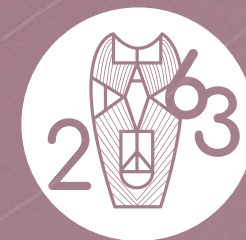




• KENYA



AKADEMIYA



Opportunities to Achieve the Kampala Declaration Ambitions through Economic Growth and Social Transfer Policies

KAMPALA CAADP SERIES

COUNTRY DIAGNOSTICS

Brochure #4

Opportunities to Achieve the Kampala Declaration Ambitions through Economic Growth and Social Transfer Policies

KAMPALA CAADP SERIES: COUNTRY DIAGNOSTICS

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Introduction

Recognizing agriculture's vital role in Africa's development, African leaders adopted the Comprehensive Africa Agriculture Development Programme (CAADP) in Maputo, Mozambique, as a continent-wide framework to drive economic growth, reduce poverty, and improve food and nutrition security. In 2014, the Malabo Declaration expanded CAADP, with seven commitments to accelerate agricultural transformation. Over the past two decades, CAADP has elevated the profile of African agriculture, increased political commitment to and investment in the agrifood sector, engaged a broad range of stakeholders, and driven progress in agricultural growth, trade, and poverty reduction. However, the 2023 fourth CAADP Biennial Review found that Africa was not on track to meet all Malabo Declaration goals by 2025.

As the Malabo Declaration expired at the end of 2025, the Department of Agriculture, Rural Development, Blue Economy, and Sustainable Environment of the African Union Commission and the African Union Development Agency–New Partnership for Africa's Development (AUDA-NEPAD) jointly led the process to develop a post-Malabo CAADP agenda. This work included broad, inclusive regional stakeholder consultations and analysis to guide the development of a robust, evidence-based post-Malabo agenda.

These efforts informed the development of the new CAADP Strategy and Action Plan (2026–2035) and the Kampala CAADP Declaration adopted by African Heads of State and Government in January 2025¹.

Building on its longstanding partnership with the African Union Commission, AKADEMIYA2063 is supporting the domestication and implementation of the CAADP Strategy and Action Plan (2026–2035) and the Kampala CAADP Declaration. The Kampala Declaration calls on all Member States and regional economic communities (RECs) across the continent to integrate it into their national and regional agrifood systems investment plans and to adopt best practices in the governance of their agrifood systems. In anticipation of the intensive work required to update, design, and implement evidence-based, country-level national agrifood systems investment plans aligned with the Declaration, AKADEMIYA2063 is conducting a set of three Kampala Declaration diagnostics in selected countries.

¹CAADP Strategy and Action Plan: 2026–2035 (Building Resilient and Sustainable Agrifood Systems in Africa). Kampala CAADP Declaration on Building Resilient and Sustainable Agrifood Systems in Africa.

These diagnostics will result in three reports for each country:

- A Kampala Declaration Status Assessment and Profile Report
- A Kampala Declaration Goals and Milestones Report
- A Kampala Declaration Policy and Program Opportunities and Good Practice Report

Under the Kampala Declaration Goals and Milestones Report, AKADEMIYA2063 conducts an ex-ante analysis of progress toward intermediate targets necessary for a country to achieve the Kampala Declaration commitments on agrifood system transformation. Different scenarios—including a continuation of current trends and reallocation of public expenditure priorities consistent with the Kampala Declaration—are formulated, and their prospects are examined with regard to achieving the national and continental development goals and milestones under the Kampala Declaration. Such analyses will serve as important input for investment planning and for identifying intermediate milestones that a country must meet and actions it must take to achieve the Kampala Declaration's agrifood systems transformation goals and targets.

This brochure examines opportunities for Kenya to achieve the Kampala Declaration ambitions through economic growth and social transfer policies, drawing on findings from the Kampala Goals and Milestones Report for Kenya.



Opportunities to Achieve the Kampala Declaration Ambitions through Economic Growth and Social Transfer Policies

The evidence from the diagnosis of current trends indicates that simply continuing existing policy priorities and investment choices will not allow Kenya to fully achieve all the goals and targets set under the Kampala Declaration.

One important step toward changing these trends is to identify opportunities to enhance agrifood system growth and to strengthen safety net policies that further increase incomes, reduce poverty, and improve nutrition outcomes for all Kenyans. Such opportunities depend on the sources and drivers of economic growth and income distribution, as well as the costs of healthy diets across Kenya's economy and communities. These opportunities are not constant but change as the economy transforms. The strategic issues that must be examined and addressed at any point in time are how the various policy and investment options that might be pursued will affect the pace of growth in individual economic sectors, how these sectors are linked to each other, and what role they play in generating gainful employment and remunerating capital for different household groups.

In making these determinations, particular attention must be paid to how the policy and investment options under consideration might affect Kenya's agrifood sector, whether beneficially or adversely, in achieving the Kampala Declaration commitments.

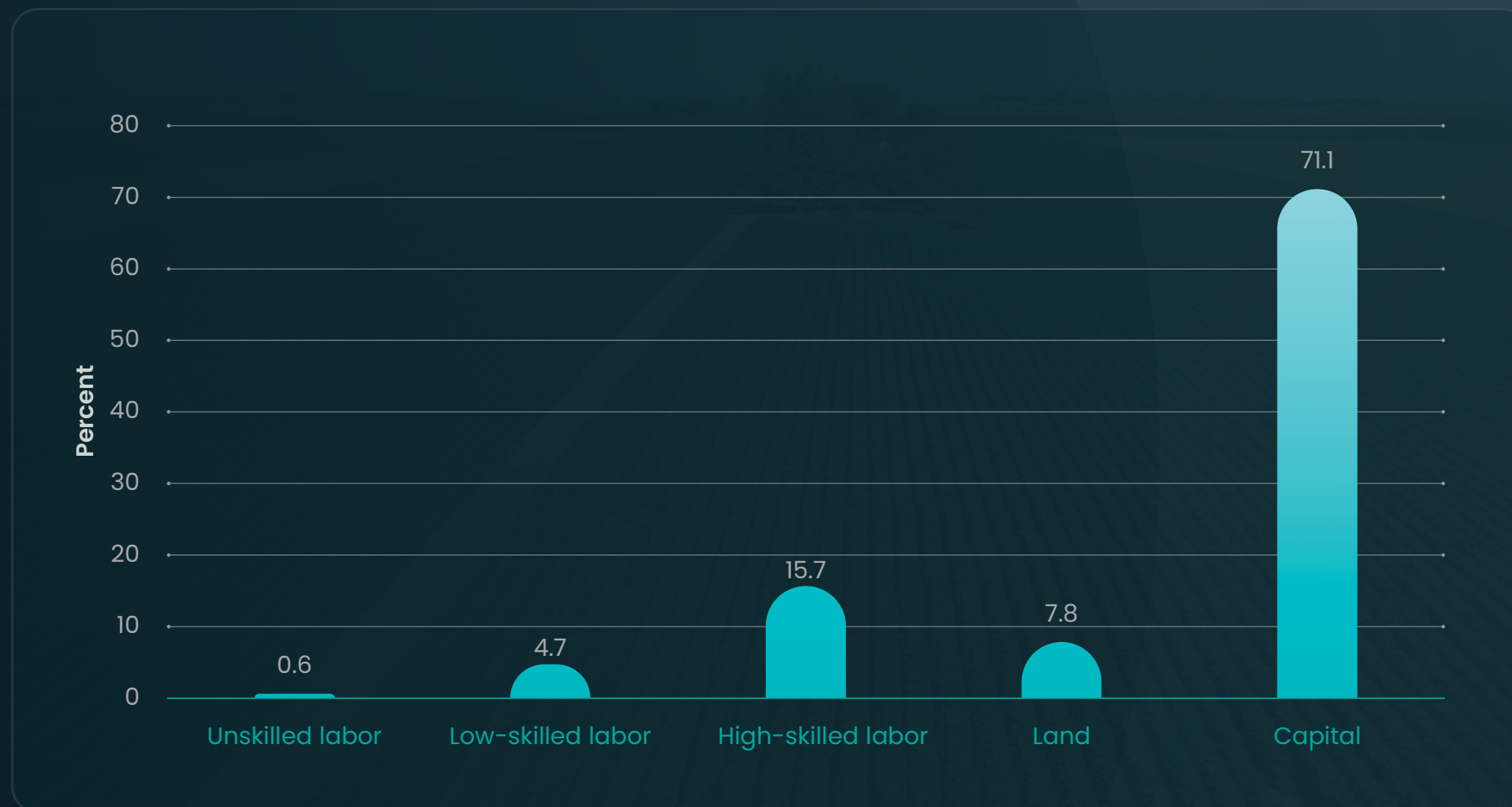
Income Sources and their Distribution among Rural and Urban Kenyan Households

Two fundamental features of Kenya's economic system determine the scope, feasibility, and pace of leveraging opportunities to realize the ambitions of the Kampala Declaration agenda:

- The levels and distributions of income earned by poor and rich households in rural and urban communities, and how they change with shifts in growth patterns within and outside the agrifood system.
- The level and distribution of added value across economic sectors in Kenya's economy, and how they change in response to shifting agrifood and non-agrifood policy and investment priorities.

As shown in Figure 1, the lion's share of income in Kenya's economy accrues to high-skilled labor and capital, with the shares accruing to these factors of production amounting to 15 and 70 percent, respectively. Policies and investment decisions have hitherto favored growth in sectors that are more capital-intensive and employ high-skilled labor. Consequently, those actions have benefited households with greater access to these two factors. Households relying on land, unskilled, and low-skilled labor for their income have benefited significantly less.



