



# Country Update

## LEVERAGING INTERNATIONAL SUPPORT MECHANISMS TO TACKLE CLIMATE CHANGE: VIEWS FROM AGRO-INDUSTRIES

Provided by



CUTS Africa Resource Centre, Nairobi

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### Introduction

This note presents the views of agro-processors concerning the impacts of climate change on their business, as well as, their knowledge and use of available international support mechanisms to cope with climate change. The note was prepared based on data collected from agro-processors through key informant interviews, phone calls, electronic communications, and field visits. The respondents were sampled from the following institutions:

Yangoora Banana Processors Limited – Processes flour and crisps using banana in Kisii County

Nugari Kuli – A processor of fortified flour using banana, pumpkin, maize and beans in Nyeri County

Kieni Canola Oil Industry – A processor of canola oil in Nyeri County

Annico Enterprises – Manufacturer of whole

grain toasted amaranth flour in Nairobi

Afya H. Cure – Processes cassava, pumpkins, arrowroots etc. into various value added products

Jomo Kenyatta University – Manufacturer of cakes, wine, juices etc. using various agricultural raw materials in Nairobi.

### How Climate Change is Impacting Agro-industries in Kenya?

The interviewed respondents indicated that climate change had negative effects on agro-processing. Difficulty in accessing raw materials was one of the main effects cited by respondents. Climate change has resulted into undesirable weather conditions such as prolonged droughts and excessive rains which negatively affect agricultural production. As a result, agro-processors are not able to access adequate quantities of raw materials for



processing. This leads to loss of business opportunities and high cost of procuring raw materials. For instance, one agro-processor mentioned that they are forced to scale down production or temporarily stop manufacturing products for which they cannot access adequate quantities of raw materials during droughts.

In rural areas such as Kisii County, respondents noted that excessive rains negatively affect their businesses through high post-harvest losses. Nearly 20-25 per cent of harvested bananas go to waste due to lack of adequate solar energy to dry them before processing during periods of excessive rainfall. Further, heavy rains destroy transport infrastructure in rural areas. Consequently, farmers are facing difficulties in delivering their products to processing centres. Processors, on the other hand, incur high transportation costs due to the poor condition of roads. Climate change has also led to increased prevalence of pests and crop diseases that reduce agricultural production. This not only reduces supply, but also negatively affects the quality of raw materials.

## **Dealing with Climate Change Challenges**

Agro-processors have devised several strategies to address the negative effects of climate change on their businesses. One of the strategies involves contracting farmers from different parts of the country to supply raw materials to avoid shortages due to droughts in some specific areas. For instance, a canola oil producer from Nyeri County had contracted farmers from nearly five counties with varying weather patterns to ensure constant supply of canola oil seeds. The same strategy was being used by a manufacturer of fortified porridge flour from Nyeri who sourced raw materials such as cassava and pumpkin from as far as Western Kenya to ensure constant supply of raw materials. The challenge with this strategy

is that raw materials have to be transported over long distances. This increases production costs and sometimes interferes with the quality of the products.

In Kisii County, banana processors are using biomass fuel obtained from banana wastes to dry raw bananas to reduce post-harvest losses during heavy rains seasons. This strategy was considered to be less effective given that agro-processors lacked adequate technology and financial capital to extract enough energy from biomass (banana wastes).

Agro-processors also focused on using climate-resilient crops as raw materials to avoid the negative effects of climate change. This strategy involved using crops such as sorghum, bumpkin, cassava, and arrow roots, among others, to produce various products. The supply of these crops is fairly stable throughout the year, thereby enabling agro-processors to stay in business despite variations in weather patterns.

## **Knowledge & Use of Support Mechanisms**

There is limited awareness about the available international support mechanism/ programs that can help stakeholders in Kenya to cope with climate change. Most of the respondents were not aware of the Paris Agreement and its benefits to farmers and agro-processors. However, some respondents had received financial support from international funders, such as the United States Agency for International Development (USAID). The funding was mainly used for implementing capacity building programs to enable farmers and agro-processors to embark on value addition and adoption of climate smart production techniques.

