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INFLUENCE OF POLICY EVOLUTION ON AGRICULTURE PROJECT PERFORMANCE IN KAKAMEGA COUNTY

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ABSTRACT

Kakamega is known to be an agriculture hub in Kenya with one of the country's main cash crop grown in the region. With recent policy trends in managerial, political, financial and otherwise, the county's agricultural sectors projects performance is on a decline which has detrimental effects on entire agricultural sector due to poor management strategies. This has resulted in a fall out of some agriculture industries such as the sugarcane industry. A look at the evolving agricultural policies in relations to agriculture project performance in Kakamega suggested significance impacts of the strategic policies on overall agriculture projects performance. An analysis of data from sector stakeholders revealed positive correlation between policy evolution in agriculture and overall agriculture performance. This positively influences the performance of agriculture projects which in turn calls for stringent policy advocacy measures to guide project management in the sector. The information gathered from this research was insightful for strategic planning of most agricultural projects in the county and help in strategizing on implementation of agriculture projects.

Key words: *Policy Evolution, Agriculture, Project Performance, Donor Funding*

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INTRODUCTION

Policy evolution is a form of policy change proponents portraying the solution to a wide range of unresolved debates on endogenous and exogenous change, the nature of institutions, rational choice and norms, and structure and agency (Lewis & Steinmo, 2010). The agricultural sector has endured a turbulent policy period since independence, Import substitution during the 1960s and 1970s followed by Structural Adjustment Program (SAP) and market liberalization in the 1980s and 1990s as seen by (Mutunga, 2012) produced a turbulent performance in the whole economy, which was mirrored in agriculture. The Strategy for Revitalizing Agriculture (SRA) launched and implemented in 2004-2010 set out a vision for a commercially viable agricultural sector that would tackle food insecurity, poverty and unemployment. Regarded as successful, the SRA was succeeded by the ASDS 2010-2020, which was aligned to the African Union agricultural sector initiative, the Comprehensive Africa Agriculture Development Program (CAADP). These strategies, which feed into and are informed by Kenya's Vision 2030 document, recognize and tackle the major challenges to the agriculture sector. These challenges include: the lack of value addition, lack of funding, low productivity, poor performance, marketing inefficiency and poor land use. Interventions by the Ministry of Agriculture and allied institutions in Kenya came with the implementation of the 2010 constitution of Kenya. With the context of devolution there then emerged issues that affect agricultural sector as a whole.

The first issue is budget allocations to agriculture. According to the International Budget Partnership (IBP), national government allocated the sector was far less as compared the (Maputo Declaration, 2003) calls for allocation of at least 10 percent of total national budget towards agriculture. These allocations may be due to the fact that that agriculture isn't an attractive sector to finance because of the risk associated with agriculture. This has resulted in the bottleneck of research and development funding in agriculture. Infrastructure remains a priority for national or rather county governments because physical assets can be pointed to as proof of 'development'. The same cannot be done with agriculture; as a result agriculture seems to wallowing in financial neglect. The ASDS MTIP for 2010-2015 sets out how Kenya will implement the strategic ambitions of the agricultural sector. It has six investment pillars and a set of key targets that show the agricultural sector's contribution to the country's national developmental goals.

Project Funding

Agricultural projects are either donor or government funded and their outcomes are usually geared towards a sustainable impact on the community within which they are implemented. Projects management principles require that the projects to be accountable to the predetermined plans and design and accountability to the donors the success of this can be influenced by a range of factors including leadership and management, transparency of activities and budget, open communication and collaborative spirit amongst members, and enduring support from donor and government. In recent years we have seen many donors retract funding stipulating policy changes. The past performance of State- or donor-sponsored rural finance operations has fallen substantially short of expectations. Many of the institutions established or supported primarily for delivering credit programs have not developed into self-sustained rural finance institutions (Norton, 2004). The evolution of policy can either be driven by politics or empirical need for a policy review. Project funding can be looked at from two distinct perspectives. The perspective whereby funding from donor is adopted by the policies governing that particular project or the perspectives where self-sustainability is adopted in the policies. Large numbers of small rural credit organizations that depended on donor funding have folded as the

programs that sustained them came to an end. These difficulties experienced by agricultural credit institutions have given rise to a search for approaches that will be sustain able as well as ensuring that sufficient volumes of credit are available (Norton, 2004). Agricultural project financial sustainability is the ability of agricultural projects to develop a diverse resource base. In Kakamega, the number of agricultural projects has been increasing yearly; most of them depend on foreign donations. However, according to Mbuya and Osodo (2018), who suggests that donor funded projects should limit over-dependence on donor funds and indeed focus on establishing income generating activities and venture into multiple sources of funds for their projects. As Angelsen (2014) explains, donor aid can be conditional, result-based, or performance-based aid. The idea of performance-based aid is simple: make payments to countries and projects based on performance or results. The performance can be measures in the form of policy reforms adopted, or measured more directly in the form of actual productivity.