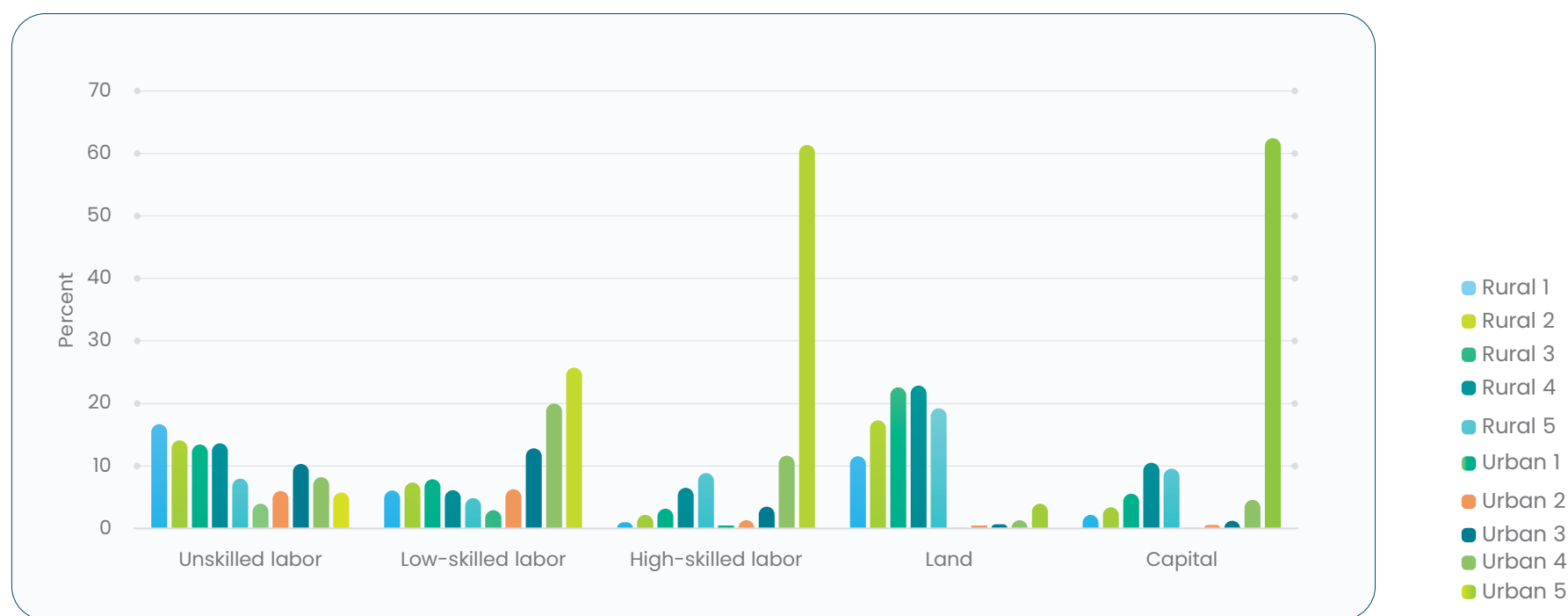
Figure 1 Share of income in Kenya's total GDP by factors of production

Source: 2021 Social Accounting Matrix (SAM) for Kenya.

Note: GDP = "Gross Domestic Product."

Figure 2 shows the distribution of income from the five factors of production among rural and urban household quintiles in Kenya, respectively. Households earn income from payments for their labor and invested capital, including land. How much households benefit from a particular policy and investment regime depends on the relative share of their income that comes from labor, land, or capital. These shares vary across households and across the sectors of the economy in which they participate.

Figure 2 Share of income from specific factors of production in Kenya, accruing to rural and urban household income categories



Source: 2021 Social Accounting Matrix (SAM) for Kenya.

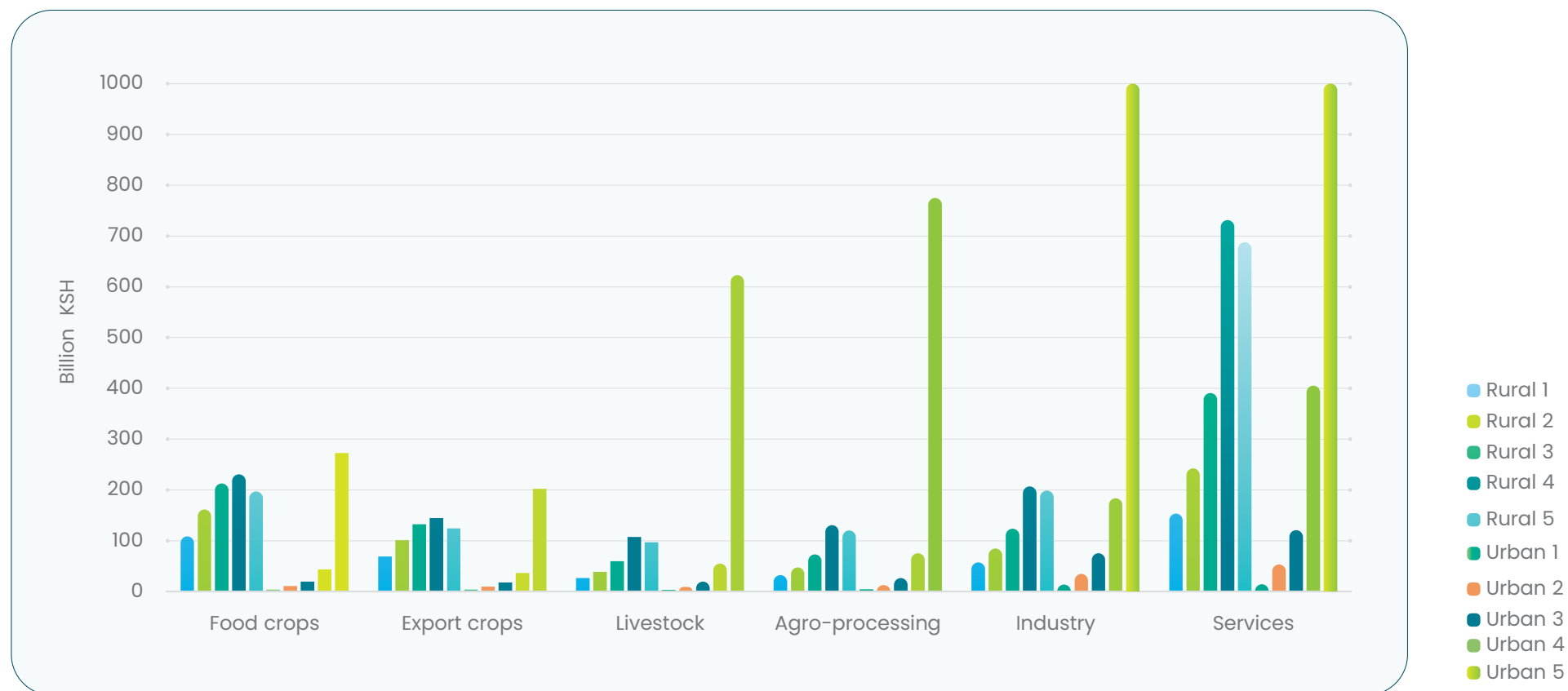
Note: Category 1 denotes the lowest income group in each rural or urban area, and 5 the highest.

The poorest 40 percent of rural households (Rural 1 and Rural 2) earn significant shares of their income from remuneration for unskilled labor, primarily in agriculture and agro-processing, as well as from revenue accruing to agricultural land. In contrast, the share of income they derive from employment in high-skilled labor activities and from returns to capital other than land is minimal.

Figure 3 shows the share of income gains from growth across economic sectors and subsectors that accrues to rural and urban household income quintiles. The two poorest rural income groups derive significant shares of their income from the agrifood sector, particularly food crops, and, to a lesser extent, from export crops. Outside of agriculture, these households also receive significant shares of their income from the services sector. In contrast, middle- and higher-income households receive a large share of their income from the livestock and agro-processing segments of the agrifood sector and, more importantly, from the industry and services sectors.



Figure 3 Annual income from specific economic sectors in Kenya, accruing to rural and urban household income categories



Source: 2021 Social Accounting Matrix (SAM) for Kenya.

Note: Category 1 denotes the lowest income group in each rural or urban area, and 5 the highest.

The above structure of income sources and flows has two major implications for possible pathways to achieving the poverty, nutrition, and inclusivity goals of the Kampala Declaration. First, an accelerated, broad-based growth pathway must boost incomes across multiple sectors and subsectors. Second, given that poorer households, both rural and urban, derive most of their income from lower productivity factors (Figure 2) and sectors (Figure 3), relying on economic growth pathways alone will not allow Kenya to sufficiently achieve the Kampala Declaration ambitions within the ten-year timeframe to 2035.

Accelerated progress in Kenya toward the overarching poverty, equity, and nutrition goals of the Kampala Declaration agenda calls for the continued pursuit of robust growth, including in sectors that generate income from land and unskilled and low-skilled labor. However, such economic growth strategies must be complemented by a regime of targeted and effective resource transfer policies to promote broader skills development and expanded access to capital assets among the poorest household categories.

Key Pathways Toward the Realization of the Kampala Declaration Goals

Assessing the potential contribution of economic growth and transfer policies to achieving the key Kampala Declaration poverty, nutrition, and inclusivity goals by 2035 facilitates the pursuit in Kenya of more balanced and impactful strategies. Our diagnosis of what this portfolio of strategies might contain is carried out in several steps of increasing granularity to enable more targeted and prioritized policy and investment decisions.

The first step examines the potential of both economic growth and transfer policies to boost household incomes. The purpose here is not one of comparative ranking between the two sets of policies but to highlight the scope for leveraging social protection and safety net programs to augment the impact of economic growth, the first line of attack to achieve poverty, nutrition, and inclusivity goals.

The second, third, and fourth steps examine more closely the contribution of economic growth to reducing the level of poverty, the prevalence of undernourishment, and the affordability of healthy diets. The analysis starts with the contribution of economic growth to each of these three overarching goals at the highest level of aggregation across key economic sectors—that is, the contribution of growth in agriculture, agribusiness, industry, and services to achieving each of these goals as the main sectors of the Kenyan economy.

The analysis is then disaggregated to assess the contributions of economic growth at the level of individual agriculture and agribusiness sectors—food crops, export crops, livestock, fisheries, forestry, and agro-processing—thereby enabling further fine-tuning of policy and investment planning. In a further refinement of the analysis, the contribution of growth is unpacked at the level of individual value chains within each of these agrifood subsectors, providing additional depth for targeting and prioritizing policy and investment decisions.

However, because economic growth cannot be relied on to reach and benefit the poorest of the poor within a reasonable timeframe, if at all, social transfer instruments have to be part of the policy mix to realize the Kampala Declaration's poverty, nutrition, and inclusivity ambitions in Kenya. For this diagnosis, social transfers are formulated to be budget-neutral and funded through a levy on the highest-income households. The government has the option to fund transfers through the budget or from external resources.

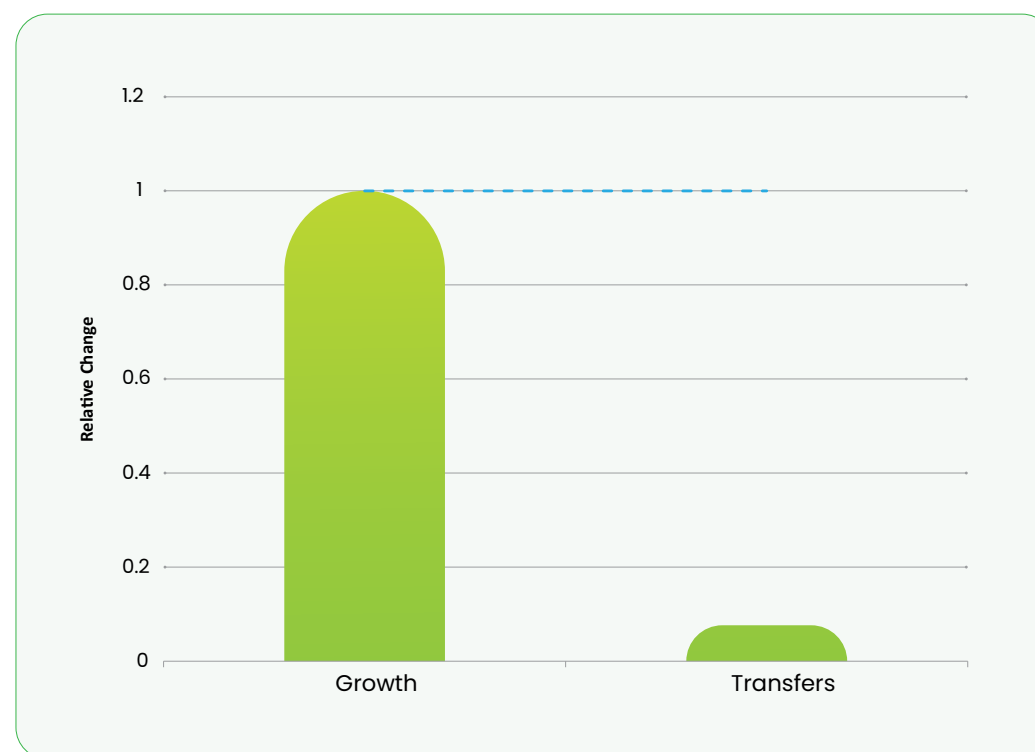
While the impact of transfers can be expected to be small on average, for households at the bottom of the income distribution, their contribution can be substantial. Moreover, they provide the government with tools to achieve short-term impact and increase the incomes of those households. And if formulated in such a way as to boost access to productive assets, including land, capital, and improved skills, they will become more impactful over time.