The capacity building initiatives funded by international NGOs have been a critical source of knowledge and skills for stakeholders in the

agro-processing sub-sector. Farmers and agro-processors are using the skills and knowledge to adopt better production techniques to avoid the adverse effects of climate change. Nonetheless, utilization of the knowledge and skills is still limited due to lack of financial capital. For instance, financial constraints prevent farmers from engaging in climate smart agriculture and acquire technologies for minimizing post-harvest losses. Additionally, farmers are not able to engage in value addition to reduce post-harvest losses due to lack of financial capital to acquire the needed machines and equipment.

The national support mechanisms available to stakeholders in the agro-processing sub-sector are extension services and technical support from governmental agencies, as well as, local non-governmental organizations. The Kenya Industrial Research and Development Institute (KIRDI) was identified as one of the public institutions that provide technical support to stakeholders. Some respondents stated that they had received training from KIRDI on the technologies that can be used to upscale agro-processing and address the negative effects of climate change. Stakeholders are also working with the Kenya Climate Innovation Center (CIC) which provides incubation and capacity building services to enable farmers/ agro-processors to cope with the impacts of climate change. CIC also links agro-processors to donors such as World Bank to access the funding needed to adopt technologies for coping with climate change. Additionally, the respondents stated that the national government is providing irrigation services in some areas to enable farmers to cope with droughts. This benefits agro-processors in terms of constant supply of raw materials.

### **How to Make International Support Mechanisms/ Programs Easier to Use?**

There should be adequate awareness among

stakeholders on the available international support mechanisms to enhance its potential usage. Stakeholders, such as farmers and agro-processors, should be informed about the international financial, capacity building, and technical support that are made available to them. This includes provision of information on how to access the available support and the expected benefits. Awareness campaigns through various communication channels including the mass media are, therefore, important in improving access to existing support mechanisms. A part from creating awareness, the respondents acknowledged the importance of involving local/ county governments in the provision process of the support mechanisms. Devolving the services to the county level is expected to enhance and rationalize its access. It would enable the county governments to tailor the support mechanisms to the needs of local farmers and agro-processors.

### **What is the Required Support?**

Agro-processors require diverse support from national, regional, and international agencies to cope with climate change. To begin with, funding was identified as one of the most important support that is required to cope with climate change. Since most agro-processors are Micro, Small and Medium Enterprises (MSMEs), they lack the collateral and credit history required to obtain loans from the formal banking system. Thus, financial support from local or international agencies is needed to purchase equipment or adopt production technologies that are resilient to climate change. Agro-processors also considered technical and financial support to farmers to be critical to the success of their businesses. Farmers need access to adequate farm inputs, climate smart technologies such as greenhouses, and extension services to increase their productivity despite climate change. This would help agro-processors to benefit from reliable supply of cheap and high quality raw materials in order to remain

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competitive in local and international markets.

Development of physical infrastructure was also considered to be important in coping with climate change. Particularly, agro-processors called for utilization of existing funding to improve the quality of roads in rural areas that are often prone to destruction by heavy rains. Improved roads would ensure access to markets and raw materials at a low cost. Sinking boreholes to facilitate irrigation in dry areas was considered to be important in promoting agro-processing through increased agricultural production. Alternative renewable energy sources should also be developed to reduce reliance on expensive hydro-electricity for agro-processing.

## **General Recommendations to Policy Makers and Climate Negotiators**

Given the adverse effects of climate change on agro-processing, UNFCCC negotiators should take the following actions during climate negotiations. First, they should lobby for adoption of a mechanism to ensure enforcement of the Nationally Determined Contributions (NDCs) of various parties to the

Paris Agreement. This is important since some parties may not take actions to implement their NDCs as required. As a result, their greenhouse gas emissions may accelerate climate change, with the associated negative effects being felt in vulnerable countries such as Kenya.

Second, the negotiators should lobby and advocate for adaptation and mitigation supports from developed countries. This is based on the fact that Kenya and its EAC partners lack the technical capacities and financial resources to cope with climate change effectively. Creating awareness on the climate change related risks facing agro-processors in Kenya may help in attracting the required support.

The type of support that should be promoted during negotiations includes financial aid to facilitate mitigation and adaptation to climate change. Technical support should also be promoted to facilitate access to the technologies that stakeholders in Kenya require to address the adverse effects of climate change on agro-processing. Finally, the negotiators should lobby for compensation for losses resulting from climate change. For instance, compensation to farmers will ensure continued production, which in turn will promote reliable supply of raw materials to agro-processors.



## CUTS International, Geneva

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