Policies governing agriculture finance in Kenya have undergone similar evolution which is also systematically geared to overall agricultural policies. As we look at the correlation between financial policy frameworks and the evolutionary impact of these policies on Agriculture projects performance in Kakamega. Agriculture finance is constrained by a variety of factors which include inadequate or ineffective policies and high transaction costs to reach remote rural population (World Bank, 2018).

Often many projects rationale depends on donor requirements and/or the preferences and specialization desired. Such projects that are based on the specialist's background may not necessarily reflect contextual and farmers' priorities (Nederlof, 2006). Most donors are concerned about sustainability aspect of a project and often fund projects which have a well-defined sustainability plan in place. Integrating sustainability principles in their ongoing projects can be an effective way to ensure long term impact. Some project funding factors in project management are the project cost estimation, the project technical design, and the project funding policy applicable in Kenya which influences the project performance measured in on time and on budget parameters. In the recent times, sponsors and development partners have increasingly focused on the impact derived from implementations of projects (Angelsen, 2014).

METHODOLOGY

The study adopted a descriptive and explanatory survey design. The research was conducted in Kakamega County with respondents from the 12 Sub-County levels of Butere, Mumias, Navakholo, Kakamega Central, Matungu, Matete, Lugari, Likuyani, Khwisero, Kakamega East and Kakamega North Sun-Counties. The research targeted agriculture project stakeholders within these sub-counties and was conducted in Kakamega County during the annual Western Kenya ASK show on 30th to 1st of June 2019 with respondent from the 12 Sub-County levels. Random sampling technique was used to obtain sample from population. Respondents were agricultural project stakeholders and the beneficiaries of the projects. This included farmers, project managers of the implementing bodies, and community members who include community leaders. The respondents were interviewed through questionnaires with questions ranging from do funding policies evolve, do they think agriculture financial policies have evolved, how they find agriculture Funding policies to influence Agriculture project performance, If agriculture financial policies have evolved and affected the performance of agriculture projects. Respondents were also asked if financial policy evolution had affected agriculture and how. The sample size was a census of all respondents as is considered sufficient as it fully represent majority the beneficiaries with 95% confidence

interval in consideration. The data collected was cleaned and tabulated in an excel sheet and stored in a comma separated value format so as to facilitate linking and loading it to R studio console and analyzed using the R programming software package these included mean and standard deviations and correlation analysis.

RESULTS

Results from correlation analysis showed that funding policies had a positive significant, weak relationship with project performance. This was evident since the Pearson correlation coefficient was 0.40 and p-value was 0.05. The Pearson correlation coefficient showed that funding policies had a direct relationship with project performance (0.40) thus the relationship was weak since the Pearson coefficient was somewhat towards the threshold (-1,1). Since the p-value of 0.05 is below the threshold of 0.05, it proved that funding policies had a significant relationship with project performance.

CONCLUSION

From the descriptive statistics suggested funding policies influenced project performance to a great extent. Policy evolution positively impacts agriculture project as evidenced from the research. However as much as donors usually have strict rule towards funding a project it was seen that this rules evolves together with the financial policies in agriculture

The inferential analysis showed that funding policies evolution had an significant weak positive relationship with project performance. This meant that policy evolution in funding had a direct correlation with project performance where an increase in funding and its evolution increased the rate of project performance. Correlation analysis results suggested the significance relationship between evolution of funding policies and the performance of projects. Where the significant values of (p) were lower than the accepted threshold significance value of 0.05.

RECOMMENDATIONS

Finally, policy evolution in agriculture should be embraced and encouraged since this upgrades the latest trends in the sector to efficiently improve on the delivery, this impacts positively on project performance. Project manager in agriculture should be updated on changing policies and also encourage policy advocacy within agriculture projects.

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