For comparative purposes and ease of interpretation, the effect on incomes from different sources is normalized by setting the contribution of a given source as equal to 1, then using it as a benchmark against which all other contributions are contrasted.

Rural incomes—impact of economic growth and social transfers

The contribution of transfers to the incomes of rural households in Kenya is compared with that of overall economic growth (Figure 4) and with growth resulting from different sectors of the economy (Figure 5). Transfers can contribute as much as 10 percent of the increase in rural household incomes that can be obtained from economic growth (Figure 4). Growth in the agro-processing sector is significantly more impactful for rural incomes than growth in agriculture, providing over twice the increase in incomes (Figure 5). Growth in the services sector provides around half the impact of growth in agriculture, while transfers provide around a third of the impact of agricultural growth, and growth in industry provides around a quarter.

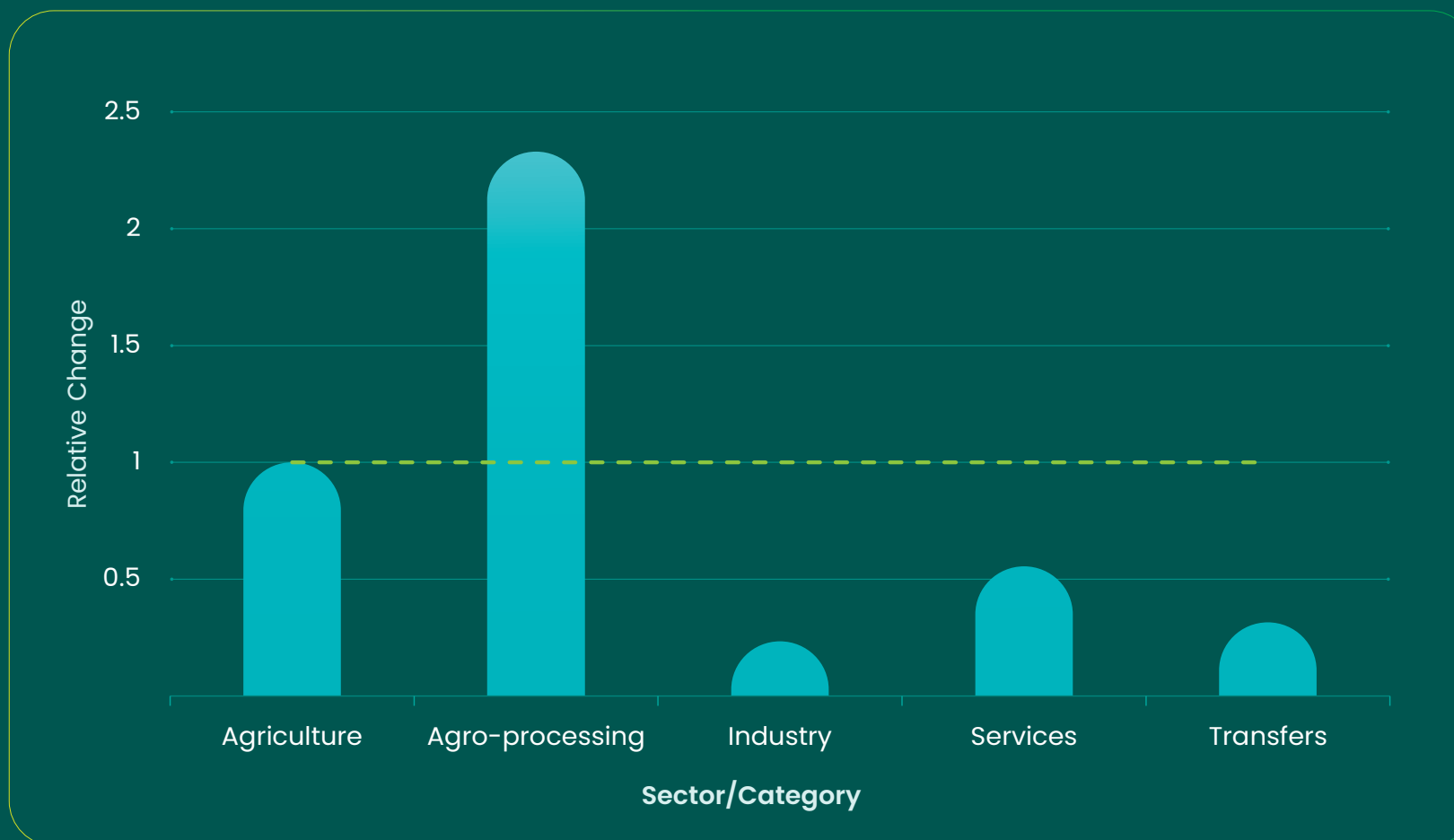
Figure 4 Rural households—Changes in incomes in Kenya induced by economic growth and transfer policies from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in rural household incomes resulting from overall growth is used as a benchmark and assigned the value of 1.

Figure 5 Rural households—Changes in incomes in Kenya induced by economic growth in specific economic sectors from the same increase in public expenditures

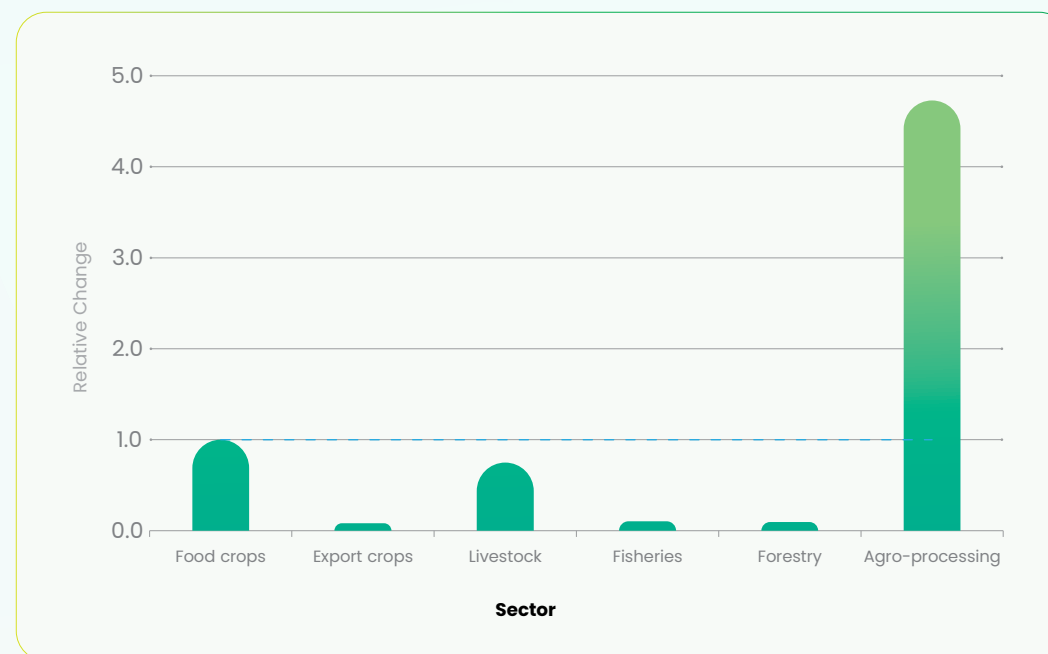


Source: Analysis by authors.

Note: For purposes of comparison, the change in rural household incomes resulting from economic growth in the agriculture sector is used as a benchmark and assigned the value of 1.

Among Kenya's agrifood subsectors, growth in agro-processing provides by far the largest contribution to increasing rural incomes—nearly five times the contribution of the next most impactful subsector, food crop growth (Figure 6). Growth in the livestock subsector accounts for 75 percent of the contribution from growth in food crops, with much smaller contributions from the export crops, fisheries, and forestry subsectors. Among detailed subsectors, the largest impact on rural incomes is provided by growth in food processing. Rural incomes are also significantly improved through engagement in beverage processing and the production of cattle, raw milk, maize, and pulses, though not to the degree seen in food processing (Figure 7).

