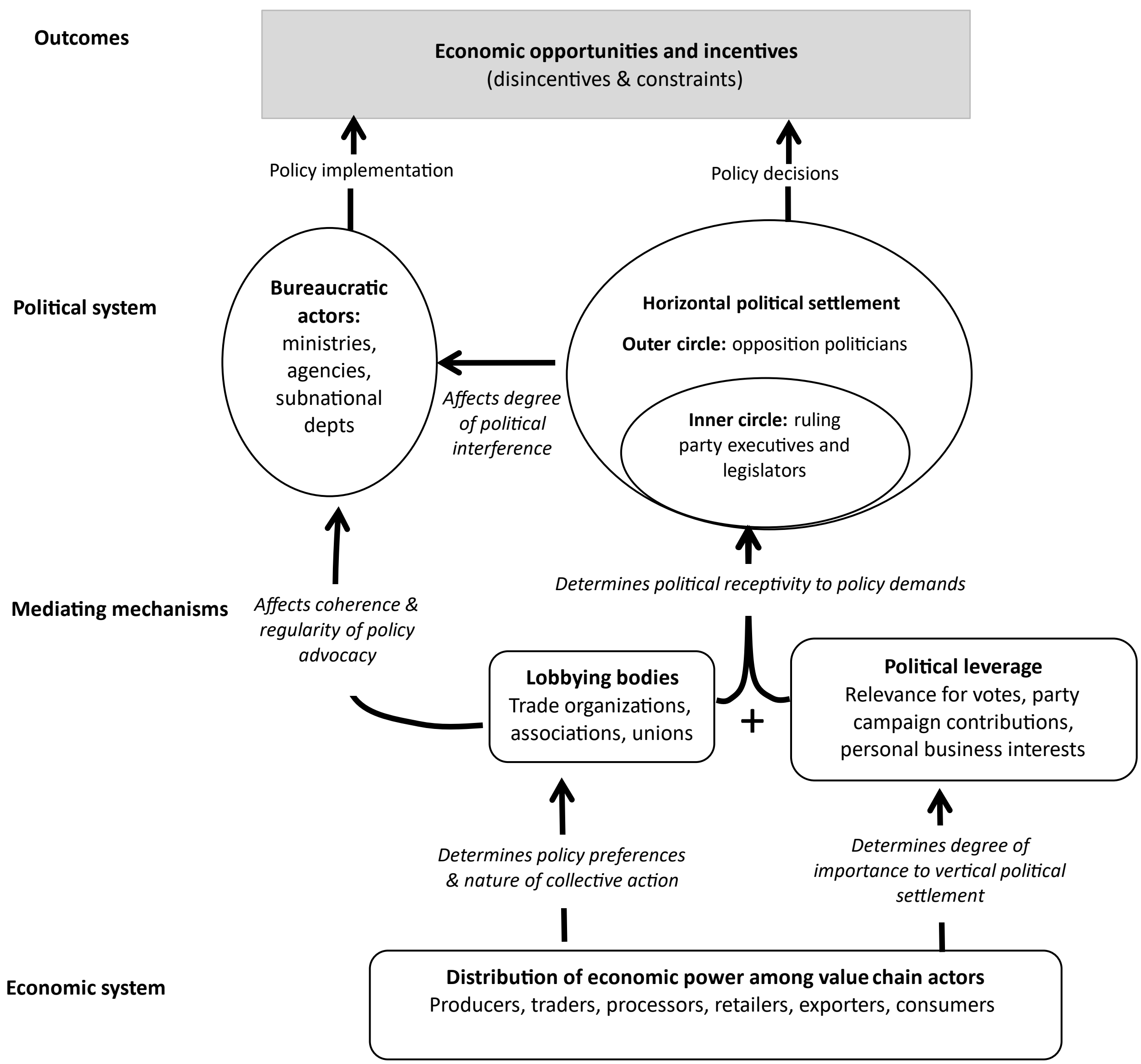
POLITICAL ECONOMY OF VALUE CHAINS FRAMEWORK

