Abstract

This paper reviews agricultural policy and the performance of the sector in Kenya for the period 1964 to 1996. The purpose is to provide an opportunity to learn from history: to identify the weak and strong points of the policies, and to help in providing policy options for future sustainable growth and development. From the review, agricultural policies used in Kenya can be divided into government controls and liberalised markets. However, the bipolar division of policies between full government controls and free markets has created problems in agricultural development.

During the era of controls, the governmentís domination of production and marketing activities stifled development of the private sector and because of the government inability to continuously support the activities financially and technically, there was a decline in agricultural growth and development as a whole. On the other hand, when the government started to off-load the activities to the private sector and let the free markets guide production and marketing activities, there was lack of harmony and co-ordination of the implementation process. This resulted in retarded growth and development of the agricultural sector because of the vacuum that existed as a result of a poorly developed private sector which also lacked the capacity to undertake the activities adequately.

It is clear from the analysis that rigidities exist in the following areas:

- marketing and pricing;
- investment policy in extension, research, animal health, irrigation and infrastructure;
- macroeconomic policies used;
- implementation of the policies.

The following are some of the policy options required to relax the rigidities:

1.Enhancing the workings of the free market by removing all direct or indirect controls and interference on the production and marketing of agricultural commodities. Market failures (externalities, natural monopolies and information asymmetry) should be corrected to create incentives for increased agricultural production.

2.Privatisation of agricultural services which promise to be appealing to private individuals and organisations (for example, production and distribution of agricultural inputs, mechanisation services and livestock clinical services) should be encouraged while the government should invest in services such as agricultural research and extension, and control of epidemic diseases and pests.

3.Public institutions dealing in production and marketing of products in this sector should be reformed to deal with regulatory and advisory functions rather than direct production and marketing activities.

4.Fiscal, monetary policies, international trade and domestic financing procedures should be able to allow producers and consumers to benefit from agricultural commodity prices prevailing in the world markets