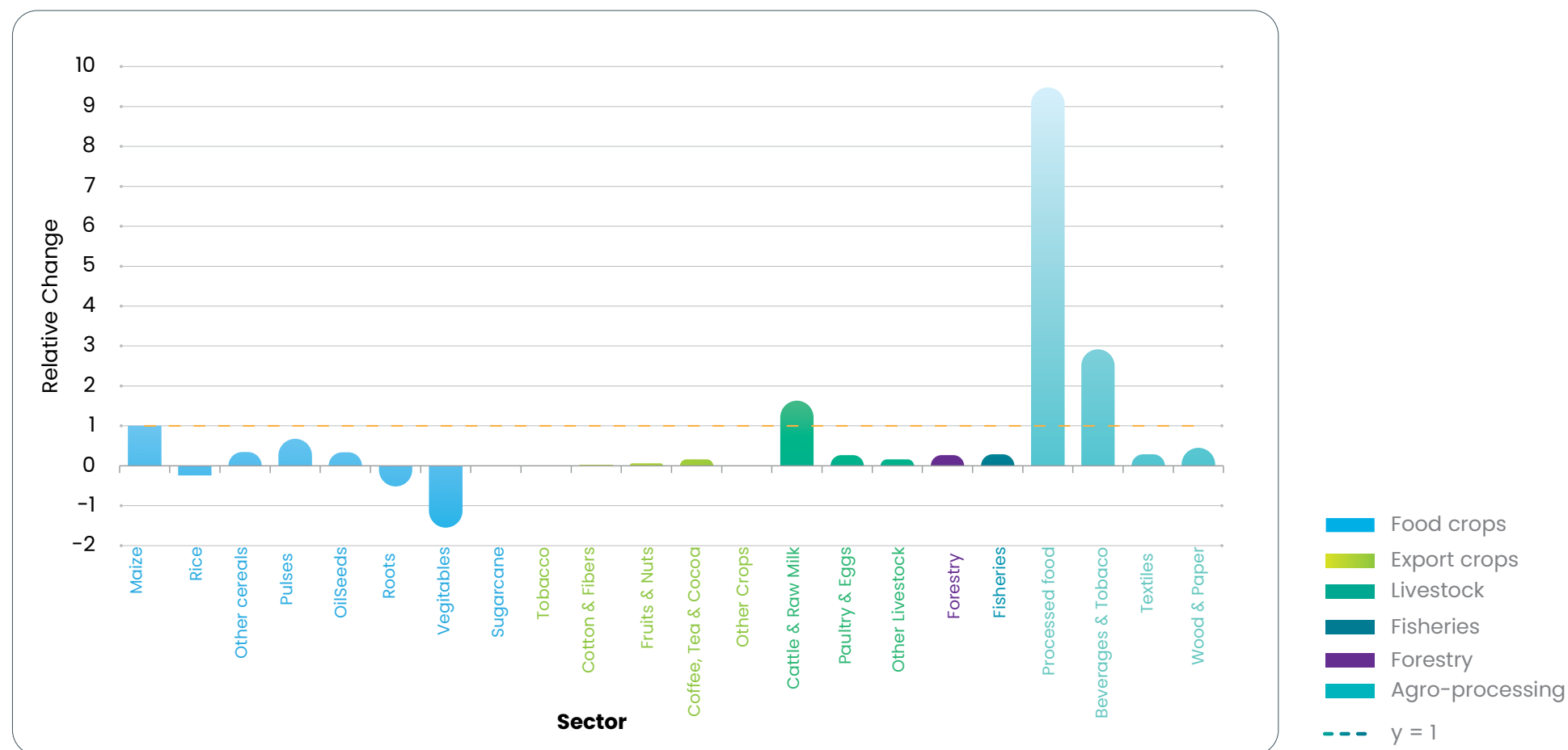
Figure 6 Rural households—Changes in incomes in Kenya induced by economic growth in specific agrifood subsectors from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in rural household incomes resulting from economic growth in the food crop sector is used as a benchmark and assigned the value of 1.

Figure 7 Rural households—Changes in incomes in Kenya induced by economic growth in specific agrifood subsector value chains from the same increase in public expenditures



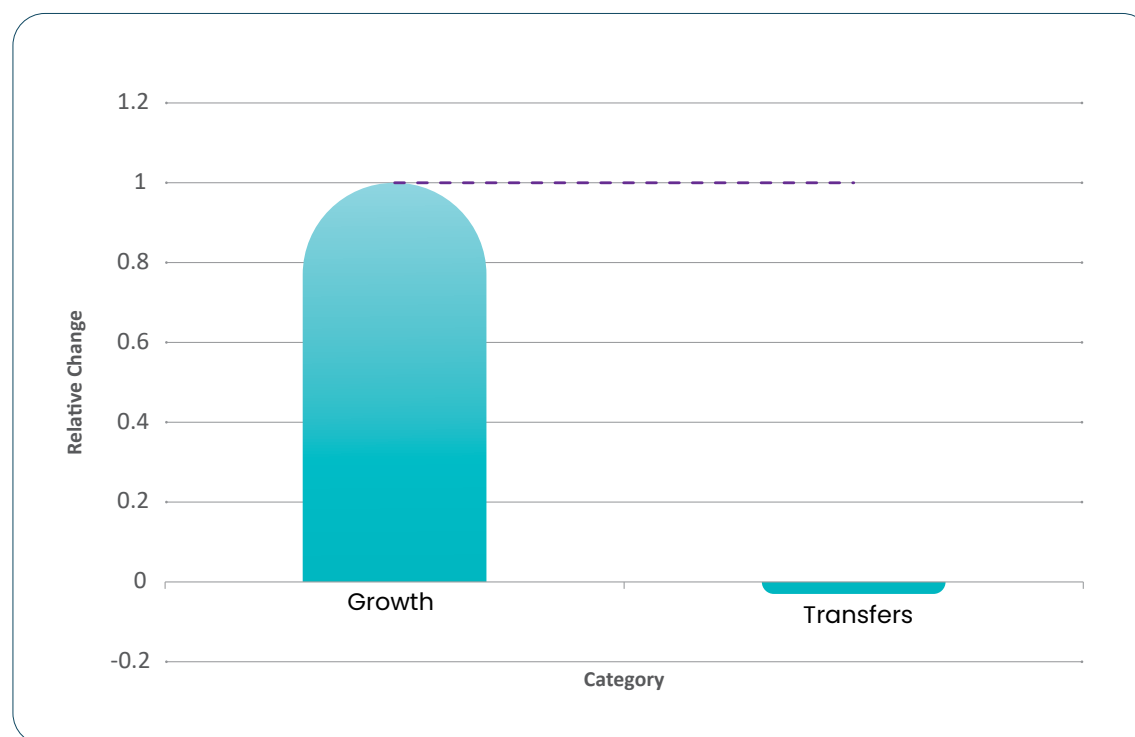
Source: Analysis by authors.

Note: For purposes of comparison, the change in rural household incomes resulting from economic growth in the maize sector is used as a benchmark and assigned the value of 1.

Urban incomes—impact of economic growth and social transfers

In contrast to rural incomes, the incomes of urban households in Kenya are positively affected only through the economic growth pathway (Figure 8). As urban households are significantly wealthier than their rural counterparts, transfers from richer to poorer households constitute, in aggregate, a tax on urban households, reducing urban incomes slightly. However, the negative impact of transfers is negligible compared to the positive impacts expected from economic growth.

Figure 8 Urban households—Changes in incomes in Kenya induced by economic growth and transfer policies from the same increase in public expenditures

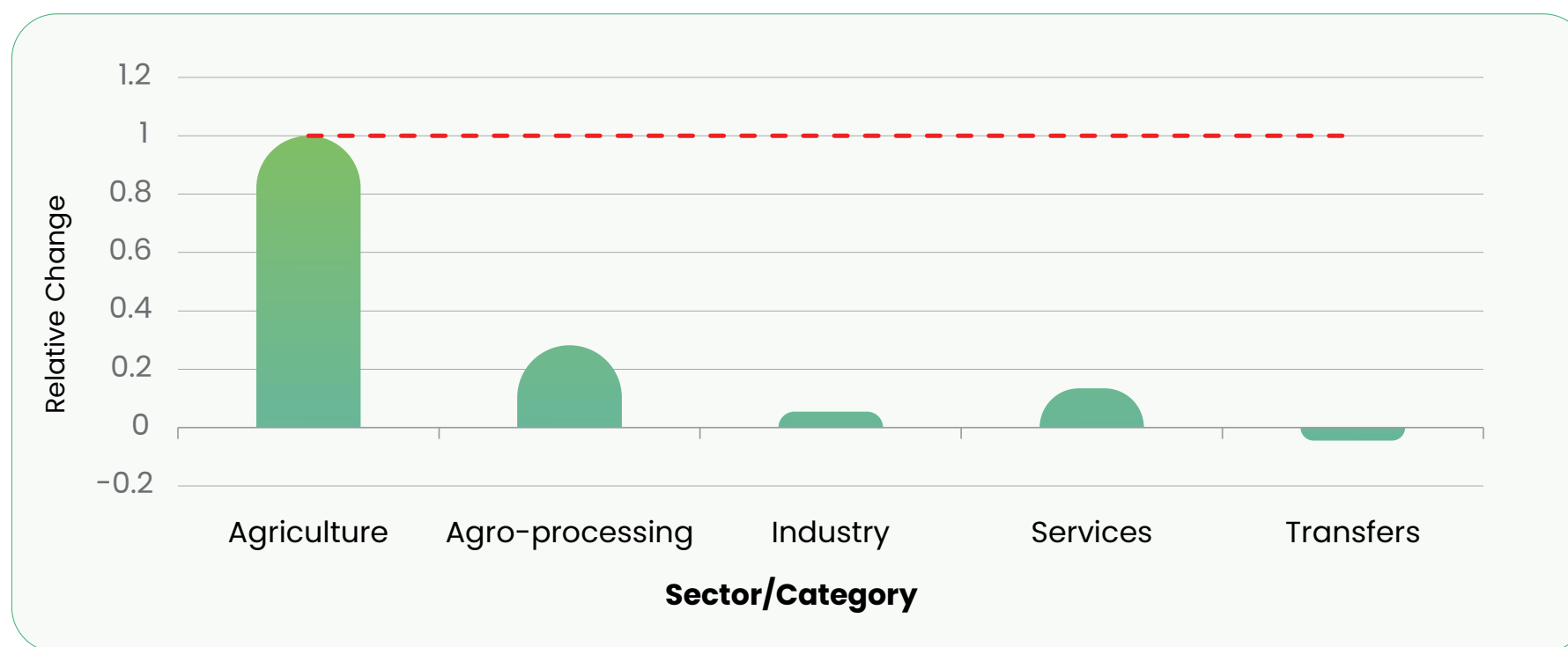


Source: Analysis by authors.

Note: For purposes of comparison, the change in urban household incomes resulting from overall growth is used as a benchmark and assigned the value of 1.

Like rural incomes, urban incomes are most positively affected by growth in Kenya's agrifood sectors (Figure 9). Agricultural growth shows the highest impact on urban household incomes, followed by agro-processing growth, which accounts for 28 percent of the impact of agriculture. Growth in the services sector provides 13 percent of the contribution of agriculture. Growth in the transfers sector provides 13 percent of the contribution of agriculture.

Figure 9 Urban households—Changes in incomes in Kenya induced by economic growth in specific economic sectors from the same increase in public expenditures

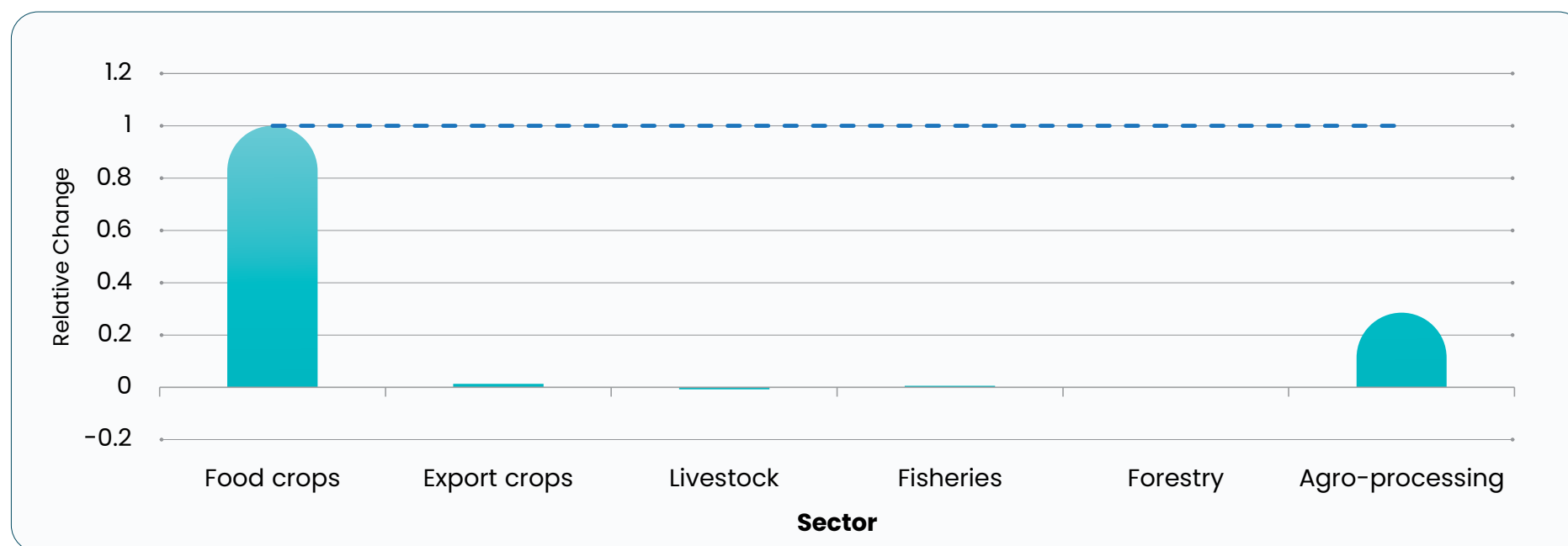


Source: Analysis by authors.