The Political Economy of Value Chains (PEVAC) framework presented in Figure 1 was derived by considering the interaction between economic and political actors' interests and beliefs, which are often mediated by formal and informal institutions. Thus, the first step in applying the PEVAC framework is to identify the range of value chain actors in the economic system, their preferences, and the distribution of power among key participants. Two mediating mechanisms shape the likelihood that such preferences reach policymakers, including both bureaucratic actors and political elites. One is through collective action by using formal and informal institutions, such as lobbying bodies and associations. Typically, the balance of economic power among value chain actors governs their policy preferences as well as the nature of collective action that they undertake. The second conduit for influencing policy decisions involves application of political leverage that comes from either direct involvement of politicians in the relevant value chain, or due to value chain actors' electoral significance (i.e. geographical concentration in electorally important regions). Depending on their own economic and electoral self-interests, political elites may incorporate, subordinate, or manage the policy interests of value chain actors, reflecting what some political economists refer to as the vertical political settlement (Kelsall 2018).

The ways in which agri-value chain actors engage with decisionmakers are also shaped by the broader political system in which they are embedded. In addition to vertical settlements, there are also horizontal political settlements that refer to the distribution of power across different elite factions within government. These typically include party leaders and politicians, and, depending on the regime, may also include the military, traditional leaders, and religious authorities. Some of these factions will be included in the governing coalition and united by partisanship, policy goals, or materialist interests while others, particularly those from opposition parties, will be excluded (Khan 2010; Kelsall 2018; Whitfield et al. 2015). The influence of the mediating mechanisms on value chain policy decisions depends on whether they are established with decisionmakers inside or outside the political settlement.

Likewise, bureaucracies, inclusive of ministries, agencies, and parastatals, are also extremely diverse. To be effective at policy implementation, bureaucracies require not only adequate staffing and budgets but also sufficient autonomy from political interference (Evans 1995). For agri-value chains, bureaucratic capacity and autonomy can be affected by how important a commodity is for the horizontal political settlement. In addition, the bureaucracy can be affected by the range of responsible ministries and agencies that command a mandate for particular policy dimensions of the value chain, inclusive of research and extension, fiscal policies, input access, and regulatory issues; the more responsible ministries and agencies in a policy domain, the larger the coordination challenge and the slower their ability to respond to policy priorities.

Figure 1: Political Economy of Value Chains (PEVAC) Framework



THE COMPARATIVE CONTEXT: FRUITS AND VEGETABLES, BEEF, AND SORGHUM

Among more than 100 value chains critical to economic livelihoods and government revenue in Kenya (GoK 2019), this study focused on beef, fruit and vegetables (FV), and sorghum. These three value chains collectively span quite different production geographies, organizational structures, and growth trajectories that collectively provide a relatively comprehensive understanding of the constraints to, and opportunities for, agricultural transformation in the country. Moreover, beef and sorghum development are central to improving resilience in the country's most vulnerable and drought-prone communities, while fruits and vegetables are critical for micronutrient and dietary diversity. Table 1 summarizes differences in scale, structure, and dynamics across the three selected value chains.

Table 1: Profile of Kenya's Beef, Fruit and Vegetable (FV), and Sorghum Value Chains (averages for 2015-2019)

		Beef	Fruit and vegetables (FV)	Sorghum
Value ($ millions)				
	Production	2,100	5,200	40
	Exports	5	400	14
	Imports	6	70	36
Production profiles				
Farm size [a] (numbers)	Small farms	---	5,500,000	230,000
	Large enterprises	---	300	200
Farming systems[b] (percent of farms)	Pastoralism	34%	---	---
	Agro-pastoralism	54%	---	---
	Ranching	11%	---	---
	Feedlots	1%	---	---
Dynamics				
	Production trends	Increasing but slower than demand	Increasing at a steady rate	Flat until 2010, then increasing rapidly
	Growth segments	• Domestic markets • Exports to Middle East	• Domestic markets • Exports	• Clear sorghum beer • Feed

Source: FAOSTAT (2021), PPVC (2021).

Notes:

[a] Small farm refers to those cultivated on less than 5 hectares of land. [b] Pastoralism refers to open grazing systems by nomadic groups with large herd sizes (around 50 cattle). Agro-pastoralism integrates crop cultivation and livestock rearing (around 10-12 cattle) and involves grazing on communal and private areas. Ranching involves larger herd sizes—around 150 head. There are fewer than 100 ranches in Kenya. Feedlots are intensive production systems involving fattening on high energy grain diets meet slaughter specifications.

