



# Investment opportunities in the agricultural sectors

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## Media reports

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*"...it is a bit difficult to believe that something as humble as Quail eggs can be a paragon of health and well being... it is no longer just a simple delicacy"*

From the aphrodisiac effects to replacing insulin  
.... the benefits are endless

But what does this mean for an investors ?



## The next big thing

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- What comes after Quail business
- Hydroponic Fodder and Vegetables farming (soil less farming) ??  
“the hanging gardens of Babylon”
- Unlimited innovations
- Imagine ornamental bird farming



## Importance of Agriculture to Kenyan Economy

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- Directly contributes 24% of the Gross Domestic Product (GDP)
- Indirectly contributes 27% through linkages with manufacturing, distribution and other service related sectors.
- 45% of Government revenue derived from agriculture,
- Contributes over 75% of industrial raw materials
- 60% of the export earnings
- Largest employer in the economy, accounting for 60 per cent of the total employment.
- About 80% of the population living in rural areas derive their livelihoods mainly from agricultural activities.



## Where are the opportunities

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- Increased need to improve food security for the growing population
- Increase productivity of smallholders who are majority through instituting interventions that reduce the high risks in smallholder farming, e.g. collective action by forming producer and marketing groups to exploit the economies of scale
- Sustainable utilisation and conservation of natural resource base
- Facilitate commercialisation of agriculture through development of market and provision of market information
- Ensure quality and safety of agricultural inputs and outputs



## Where are opportunities

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- Need to encourage agric. competitiveness locally, regionally and internationally
- Enhance effective partnerships along the agricultural product value chains
- Ensure beneficiaries are reached and participate in policy formulation
- Improve infrastructure and its use
- Enhance adoption of STI in agriculture for socio-economic devt



## Incentives in Kenya

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- Sugar and Cotton processing factories have been earmarked by the government for privatization.
- Export-oriented agri-business, horticulture and processing of oil crops and investment in large scale irrigation schemes.
- Kenya's competitive advantage as an investment location for agriculture is supported by various investor friendly factors that include:
  - Availability of a well established export market
  - Availability of multinationals in the sector
  - Availability of affordable labour
  - Investor friendly arrangements



## Other incentives

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- The Kenya government guarantee investor friendly arrangements such as:
- The Export Processing Economic Zones (EPZ) program which offers attractive incentives to export-oriented investors.
- The Tax Remission for Export Office (TREO), a program for intermittent imports for export production
- Generous investment and capital allowances.
- Double taxation, bilateral investment and trade agreements

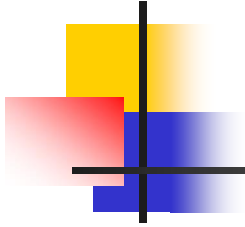




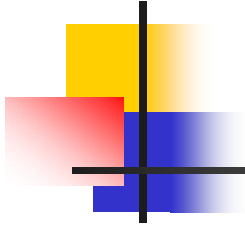
## Sectorial focus

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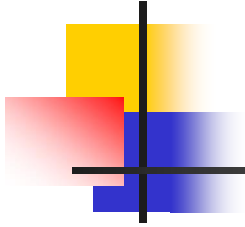
- Investment opportunities exist in seed production, manufacture of sprayers and pesticides, veterinary services, construction of dams and bore holes, installation of irrigation systems and services.
- Opportunities also exist in support services, such as cold storage facilities and refrigerated transport for horticultural and other perishable products.
- **Horticulture**
- The horticultural sector is one of the fastest growing sectors in the economy and is the second largest foreign exchange earner after tea. Opportunities exist in production and export of products such as cut-flowers, French beans, pineapples, mushrooms, asparagus, mangoes, macadamia nuts, avocados, passion fruits, melons, and carrots.



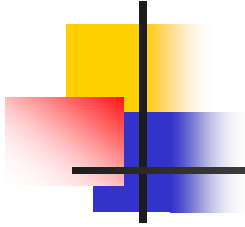
- Agro-Processing
- Numerous investment opportunities exist in this sector. Edible and other oils produced locally include butter, ghee and margarine as well as sunflower, rapeseed, cottonseed, sesame, coconut and corn oils, while a large quantity of palm oil is imported.
- Opportunities exist in coffee roasting and grinding, with a further potential such as in the production of decaffeinated coffee for export.
- Coffee Sub-Sector
- The following are some of the investment opportunities available in the coffee sub-sectors in Kenya:
  - Coffee processing and packaging to final products
  - Processing of instant coffee
  - Growing of Robusta coffee, which can be used to support the blending of Arabica coffee
  - Manufacture of coal from coffee husks



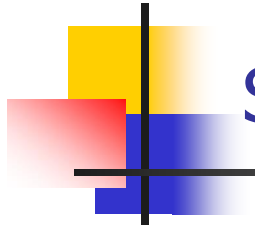
- Research and development
- Provision of finance services to small holder farmers
- Development of infrastructure in coffee producing areas
- There also exists a good opportunity to market Kenyan coffee in the international markets and especially in the United States.