Note: For purposes of comparison, the change in urban household incomes resulting from economic growth in the agriculture sector is used as a benchmark and assigned the value of 1.

Among agricultural subsectors, food crop growth provides by far the largest impact, with very minor contributions to increased urban household incomes from other subsectors (Figure 10). Within the food crop sector, vegetables, maize, and roots contribute the most to urban income growth, followed by pulses, which provide 45 percent of the impact of maize (Figure 11). Within the agro-processing sector, beverages and textiles provide the largest impact, at around 30 percent of the contribution of maize, followed by processed food and wood.

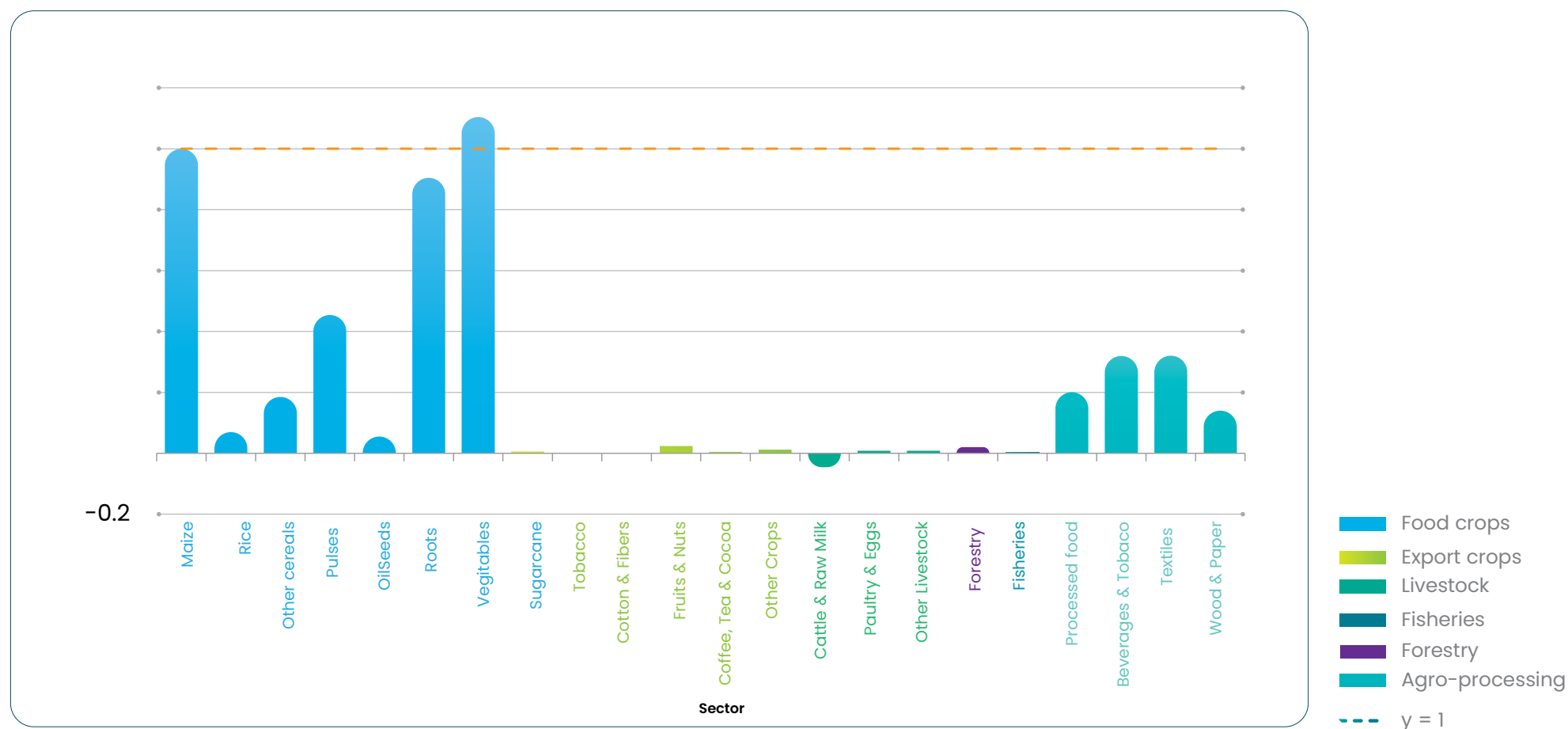
Figure 10 Urban households—Changes in incomes in Kenya induced by economic growth in specific agrifood subsectors from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in urban household incomes resulting from economic growth in the food crop sector is used as a benchmark and assigned the value of 1.

Figure 11 Urban households—Changes in incomes in Kenya induced by economic growth in specific agrifood subsector value chains from the same increase in public expenditures



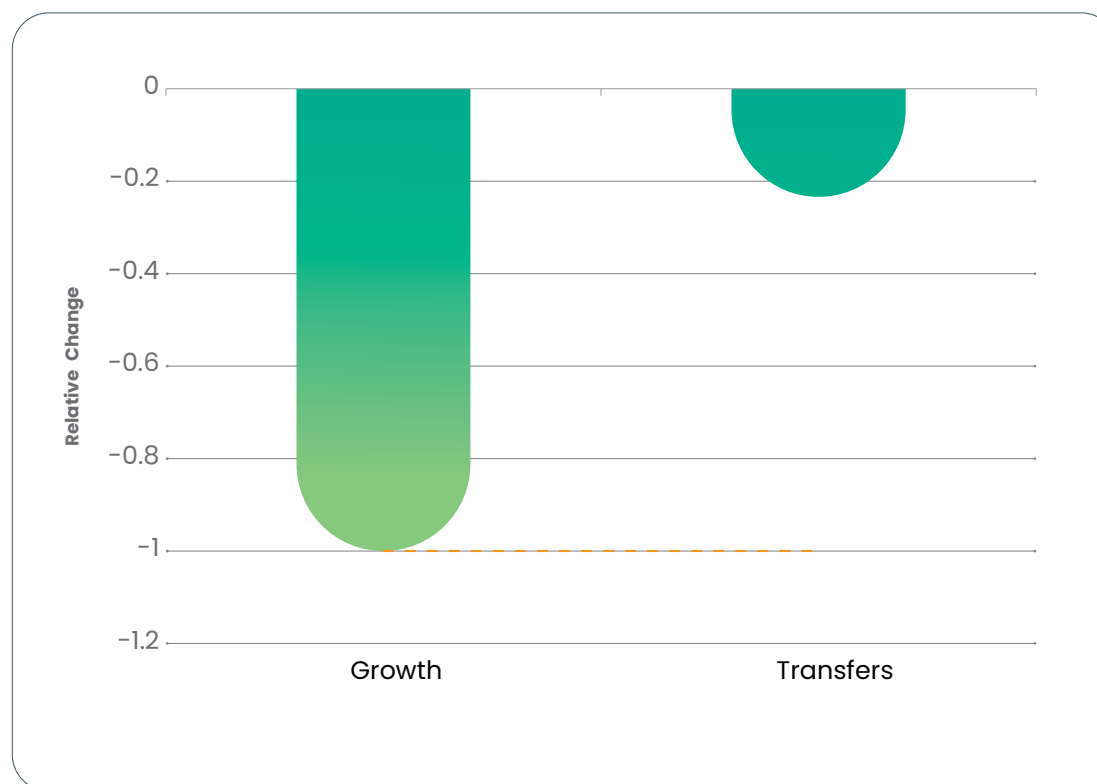
Source: Analysis by authors.

Note: For purposes of comparison, the change in urban household incomes resulting from economic growth in the maize sector is used as a benchmark and assigned the value of 1.

The role of public investments and social transfers in reducing poverty

The next set of figures shows the marginal changes in the prevalence of poverty in Kenya induced by public investments or transfers that require the same level of increase in public expenditures. Figure 12 shows that transfers can achieve around 23 percent of the poverty reduction obtained through economic growth. Although the magnitude of the contribution from transfers is relatively small, this finding suggests that both economic growth and transfers could play significant roles in Kenya's achievement of the poverty reduction goal under the Kampala Declaration.

Figure 12 Change in the prevalence of poverty in Kenya induced by economic growth and transfer policies involving the same increase in public expenditures

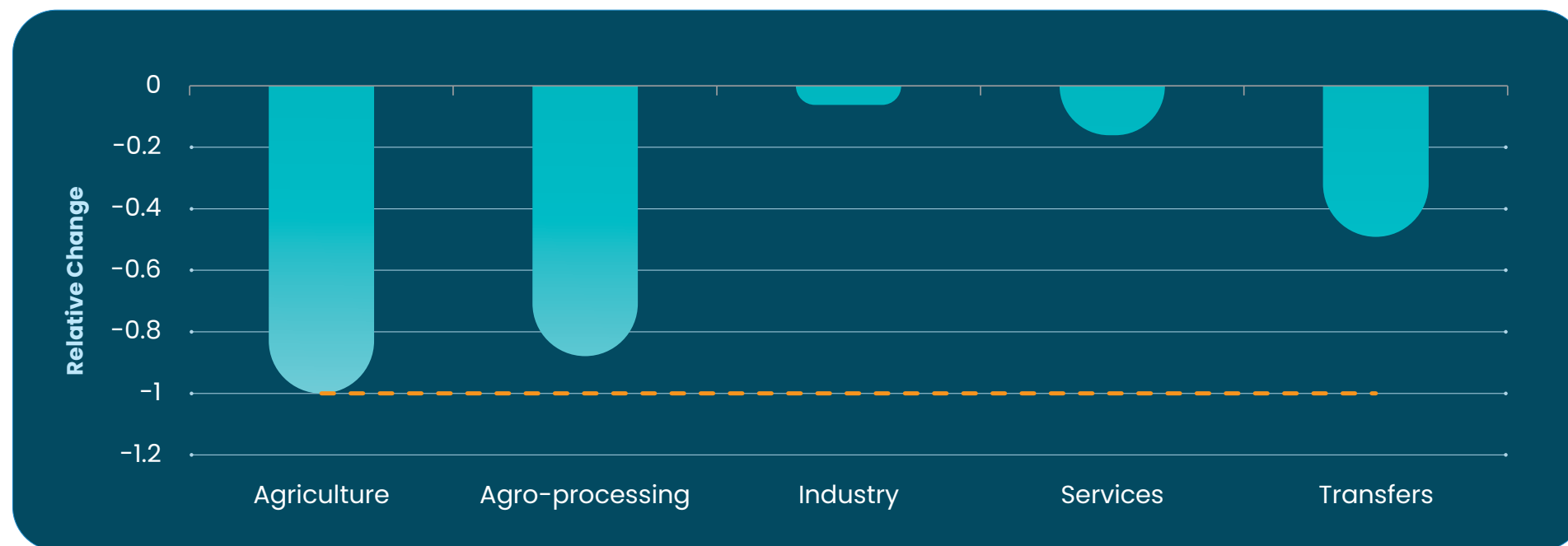


Source: Analysis by authors.