CROSS-CUTTING POLICY ISSUES

Four categories of policy issues were examined vis-à-vis these three value chains. These include fiscal policies (cess rates, import taxes, export levies, excise taxes), food safety, input access (inclusive of quality and cost), and infrastructure investments.

Taxation emerged as a prominent concern in all three value chains. Across all three value chains, there was widespread disgruntlement by value chain actors, civil society and business associations about the multiple cess rates charged to transport agriculture goods across counties. County Finance Bills stipulate the various taxes, fees, and charges that county governments can pursue and how they can be levied, i.e., per truck tonnage or per unit (net or bag) (Kenya Markets Trust 2016). While the cess is supposed to be earmarked for investment in infrastructure, the money often is consolidated into a larger pool of resources from all revenue sources in the counties and subsequently allocated based on overall county priorities (Kinyumuet al. 2018). For FV, there are additional grievances about recent increases in the export levy applied by the Horticulture Crops Directorate. For sorghum, excise and import taxes have a major impact on the profitability of private sector actors. The excise duty affects mainly the consumers of the clear sorghum beer and the main breweries, East African Breweries Limited (EABL). Support for import tariffs on sorghum vary within the value chain, with producers preferring high import tariffs to protect their production while brewers prefer low or no tariffs because of limited domestic production of white sorghum, which is the type preferred by the brewers.

Food safety poses major challenges for domestic FV and beef value chains, and both value chains are characterized by limited demand from consumers for improved food safety. For beef, food safety issues include disease control, traceability, and the potential for spoilage at several points, from handling at the slaughterhouse, the modality of transport, and handling and storage at the butchery. For export FV, food safety is a priority as it directly affects Kenya's continued access to international markets. However, for domestic FV, understaffed regulators are often unable to effectively enforce food safety regulations outside of supermarket chains.

Input access and use are also concerns. Exporters of FV are concerned about declining yields due to degraded seeds, but the main regulatory agency, Kenya Plant Health Inspectorate Services (KEPHIS), is often reluctant to allow new seed material into the country, and when it does, such material is subject to an elaborate seed testing procedure. The use by smallholder FV producers of pesticides banned in the EU—one of Kenya's main export markets—also continues to worry exporters. Moreover, agro-vets hired by the counties, where farmers source these pesticides, are not always up to date with crop specific regulations for different products. For the beef value chain, the high cost of animal feed is of particular concern, undermining the ability of farmers to fatten and finish cattle through feedlots, with some organizations in the value chain having lobbied for imported GMO maize for livestock due to spiraling grain prices precipitated by the war in Ukraine.[2]

Inadequate infrastructure investments exacerbate food safety concerns for domestic FV, which is predominantly sold in overcrowded wholesale and informal (wet) markets where there are insufficient water, toilets, drainage, and waste collection. For instance, in Wakulima market—Nairobi's largest fresh product market—approximately 9,000 brokers, transporters, traders, and loaders converge daily to sell domestic and imported FV. Yet, when the market originally was built in 1966, it was meant to only house 300 traders.[3] Similar infrastructure challenges also exist for markets that specialize in beef retail and wholesale, such as in Nairobi's Burma meat market and the Dagoretti livestock market. For the beef value chain, other key investments include creating abattoirs that meet international standards and that allow markets to be brought closer to pastoralists since currently, most abattoirs are in Nairobi. Some abattoirs are being constructed in the arid and semi-arid lands (ASAL) counties; county

[2] This demand was ultimately met when Ruto became president in September 2022.
[3] See https://fortuneofafrica.com/kenya/markets-nairobi/wakulima-market/ (access June 14, 2022).

governments are expected to run them, but insufficient funding for personnel and other resources is a well-known challenge.

APPLICATION OF PEVAC TO VALUE CHAINS

Understanding progress or bottlenecks to addressing the above policy issues can benefit from a systematic application of the PEVAC. The following sub-sections therefore examine economic power in each value chain, mediating mechanisms, the horizontal political settlement, and bureaucratic actors.

Economic Power

Specifically, economic power among actors varies considerably across the three value chains.
In the beef value chain, almost two-thirds of cattle originate from Kenya's ASAL counties, and most of the beef consumed in the country is reared by nomadic pastoralists using communal grazing land and water. The remaining sources of cattle consumed come from agro-pastoralists who mix livestock rearing and crop production, ranchers with large swatches of land and herd sizes, and imports from neighboring countries. Despite pastoralists' large contribution to the beef supply, economic power in the value chain largely is concentrated among the traders and brokers while pastoralists remain price-takers, which contributes to their impoverishment. The Kenya Meat Commission (KMC) acts as an aggregator, but it services mostly the beef cattle of ranchers and especially those who focus on export markets.

