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World MSME Day
CELEBRATING MICRO, SMALL & MEDIUM-SIZED ENTERPRISES

MINISTRY OF FOREIGN AFFAIRS OF DENMARK
Danida

Theme: *Achieving the SDGs, and an economy that is greener and fairer, requires resilient and flourishing MSMEs everywhere*

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Towards Self-reliant Agri-Food Value Chains

Mr. Daniel Chege, Founder and Managing Director of Irritech Agri-Service Providers, a green-technology company that works in drip irrigation technology and solar water pumps. The enterprise is a beneficiary of MESPT & DANIDA support.

Vert Ltd Pack house, an enterprise that has created jobs to many women and youth. The enterprise is a beneficiary of MESPT & DANIDA support.

Small and Medium Sized Enterprises (SMEs) are pertinent to the attainment of sustainable market systems development and have contributed immensely to strengthening and integrating Kenya into both the regional and global economy.

The contribution of SMEs in job creation, poverty alleviation and rural development is significant. In the age of globalisation, this contribution can only be more pronounced in influencing significant economy-wide transformation of developing nations. The smart thing to do therefore, would be in instrumentalising and aligning SMEs with the changing times and achieve the UN's Sustainable Development Goals (SDGs). Of particular interest are SDGs 1 (No poverty); 2 (Zero hunger); 5 (gender equality); 7 (affordable and clean energy); 8 (decent work and economic growth); 10 (reduced inequalities); 13 (climate action); 15 (life on land); and 17 (partnerships for the goals).

Closer home, alignment of SMEs to the vision 2030 ensures elevated statuses to the SMEs and cements their contribution to economic development of the country based on sound strategies, in this case mid-term plans (MTPs). This alignment trickles down to the county governments who formulate their County Integrated Development Plans (CIDPs) based on the MTPs in line with the County Governments Act of 2012. However, to realise the SDGs, collaboration is key.

Agricultural value chains in Kenya are characterised by interconnectivity of actors, each addressing a gap within the agriculture space. This was hitherto crowded by independent actors, each acting separately. While competitiveness of the value chains is key for profit and relevance, collaboration is pertinent to their sustainability: Collaboration that cuts across policy makers, other facilitators, NGOs, government, markets, research, and other private sector actors.

In Kenya, for instance, the contribution of agribusiness to the local and regional economy is significant; approximately 26 percent directly and 27 percent indirectly through linkages to manufacturing and other sectors. This has cemented agribusiness as an entry point for economy–wide transformation in the county and by extension, inclusion, not only for common interest groups, e.g., women, youth, and people with disabilities, but also for gainful investment.

The Kenyan agricultural space has since attracted investment ranging from policy support, private capital investors, skills upgrading, infrastructure to multilateral networking. Suffice to say, the Government of Kenya has also invested significantly in the agriculture sector in the creation of a conducive environment for investments through formulation of guiding strategies and policies that oversee the sector. These policies include, but are not limited to the Agricultural Sector Growth and Transformation Strategy (ASGTS 2019-2029), Kenya vision 2030, Policy framework guiding Food Safety in Kenya, among other strategic documents.

Kenya's agriculture is increasingly market driven. This implies that it is dependent on the end market demands and standards, which often encompass social and GAP requirements. As such, while recognising the role markets play in achieving economic growth, creating jobs and in alleviating poverty, integration of social and markets standards in daily practice cannot be overemphasised. The onus is on us as practitioners and Kenyans in general to proactively address and integrate food safety and responsible business conducts within the agri-food value chains. Common examples of market and social standards include Global Gap, Organic, even local ones such as KS1758. Responsible business Conduct is in recognition of the human rights-based approaches in the spirit and letter of practice.

As a matter of fact, the aforementioned fundamentals are gaining prominence among the urban folk and health-conscious consumers in Kenya as well, so much so that addressing food security has access to healthy and nutritious food embedded in it. Even though the earlier assertion refers to "the urban folk and health-conscious consumers", deliberate measures are being taken to strengthen the capacities of value chain actors and institutions within the agricultural space on issues of food safety, compliance, surveillance, and policy. This will not only empower the actors but act as a multiplier of knowledge to the general public on food safety issues, especially among the common *mwananchi*.

Another pertinent question comes in the form of finance and access to it, for that matter. Most smallholder farmers who in fact contribute at least 80 percent of Kenya's food, are considered high risk by mainstream financial institutions. How then do we mainstream these farmers into active, full scale value chain development activities while disproving the perception of risks? Again, this is where innovation comes in: Innovation at the point of product development, sensitisation and awareness, regarding agricultural and green financing and capacity building of relevant financial service providers. With innovative fiscal and financial instruments, smallholder farmers will not only improve their production and productivity, but the overall economic transformation of the country.

The ongoing concern of the 21st Century is how to "transition M4P to a journey of self-reliance" while still being socially conscious, contributing to sustainable rural development and generating economic returns. This is where Agriculture's paradigm shift takes hold as a catalyst for sustainable economic development based on gainful collaboration with industry actors, academia, and development world.

This conversation cannot end without research and its contribution to agricultural development. Research is instrumental to growth. Trans and cross-collaboration between research, industry and development practice not only cements theoretical perspectives, but also competence in a field. It is also a catalyst for knowledge sharing, learning and adaptation of what works.

Development partners like the European Union (EU) and the Danish International Development Agency (Danida) have taken a forefront role in redefining Agriculture in the country. Through the Micro Enterprises Support Programme Trust (MESPT), their support has been critical in ensuring that the above-mentioned pillars are embedded in Kenya's market systems development. One case in point is the renaissance on the development, review, and integration of competence-based curricula and manuals for the Agriculture Training and Vocational Education Training centres (ATVETs). It is expected that this model will trigger investment from both the public (especially the counties) and the private sector, consequently increasing productivity of agricultural value chains and enhancing the food safety system. This will in turn reverberate into enhanced access to both local and export markets.

Another critical support to Kenya's MSMEs has been in post-recovery of COVID-19. This has ensured that SMEs remain afloat even during the pandemic. Danida has recently funded MESPT to implement the Green Employment in Agriculture Programme (GEAP) to a tune of Ksh1.2 billion, with an overarching goal to accelerate decent employment creation in Agri Enterprises (MSMEs) and improve competitiveness of targeted agricultural value chains which contribute towards greener and more inclusive growth.

In conclusion, the journey to economy-wide transformation of Agriculture in Kenya cannot be articulated without mentioning the SMEs. Their drive to remain competitive while seeking gainful collaboration has been the fire behind this story. Their resilience and strive to become better has directly contributed towards economic transformation of the smallholder farmers and by extension rural development. It is this undying drive that will contribute significantly towards self-reliant agri-food value chains even as the green transformation agenda takes shape. This article is a dedication to that undying spirit of Kenya's SMEs. Happy world SME day!

Cocovita Ltd Kilifi, a green enterprise that has created green jobs to many women and youth. The enterprise is a beneficiary of MESPT & DANIDA support.