- Poultry Products
- Hatcheries for the production of chicken for both domestic and regional consumption are under-exploited.
- Livestock
- Investment opportunities exist in the rearing of livestock for meat and dairy products. The dairy industry has been liberalised, providing new investment opportunities in milk processing for local and regional markets. Bee keeping and honey processing are untapped potential in Kenya.
- Dairy Industry
- The following are some investment opportunities available in the Kenyan dairy industry:
- Establishment of dairy processing plants: Milk processing for local and regional markets. Production of high value milk products such as milk powder, fermented milk and butter for export is encouraged.



- Artificial Insemination (A.I.) services: Artificial Insemination plays an important role in the development of the dairy sub-sector.
- Dipping services: Dipping services are important in control of tick-borne diseases that hinder the development of high quality beef and dairy products.
- Provision of low cost/affordable technologies and equipment for small scale processing;
- Opportunities for improvement in technology infrastructure such as packing, storage, and transportation, etc.



## Support Institutions

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- Agricultural Development Corporation
- Agricultural Finance Corporation
- Horticultural Crops Development Authority
- Kenya Agriculture Research Institute
- Kenya Flower Council
- Kenya Tea Board
- Ministry of Agriculture



## Key Challenges in Agric.

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- Agriculture is mainstay of the economies but practiced at subsistence scale with low levels of commercialization
- Low adoption of improved technologies/innovations across in agric.
- leading to low productivity and fragile resource base
- High variability of agric. production over space and time
- no dominant enterprises and farming systems which complicates targeting of innovations.



## Challenges in Agric.

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- Sector Over reliance on labour intensive and low productivity agric. Technologies
- Over-reliance on rain-fed agriculture=> minimal irrigation used famines common problem due to droughts
- Biotic and abiotic stresses for crops and livestock, leading to yield losses due to pests, diseases, drought, natural resource degradation, etc





## Challenges in Agric.

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- Minimal facilitation to access key farm inputs, (e.g. credit, water, seeds, fertilizers) and product markets
- Relatively poorly developed infrastructure due to high initial costs and low investment for: Roads and railways ICT Irrigation system Electricity
- Socio-cultural orientation among some communities where agric. is viewed as a non-commercial venture
- Need to have appropriate incentives among the youth and farmers to take up agriculture as a business



## Challenges in Agric.

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- Sector Fragmented research undertakings by NARS Institutions, Regional Research Networks and the International Agricultural Research Institutions
- Duplication of research activities and resources
- Weak linkages along the research for development (R4D) continuum Education,
- Research and Extension isolated Donor, public, private and civil society sectors often operate as separate entities
- Small and fragmented informal markets
- Reduced focus and/or low investments in agricultural training



## Challenges in Agric.

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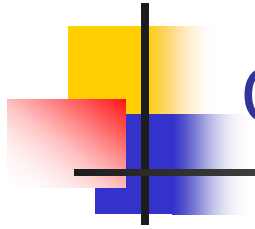
- Sector Weak/lack of supportive policies/legal framework (IPR, ITK, biotechnology, ICT) to facilitate use of scientific processes
- Minimal use of policy research and analysis results in policy formulation
- Low funding/unstable sources of funding
- High levels of poverty leading to low investment in agricultural activities



# Opportunities

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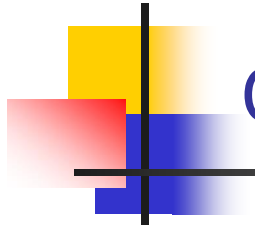
- Interest in making agriculture a commercial undertaking (e.g. Vision 2030) and create development impact
- Increased need for value addition and market development along commodity value chains
- Recognition that market driven and private sector led growth transforms agriculture (e.g. horticulture, tea, smallholder dairy)
- Increased need for public-private sector partnerships
- Interest to make agricultural sector more competitive due to globalization



## Opportunities

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- Increased need to conserve and sustainably utilize natural resources, and recognition of importance of indigenous knowledge => increases need to adopt home made technologies



## Opportunities

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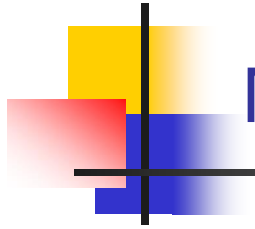
- Increased recognition of role of STI in economic development,
- hence ongoing efforts (Kenya vision 2030, NEPAD –CAADP) to ensure STI is a major foundation upon which other socio-economic development pillars rest



## Role of technology

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- Role of Science, Technology and Innovation in Agric Development
- Agric research now expected contribute to sustainable development impact through:
  - Crop and livestock improvement
  - Improved crop/livestock management systems
  - Control of crop/livestock pests and diseases
  - Natural resource management, including environmental preservation
  - Processing Marketing Information and Communication Technology
  - Training Disaster prevention and management



## Market aggregation

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- Co-ordinating marketing activities of agricultural produce





## Value chain analysis

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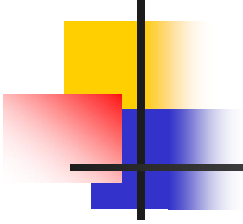
- Involve analysing area of deficiency from farm inputs to marketable products
- Areas of weakness present investment opportunities



## Green revolution

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- Involve embracing / promoting climate friendly agricultural practices
- Eligible project can generate verified carbon units
- VCUs are equivalent to Carbon credits which are sold as offsets



- Interactive session
- Question and answers