Within FV, the primary private sector "power players" are large export farms. Heavy market concentration among the largest export farms means that Kenya's top exporters exercise significant market control. Among FV exporters, the top six export firms historically have controlled over three-fourths of total exports (Jaffee 1995; Mitullah et al. 2017). Domestic brokers and wholesalers also play a key role, aggregating FV produced by smallholder farmers and then selling them to wholesalers based in Kenya's major urban markets. By aggregating and marketing their produce, these intermediaries provide valuable market access to smallholder farmers. Nonetheless, tendencies for assembly traders to specialize in specific commodities sometimes gives rise to accusations of collusion among small numbers of brokers operating in specific areas (Muendo et al. 2004; RSA 2015).

Extreme concentration of power pervades the sorghum value chain due to the dominance of East African Breweries Limited (EABL). EABL plays a critical role in supplying high-quality seed for industrial sorghum production in partnership with local academic and research institutions. EABL took a calculated risk to venture into sorghum-based clear beer production called Senator from the early 2000s.Their efforts were supported by the administration of Mwai Kibaki, who was interested in reducing the consumption of illicit brews that were seen to adversely affect human health, especially among the youth. As a result, in 2004, the Government of Kenya (GOK) gave a 100% excise tax exemption to EABL, which subsequently has decreased over time. EABL clearly stands out as a current leader in the sorghum revolution—exemplified by the doubling of sorghum production over the past decade —a rare phenomenon in agricultural food production systems. The second biggest sorghum beer brewery is Keroche Breweries in Nakuru county, and there are approximately 160 grain milling companies that mill sorghum. Many of these produce sorghum flour and sorghum byproducts as animal feed which is marketed through retailers within Kenya.

Mediating Mechanisms

The complexity of the beef value chain, and the dominance of informal actors, has led to a lack of horizontal integration. As one informant noted, "Livestock farming is left to the masses." This in turn works against the creation of a strong lobby body to address a variety of the policy issues enumerated in the previous section. Several organizations do though exist. These include the Kenya Livestock Producers Association (KLPA), an apex association formed in 2004 for all livestock producers in the country, and the Kenya Livestock Marketing Council (KLMC), which was established in 2000 and includes livestock producers and traders in the ASALs, with a focus on improving access to price information and marketing. The Association of Kenya Feed Manufacturers (AKEFEMA) is a member association for businesses in the feed milling industry. None of these organizations are, however, viewed as adequately representing the interests of pastoralist communities, though the latter's interests are conveyed to the Pastoralist Parliamentary Group (PPG), which provides research and advice to MPs on pastoralist issues, and the Frontier Counties Development Council (FCDC), which does the same for the county governments and senators.

Moreover, as the feedlot policy exemplifies, members of these organizations do not always speak with one voice. On the one hand, feedlots have been seen as a signature government intervention in pastoralist areas to deal with drought issues in the ASAL counties. On the other hand, several actors see this as a very expensive and niche initiative and one that is insufficient without attention to the many other issues affecting the value chain, including grading, standards, traceability, tariff reforms, and food safety.

Because it is a lucrative value chain, several high-level politicians are involved in cattle ranching, leading to a greater potential for political interference than in some other value chains. Moreover, since ranching is an extensive production system that requires large parcels of land, individual ranchers need political connections to ward off competing interests in their land. Consequently, in the rangelands, many politically powerful families are large ranch owners.

Several major business associations promote the interests of Kenya's FV farmers and exporters. Foremost among these is the Fresh Produce Exporters Association of Kenya (FPEAK). Established in 1975, FPEAK members include large and small-scale farmers and exporters of fresh products. In support of its members, FPEAK conducts lobbying, information sharing, and promotes member compliance with international standards. The Fresh Produce Consortium of Kenya (FPCK), originally launched in 2013, broadened its mandate in 2017 to advocate for small and medium firms throughout the fresh produce supply chain serving both international and domestic markets. The Society of Crop Agribusiness Advisors of Kenya (SoCAA), which includes growers, input suppliers and service providers, is one of the few focused specifically on domestic horticulture. There are also few associations that represent retailers of FV, including the Retail Trade Association of Kenya (RETRAK).