Note: For purposes of comparison, the change in poverty resulting from overall growth is used as a benchmark and assigned the value of -1.

We next examine the relative contributions of growth in different economic sectors to poverty reduction, focusing on agriculture, agro-processing, industry, and services (Figure 13). Among these sectors, growth in agriculture and agro-processing shows by far the largest poverty-reduction impacts. Agro-processing growth can achieve nearly 90 percent of the poverty reduction of growth in agriculture. However, growth in industry or services induced by the same public expenditure levels offers less than 20 percent of the poverty reduction achieved by growth in agriculture. Transfers can contribute around half of the poverty reduction offered by agricultural growth.

Figure 13 Change in the prevalence of poverty in Kenya induced by economic growth in key sectors from the same increase in public expenditures

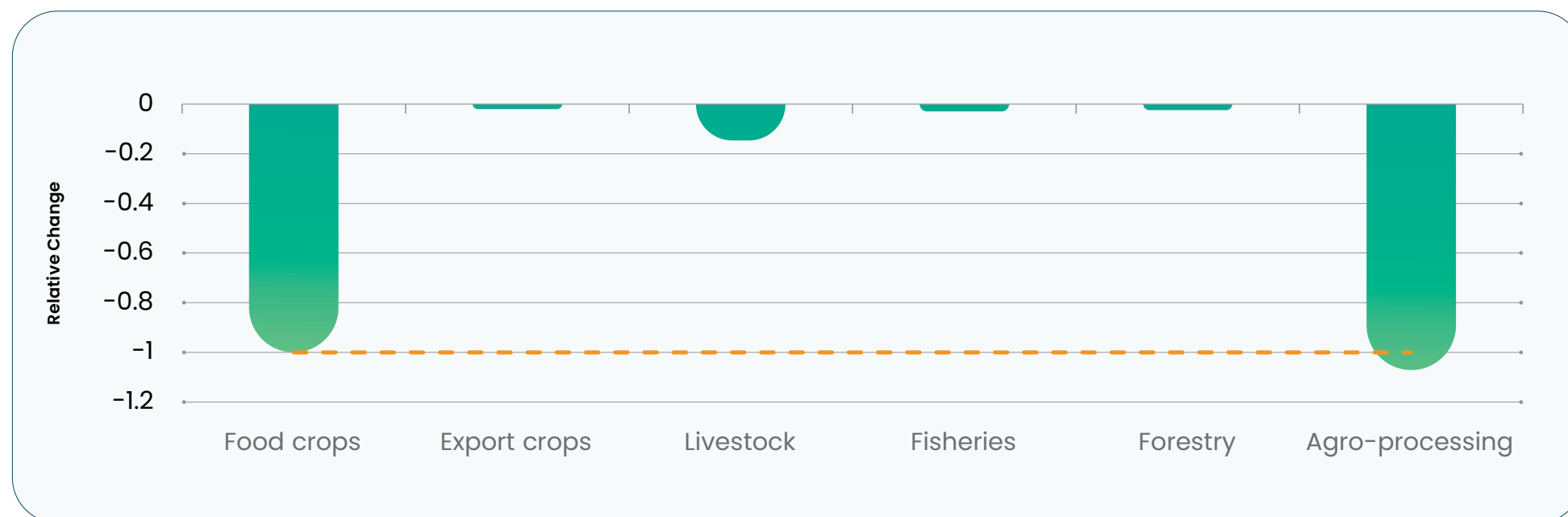


Source: Analysis by authors.

Note: For purposes of comparison, the change in poverty resulting from economic growth in the agriculture sector is used as a benchmark and assigned the value of -1.

Among agrifood subsectors, agro-processing growth provides the largest poverty reduction, followed closely by growth in food crops (Figure 14). Growth in the livestock subsector has a much lower impact, contributing less than 20 percent of the poverty reduction offered by food crop growth. The impacts of growth in fisheries, forestry, and export crops on poverty are even smaller.

Figure 14 Change in the prevalence of poverty in Kenya induced by economic growth in specific agrifood subsectors from the same increase in public expenditures

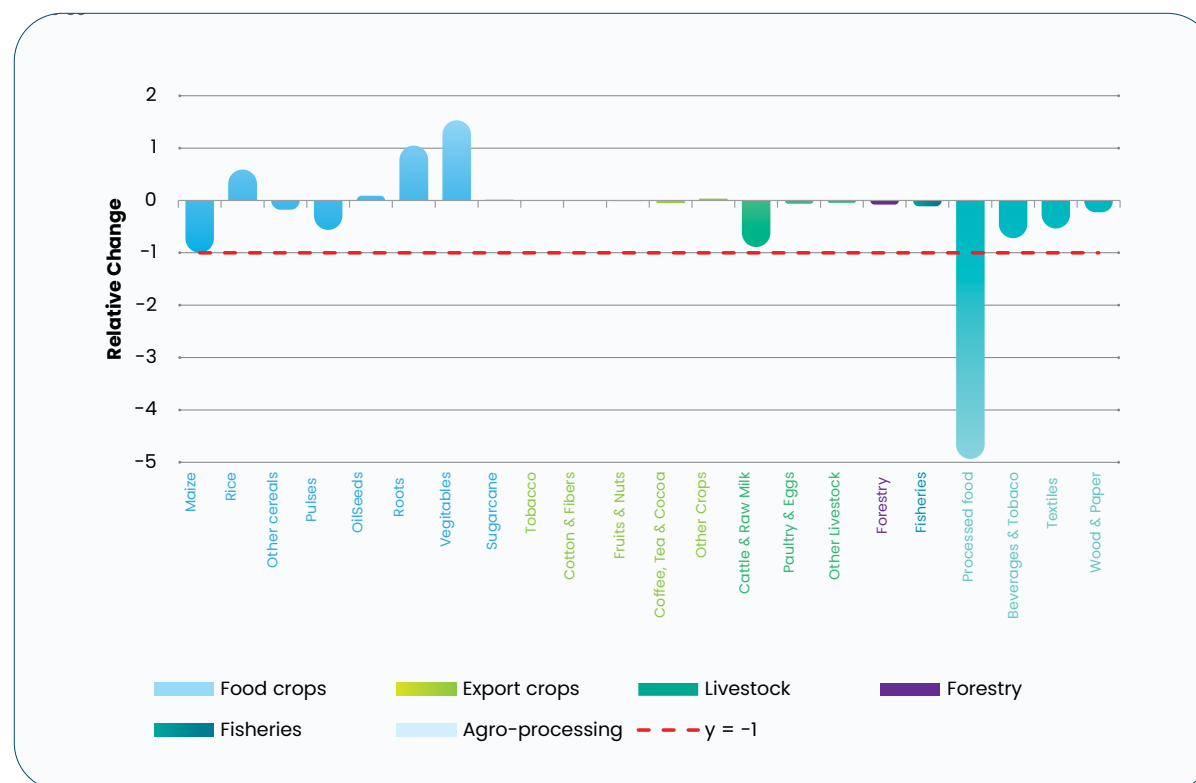


Source: Analysis by authors.

Note: For purposes of comparison, the change in poverty resulting from economic growth in the food crop sector is used as a benchmark and assigned the value of -1.

The relative roles of growth in different agrifood subsectors in contributing to poverty reduction in Kenya are further disaggregated in Figure 15. Growth in food processing yields the largest poverty-reduction impact for a given level of public expenditures, contributing more than four times the poverty reduction of growth in the maize sector. Growth in the maize sector. Growth in beverages and textiles can also make a notable contribution to poverty reduction, though less than that achieved from maize growth. Among other food crops, pulses can offer about half as much poverty reduction as maize. Growth in the cattle and raw milk subsector can also contribute nearly as much to poverty reduction as growth in maize.

Figure 15 Change in the prevalence of poverty in Kenya induced by economic growth in specific agrifood subsector value chains from the same increase in public expenditures



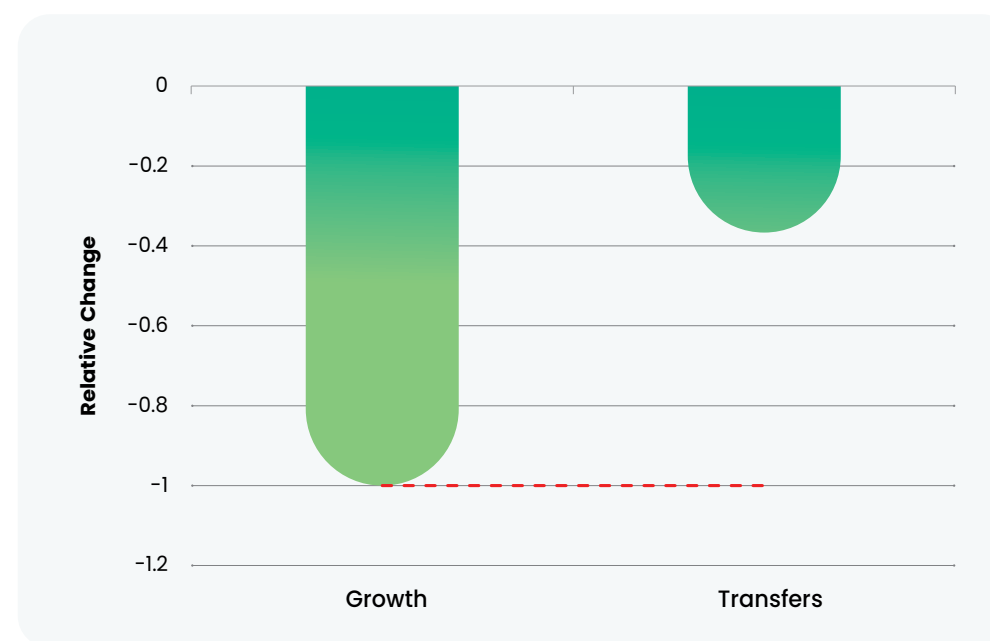
Source: Analysis by authors.