Many of the above organizations are also members of larger umbrella organizations, such as the Kenya Private Sector Alliance (KEPSA), the Kenya Association of Manufacturers (KAM), Kenya Chamber of Commerce and Industry (KCCI), and the Agriculture Sector Network (ASNET). The latter organization is one of the newest, founded only in 2020, to help coordinate different interest group across the agricultural sector. Many business actors in FV noted that they most effectively engage in government lobbying through these larger umbrella organizations rather than on their own.

The influence of these FV associations also derives from their multi-faceted and tactical lobbying strategies. Sometimes they will rely on personal relationships with technocrats or ministerial permanent secretaries to identify when and how they should approach the relevant minister. These exchanges can reveal that an audience with key decisionmakers necessitates a broader range of stakeholder groups being brought to the table. In cases though that require engaging with parliamentarians, such as when a legal amendment is needed, individual associations prefer to aggregate into larger umbrella bodies, such as AsNET or KEPSA. Part of the reason is the expense of lobbying parliamentary committees or politicians directly. As one interviewee noted, "Parliamentarians tell us, 'Take us out to Mombasa and tell us what you want to tell us.' We don't have those resources." Some of the umbrella bodies even offer a tiered membership structure whereby higher membership fees ensures greater access to decisionmakers. If there is no clear lobbying channel due to resistance of technocrats or ministers, going to court provides another way of influencing policy, as happened with respect to the export levy by the HCD.

There are just two other major associations that are active in lobbying on sorghum issues. One is the Cereal Growers Association (CGA), which brings together commercial cereal farmers, and the East Africa Grain Council (EAGC), which supports producers, traders, and processors in various grain value chains. Both have effectively come together in the past to deal with sudden changes in excise tax policy on sorghum beer, including in 2013 right after the inauguration of former president Kenyatta's Jubilee government. With policy research that CGA commissioned from the Tegemeo Institute, which showed the government would lose revenue from imposition of the excise duty as Kenyans switched to illicit brews, the farmer-led coalition successfully persuaded the new government to remove it.

Horizontal political settlement

The horizontal political settlement not only determines political receptivity to policy demands but also the degree of political interference in the bureaucracy. Kenya has a long tradition of politicians with close ties to business, particularly within the agricultural sector, and several high-level politicians own vast tracts of land (Bassett 2017; Booth et al. 2014). Directly, there are instances where public sector agencies have been told by members of parliament (MPs) to prioritize an issue or re-examine regulations due to effective lobbying actions by interested parties. Indirectly, restructuring of agencies may be politically motivated or serve political ends.

Moreover, the fractionalization within the administration that occurred in the wake of Kenyatta's Building Bridges Initiative (BBI) created a more politicized atmosphere that decelerated policymaking momentum. The BBI was the outcome of political reconciliation between Kenyatta and historical rival, Raila Odinga, and targeted several institutional reforms, including amending the 2010 constitution and creating a prime minister position. The BBI, which was ultimately struck down by the High Court, was opposed by several prominent politicians, including then Deputy President William Ruto, and various MPs. Consequently, the horizontal political settlement shifted so that BBI opponents, including Ruto, were relegated to the outside circle of political power of the presidency while Odinga and his supporters became part of the inner circle. The resulting friction delayed the passage of various legislative acts, creating a large backlog for several agricultural, crop and livestock bills.

The influence of the horizontal political settlement became clear in September 2020, when the operations of the Kenya Meat Commission were transferred to the Kenya Defense Forces under the Ministry of Defense. There were several economic reasons and political factors behind the transfer. The KMC has been prey to corruption and embezzlement by several of its previous leaders (Odhiambo, 2020). It had also been chronically indebted for most of its existence, delaying payments to the traders and producers who deliver animals. Moreover, KMC is one of the few slaughterhouses in Kenya to have an export license, which means it is a critical institution for large cattle ranches—many of which are owned by politicians—that engage in beef exports to the Middle East. This implies that there is a major political interest in ensuring that the parastatal is running smoothly. The transfer was challenged by lawyers who claimed that the decision was tantamount to the commercialization of the Ministry of Defense, violating the Forces Act. Kenya's High Court also ruled the decision violated Article 10 of the Constitution, which requires public participation about such decisions (Wangui, 2021). However, the transfer was only reversed when Ruto succeeded Kenyatta as president in September 2022.

Other instances of interference occurred with respect to increasing the sorghum excise duty on beer in March 2022. At that time, the Treasury Cabinet Secretary proposed raising the duty due to the country's growing indebtedness—a move also supported by the Kenyan Revenue Agency. However, parliamentarians were loath to do so in an election year because sorghum beer is mostly consumed by the working class who are highly price sensitive (Kiruga 2022).

Bureaucratic actors

Many of Kenya's government agencies are staffed by highly skilled technocrats, but there are pronounced challenges of vertical coordination between central and county policies and horizontal coordination across ministries and agencies. For beef, livestock veterinary services and disease control became devolved functions, but most counties have underinvested in these functions. Serious disease outbreaks are expected due to the limited resources allocated for this issue as well as the lack of inter-county cooperation across porous borders. More broadly, overlaps in functions between the ministries of agriculture and health over food safety issues, all contributed to policy confusion for beef. For instance, for food safety, oversight from the point of transporting the cattle from the market to the butchery is under the Department of Veterinary Services within the Ministry of Agriculture; but from the butchery onwards, food safety becomes the mandate of the Ministry of Health. Although a National Food Safety Coordination Committee was established, the meetings were ad hoc and unstructured. These coordination issues have therefore led to the drafting of various bills, including the Animal Health Bill, the Public Health Bill and the Food Safety Coordination Bill, though none of these were passed during the parliamentary session that ended on June 30, 2022 before elections.

For both FV and sorghum, Kenya's decade with devolution has unearthed several other bottlenecks. In addition to the challenges with the cess rates discussed earlier, devolution has resulted in allocating functions to county governments that may not be viewed as priorities by governors or MCAs. For instance, agricultural research and extension services are not given sufficient resources by the counties. Technical staffing in agriculture in a sample of counties (Garissa, Kilifi, Kisumu, Makueni, Nairobi, Nyandarua, Uasin Gishu) has decreased from 1,500 to 500 since the start of devolution in 2013 (Muwonge et al. 2022). This is a possible challenge for improving the training and capacity of local agro-vets who bear a large responsibility in guiding smallholders on the appropriateness of particular inputs, including pesticides. There are also legal inconsistencies that create confusion and inefficiencies. Kenya's Plant Protection Bill is currently under review, and one concern is that while KEPHIS—as the national level inspectorate—needs to adhere to International Plant Protection Codes, county inspectors who have the devolved responsibility for this function do not. As with beef, improving governance of FV requires addressing several overlapping mandates between agriculture and health on food safety as well as between Pest Control Products Board (PCPB) and KEPHIS on retail product testing and licensing.

For the sorghum value chain, the ongoing debate over excise taxes sometimes pit the Treasury and KRA against the Ministry of Agriculture and the Ministry of Health. The latter has particularly opposed excise taxes because they hoped that lower prices for clear beers would coax consumers away from less sanitary and more highly alcoholic illegal brews.

SUMMARY AND CONCLUSIONS

By comparing three distinct value chains, this policy note has examined the degree to which political economy factors influence policy (non)decisions, (non)implementation and outcomes. In all three value chains, productivity remains a challenge, and insufficient supply to meet domestic consumer demand has required increased imports.[4] This suggests that tackling some of these policy constraints around fiscal policies, food safety, inputs access, and infrastructure investments will prove critical to advancing Kenya's agricultural transformation. In doing so, attention to the political economy factors that help or hinder progress ensures that policy recommendations are aligned with political feasibility.

Among the key political economy issues highlighted by the PEVAC framework, our analysis underscored, first, the importance of private sector power players. For beef, brokers and wholesalers are powerful by virtue of the long transport from ASALs to Nairobi abattoirs, which undermines pastoralists' access to market and price information. Ranchers often have more power because of, among other things, their access to large land plots, focus on export markets, and strong ties to political elites. The contribution of export horticulture to Kenya's foreign exchange earnings and government tax revenue ensures that FV exporters have a high level of power, while the nature of domestic FV value chains increases the economic power of brokers and wholesalers, both individually and through informal commodity associations that facilitate price setting. EABL is by far the most powerful actor in the sorghum value chain, because, like FV exporters, the brewing business contributes significantly to government revenue through the excise tax.