Note: For purposes of comparison, the change in poverty resulting from economic growth in the maize sector is used as a benchmark and assigned the value of -1.

Agrifood system growth and the prevalence of undernourishment

We now examine key pathways, sectors, and subsectors that contribute to reducing the prevalence of undernourishment in Kenya. As shown in Figure 16, transfer policies can contribute nearly 40 percent of the reduction in undernourishment offered by economic growth. As was the case for poverty reduction, agricultural growth makes a larger contribution to reducing undernourishment than the other economic sectors (Figure 17). Growth in agro-processing can provide around 70 percent of the reduction in undernourishment offered by agriculture, while the contributions of services and industry are much smaller.

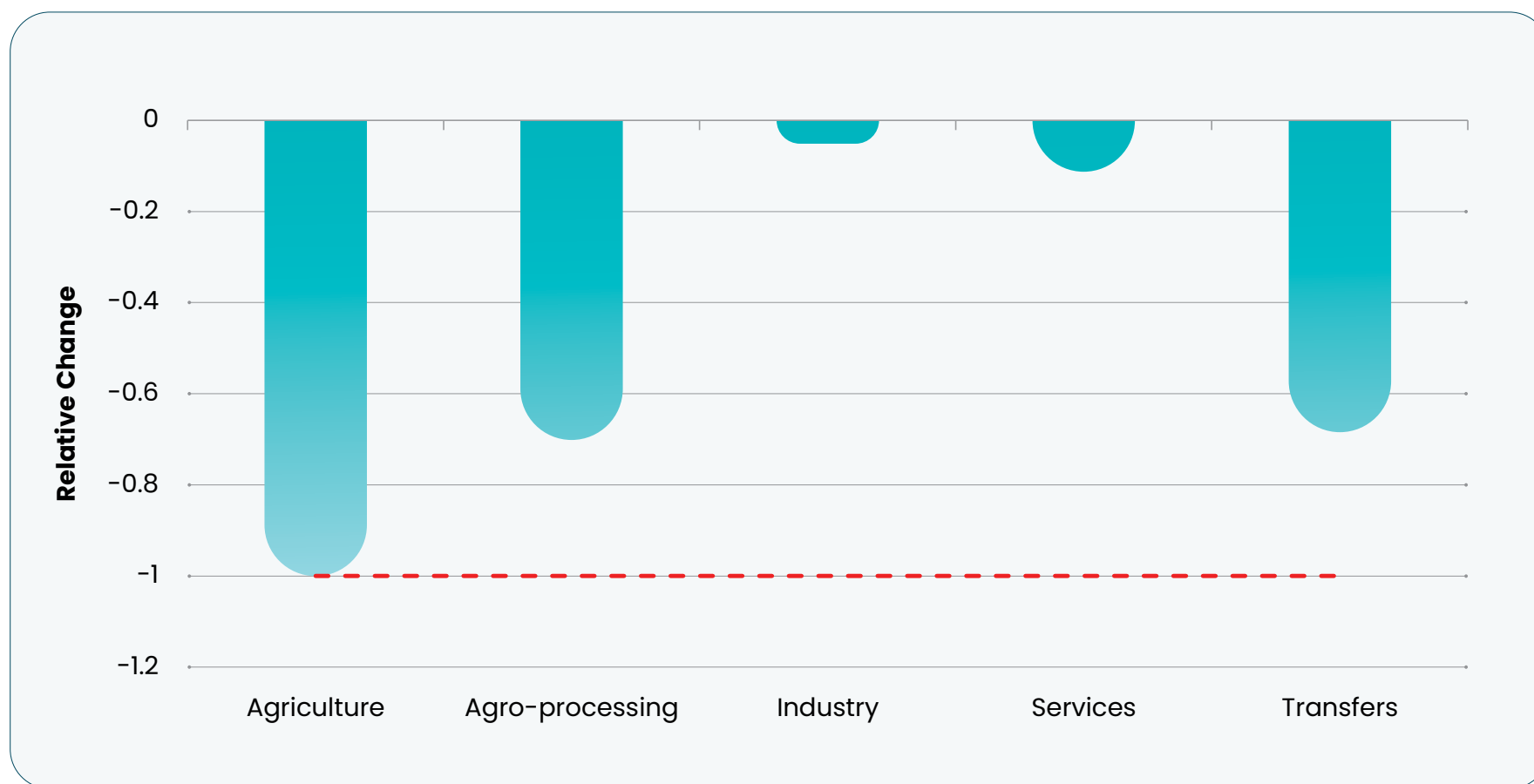
Figure 16 Change in the prevalence of undernourishment in Kenya induced by economic growth and transfer policies involving the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in undernourishment resulting from overall growth is used as a benchmark and assigned the value of -1.

Figure 17 Change in the prevalence of undernourishment in Kenya induced by economic growth in key sectors from the same increase in public expenditures

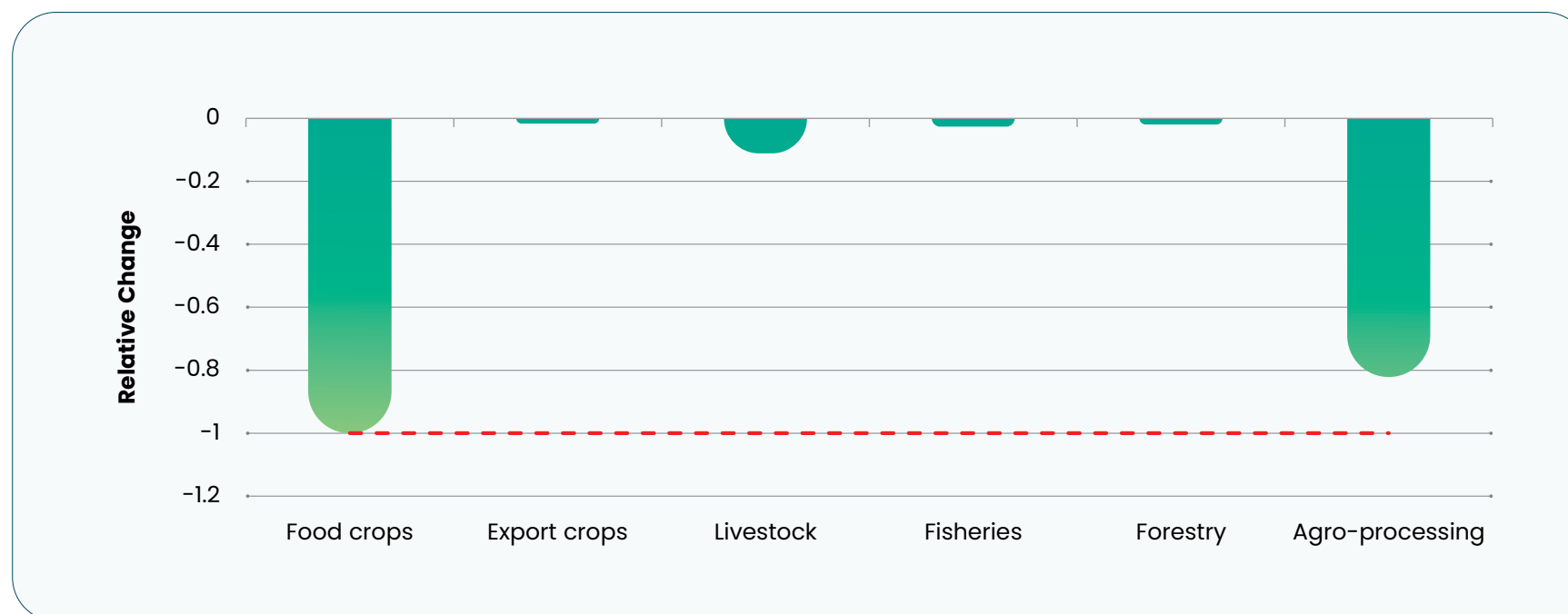


Source: Analysis by authors.

Note: For purposes of comparison, the change in undernourishment resulting from economic growth in the agriculture sector is used as a benchmark and assigned the value of -1.

When disaggregated by agrifood subsectors, growth in food crops shows the largest impact on reducing undernourishment in Kenya, followed by agro-processing, which provides over 80 percent of the reduction in undernourishment from food crop growth (Figure 18). Livestock growth provides 11 percent of the reduction in undernourishment provided by food crop growth, while the contributions to reduction in undernourishment of export crops, forestry, and fisheries are much smaller.

Figure 18 Change in the prevalence of undernourishment in Kenya induced by economic growth in specific agrifood subsectors from the same increase in public expenditures

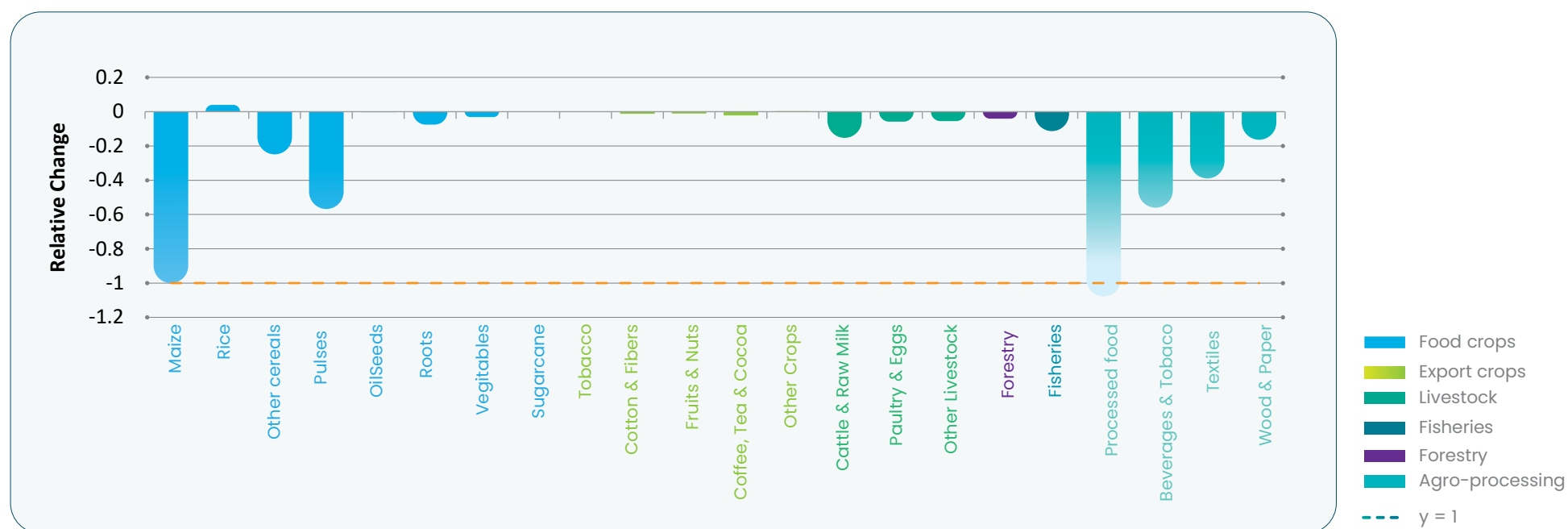


Source: Analysis by authors.