This economic power translates into the type of industry associations that exist to lobby for policies in each value chain. While organizations in the beef value chain have seen some of their policy issues stuck in parliament (e.g the Livestock Marketing Bill), or generating friction among value chain members (e.g., feedlot policy), FV associations have made headway on several issues related to county cess and a domestic food safety standard, called KS1758, while awaiting their court ruling about the HCD export levy. Similarly, a small consortium of sorghum actors, together with one major powerful industry player, has been able to successfully lobby against increased excise taxes in the past.

With devolution, and the rise of local government veto players at the county level, there have been further challenges with policy implementation from both a technical and a political perspective. Technically, the transfer of most agriculture and livestock responsibilities to the counties requires their concurrence on many national policies, which leads to slower decision making. Moreover, due to the counties' resource constraints, they cannot fulfill many of those responsibilities. Politically, county governors now wield a lot of power, with some annexing public land or applying duplicative agriculture cess rates. There are likewise challenges of horizontal coordination with some agencies having duplicative mandates and others having conflicting agendas.

[4] Although fruit and vegetable imports have indeed increased in nominal value over the past four decades, FV export values have increased far faster. As a result, today FV imports amount to only about 30% of the value of FV exports.

In sum, many extant value chain studies focus primarily on how economic activities are structured and the policies needed to improve productivity. Yet, they fail to examine the lobbying influence and strategies of industry, the proximity between business and the state that varies by value chain, elites' relationships with each other and their constituents, and bottlenecks within public administration. By combining all these concerns into a holistic framework, the PEVAC can be broadly useful across different value chains and political systems, hopefully offering better insights on not only what types of policy changes are needed to spur agricultural transformation but also who opposes or supports them and why.

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ANNEX 1: LIST OF INSTITUTIONAL AFFILIATIONS OF INTERVIEWED RESPONDENTS

No.	Semi-Structured Key Informant Interviews (KIIs)
1	Agricultural Sectoral Network (AsNET)
2	Association of Kenya Feed Manufacturers (AKEFEMA)
3	Alliance for a Green Revolution in Africa (AGRA)
4	Beef Research Institute (BRI), Kenya Agricultural and Livestock Research Organization (KALRO)
5	Bureau for Food and Agriculture Policy (BFAP, South Africa)
6	Burma Meat Market
7	County Department of Agriculture (CDA), Embu County
8	County Department of Agriculture (CDA), Kitui County
9	Cereal Growers' Association (CGA)

10	Choice Meats
11	Directorate of Veterinary Services, Ministry of Agriculture, Fisheries, and Cooperatives (MoALFC)
12	East African Breweries Limited (EABL)
13	East African Grains Council (EAGC)
14	East African Malting Limited (EAML)
15	Former member of County Department of Agriculture (CDA), Kiambu County
16	Fresh Produce Exporters Association of Kenya (FPEAK)
17	Horticulture Crops Directorate (HCD), Agricultural and Food Authority (AFA)
18	Climate Smart Agriculture Program, Kenya Agricultural and Livestock Research Organization (KALRO)
19	Agricultural Division, Kenya Bureau of Standards (KEBS)
20	Kenya Revenue Authority (KRA), Nakuru County
21	Livestock Marketing Council (LMC)
22	Enable Youth, Ministry of Agriculture, Livestock, Fisheries, and Cooperatives (MoALFC)
23	Directorate of Nutrition, Ministry of Health (MoH)
24	Nairobi Metropolitan Services (NMS)
25	Nairobi Metropolitan Services (NMS)
26	Naivas Supermarkets
27	National Land Commission (NLC)
28	Pastoralist Parliamentary Group (PPG)
29	Pest Control Products Board (PCPB)
30	Phytosanitary and Bio-safety Services Department, KEPHIS
31	Planning and Implementation Dept, KEPHIS
32	Plant Breeding Department, Egerton University
33	Retail Trade Association of Kenya (RETRAK)
34	Seed and Plant Variety Department, KEPHIS
35	Seed Unit, KALRO
36	Society of Crop Agribusiness Advisors of Kenya (SoCAA)
37	State Department for Livestock, Ministry of Agriculture, Fisheries & Cooperatives (MoALFC)
38	Tunga Nutrition Kenya Limited
39	Wakulima Fruit & Vegetable Market
40	Wamu Investments
41	World Food Program

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