Note: For purposes of comparison, the change in undernourishment resulting from economic growth in the food crop sector is used as a benchmark and assigned the value of -1.

Among more disaggregated agrifood subsectors, growth in food processing offers the highest impact on reducing undernourishment, followed by growth in maize, pulses, and beverage processing (Figure 19). Textile processing and other cereals can also make notable contributions, reaching between 25 and 40 percent of that of maize.

Figure 19 Change in the prevalence of undernourishment in Kenya induced by economic growth in specific agrifood subsector value chains from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in undernourishment resulting from economic growth in the maize sector is used as a benchmark and assigned the value of -1.

Agrifood system growth and access to healthy diets

Figure 20 shows the contributions of economic growth and transfer policies to reducing the share of the Kenyan population that is unable to afford a healthy diet. Here, transfers play a more modest role than they do in reducing poverty and undernourishment, providing only around 5 percent of the reduction offered by the economic growth pathway. At the sectoral level, growth in agriculture provides by far the largest contribution to the goal (Figure 21). Agro-processing growth accounts for around half of agriculture's contribution, with smaller contributions from the services and industrial sectors.

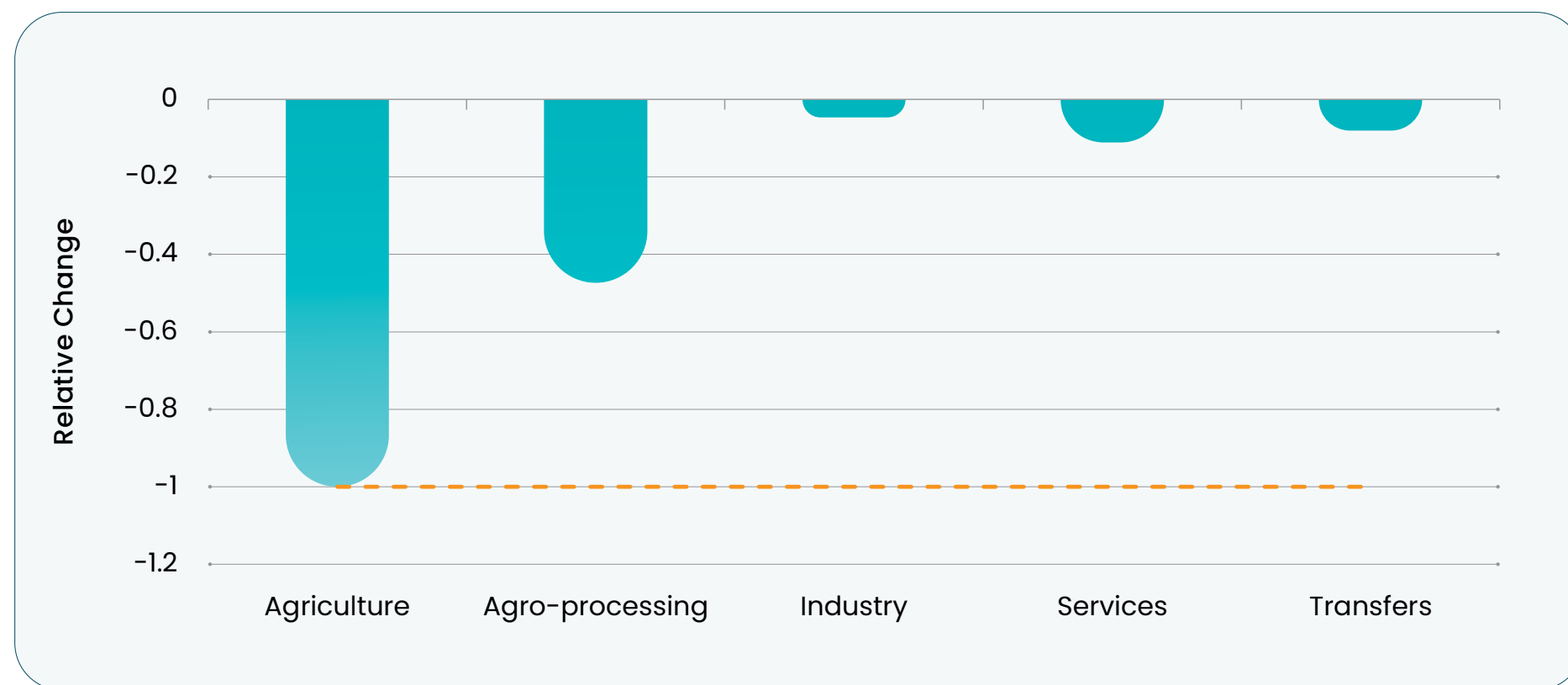
Figure 20 Change in the share of Kenya's population unable to afford a healthy diet induced by economic growth and transfer policies involving the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in the share of the population unable to afford a healthy diet resulting from overall growth is used as a benchmark and assigned the value of -1.

Figure 21 Change in the share of Kenya's population unable to afford a healthy diet induced by economic growth in key sectors from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in the share of the population unable to afford a healthy diet resulting from economic growth in the agriculture sector is used as a benchmark and assigned the value of -1.

In terms of agrifood subsectors, the overwhelming majority of agriculture's contribution to reducing the share of households unable to afford a healthy diet comes from growth in the food crop sector (Figure 22). Growth in export crops, livestock, fisheries, and forestry makes much smaller contributions, while growth in agro-processing accounts for around half the contribution of growth in food crops. Within the food crop sector, growth in maize provides the largest impact, followed by root crops, vegetables, and pulses (Figure 23). Within agro-processing, growth in food processing has the highest impact, accounting for around 120 percent of the contribution from growth in maize. Other agro-processing subsectors providing substantial impacts are textiles and beverage processing.



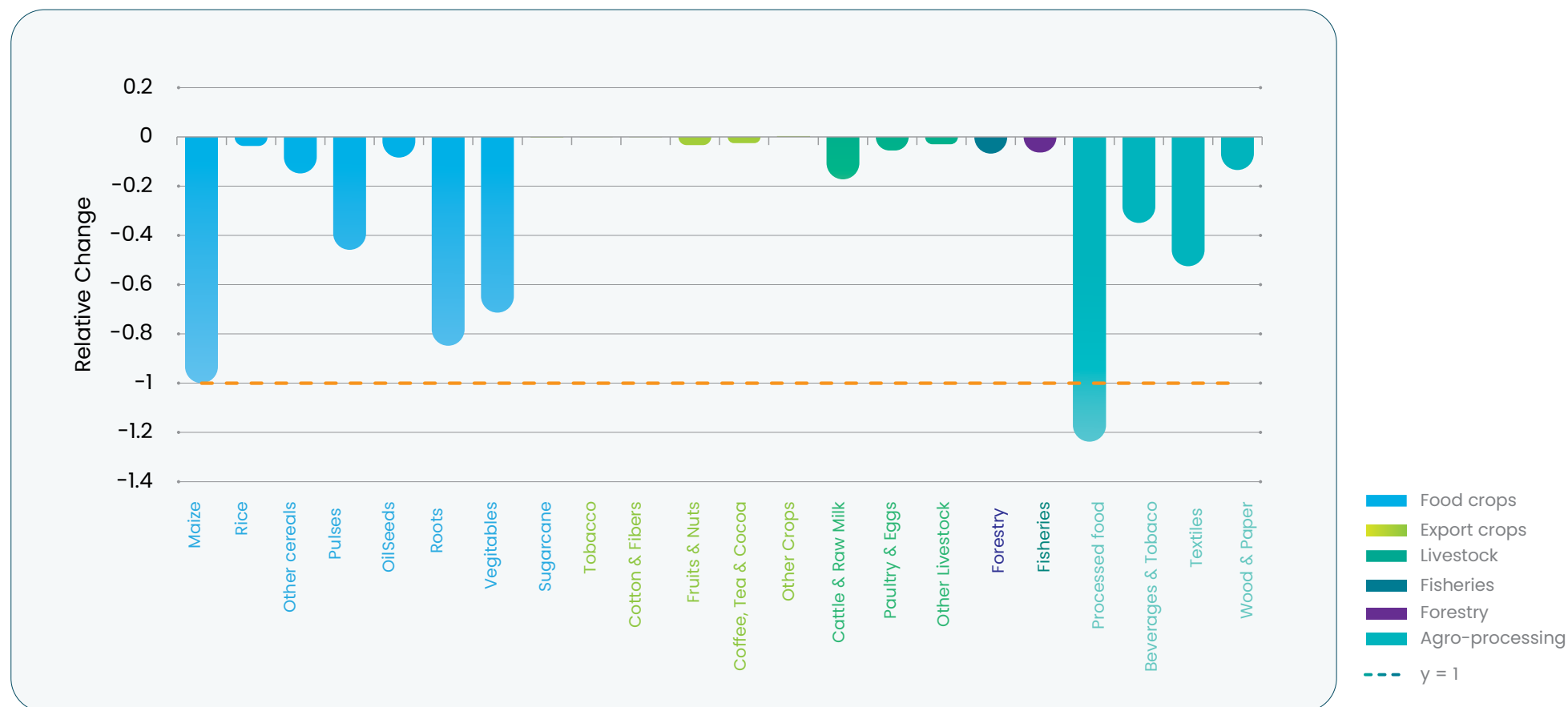
Figure 22 Change in the share of Kenya's population unable to afford a healthy diet induced by economic growth in specific agrifood subsectors, from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in the share of the population unable to afford a healthy diet resulting from economic growth in the food crop sector is used as a benchmark and assigned the value of -1.

Figure 23 Change in the share of Kenya's population unable to afford a healthy diet induced by economic growth in specific agrifood subsector value chains, from the same increase in public expenditures



Source: Analysis by authors.

Note: For purposes of comparison, the change in the share of the population unable to afford a healthy diet resulting from economic growth in the maize sector is used as a benchmark and assigned the value of -1.

Conclusion

In summary, economic growth is the main pathway for achieving all of the outcomes reviewed in Kenya—increased incomes for rural households, increased incomes for urban households, reduced prevalence of poverty, reduced prevalence of undernourishment, and improved access to healthy diets. However, transfers also contribute positively to most of these outcomes, with the largest impacts seen for reducing undernourishment, increasing rural incomes, and reducing poverty. The exception is urban incomes, which are slightly negatively affected by transfers.

In Kenya, across all five outcomes aligned with the Kampala Declaration targets, economic growth in agrifood sectors (agriculture and agro-processing) contributes significantly more to achieving those outcomes than growth in other economic sectors. In most cases, agricultural growth has the largest impact, but agro-processing contributes the most to increasing rural incomes. Among agricultural subsectors, growth in food crops generally has the most impact on these outcomes, especially maize and pulses. Cattle and raw milk also play a significant role in contributing to poverty reduction and increased rural incomes. Within agro-processing, growth in food processing generally has the largest impact. Among non-agrifood sectors, the services sector plays a larger role than industry.

The next brochure in the series examines Kenya's policy and investment priorities for achieving higher incomes, reduced poverty and undernutrition, and healthier diets under the Kampala Declaration.

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