

From policy to practice: how GIZ's AgSys is reshaping Kenya's food systems



A team from the GIZ Sustainable Agricultural Systems and Policies (AgSys) Project with other stakeholders during a workshop. PHOTO CREDIT: GIZ KENYA

By Murimi Gitari

Agriculture in Kenya is more than just an economic sector. It is the backbone of livelihoods, food security, and national development.

Yet, it faces mounting pressures from climate change, population growth, and inequality, all of which demand urgent transformation of the systems that sustain it.

At the centre of this transformation is the Sustainable Agricultural Systems and Policies (AgSys) Project. Commissioned by Germany's Federal Ministry for Economic Cooperation and Development (BMZ), the project

is being implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in partnership with Kenya's Ministry of Agriculture and Livestock Development (MoALD).

Through innovative financing, inclusive policy frameworks, and collaborative partnerships, AgSys is reshaping Kenya's agrifood systems into resilient, sustainable, and inclusive engines of growth.

Its five core intervention areas are: promoting transformative agricultural policy, scaling proven practices and innovations, strengthening the inclusion of civil society particularly women and youth aligning financial

flows for sustainable agriculture, and linking national reforms with regional and global agendas.

"AgSys as a global programme (compared to a bilateral programme) is implemented in several countries and aimed at translating international agendas and commitments into national action aligned with national policy priorities. One of GIZ's core principles is cooperation and partnership. This means that projects are planned and implemented jointly with partners, demand-driven, context-specific, aligned with national priorities and owned by partner institutions," says Dr Sophia Baumert, the project



← manager.

Kennedy Okech, the lead for sustainable financing, notes that financing remains underutilised as a catalyst for transforming the agrifood systems, largely due to fragmented approaches and limited coordination between public and private stakeholders. One of the key gaps, he says, is the absence of a structured platform to collectively identify financing priorities and align efforts.

Another challenge is the limited awareness and technical capacity within financial institutions to tap into emerging opportunities such as nature-based solutions (NBS). Through its partnership with the Kenya Bankers Association (KBA), AgSys supported a study that identified viable investment opportunities in this space. The findings highlighted a clear need for capacity development particularly in blended finance to help institutions build strong investment pipelines and meet required financing criteria.

Okech also sees policy and institutional gaps as a major constraint to effective delivery of agricultural financing. Working alongside the MoALD, AgSys has contributed to the development of a draft input subsidy management policy.

“One recommendation I find particularly important is the proposed establishment of an Agriculture Development Fund (ADF). If implemented well, I believe this could improve how subsidies are managed while also creating space for blended finance solutions that encourage greater private sector lending in the agrifood systems,” he says.

The proposed ADF is a government initiative aimed at boosting the country’s agricultural sector by providing financial support and promoting modern farming practices. It aims to helping farmers,

cooperatives, and agribusinesses access affordable credit, grants, and training to improve productivity, reduce post-harvest losses, and strengthen food security. The fund places special emphasis on empowering youth and women, while also encouraging climate-smart agriculture to build resilience against challenges like droughts and soil degradation. Since agriculture contributes about a third of Kenya’s GDP and supports the majority of rural households, the ADF will play a vital role in driving economic growth, job creation, and rural development. By bridging gaps in funding and technology, it is positioned as a key tool for transforming subsistence farming into sustainable, commercial agriculture.

Another issue that stands out is the lack of clear and consistent data on agricultural lending. In many cases, financial institutions place agriculture into a broad category, or even classify agricultural loans under personal lending. This makes it difficult to truly understand how much financing is reaching the sector and how effective it is. To help address this, AgSys has partnered with ACELI Africa and the KBA to explore the development of a standardised agricultural credit taxonomy. Okech sees this as “a critical step toward improving data clarity, which can ultimately lead to better lending decisions, stronger policies, and increased investment in the agrifood sector.”

Blended finance models and crop insurance pilots are also central innovations.

“I see blended finance models and crop insurance pilots as unlocking much needed investment in Kenya’s agri-food sector by reducing risk for both farmers and lenders. Through blended finance, public or donor funding is combined with private capital to share risk, making it easier for financial institutions to extend credit to smallholder farmers and agri-SMEs that are often perceived

as too high-risk under traditional lending models,” Okech says.

Crop insurance pilots are helping farmers manage uncertainty by protecting them against losses from weather shocks and other risks.

For example, AgSys together with partners Clim-EAT and Acre Africa, is implementing a crop and livestock insurance pilot across Makueni, Nandi, Tharaka Nithi, and Meru counties. Within this initiative, Clim-EAT and Acre Africa lead monitoring, evaluation, learning, and technical support, including farmer and village champion training, as well as crop monitoring. AgSys complements these efforts by providing targeted insurance subsidies to farmers.

“From my experience working on the agriculture insurance pilot, I have seen just how important timely payouts are for farmers, and they really make a difference in helping farmers recover and remain resilient. I think it is important for the farmers to appreciate that while insurance does help to reduce the impact of climate risks, it does not take away all the losses,” Okech says.

“I find these particularly innovative because they emphasise risk-sharing and resilience. Unlike traditional financing models, which often exclude small-scale actors, they create practical and scalable pathways for more inclusive and sustainable agricultural investment.”

AgSys also works with county governments, private sector actors, and farmer organisations. “Start with deep listening and reflections: consistently listening, asking questions, checking assumptions, and surfacing interests helps stakeholders feel respected and lowers defensiveness in politically sensitive policy spaces. Make collaboration concrete and fair: identifying clear collaboration opportunities and gaps, moving them to a design stage, co-creating concrete intervention areas, agreeing on roles and responsibilities including resource allocation, reduces the risk of ‘talk shops’

→



and ensures buy-in on all sides.” Dr Baumert shares lessons learned.

She adds: “Invest in process and brokering: a dedicated partnership broker or facilitation role can hold the process: balancing interests, mediating conflict, keeping power asymmetries on the table, and ensuring quieter voices are heard. Practice transparency and accountability: transparent communication about motives, constraints, and risks – including what you cannot fund or promise – is essential to avoid perceptions of hidden agendas.”

Inclusivity is another priority by the AgSys project with Okech explaining that working at the macro level where they are mainly supporting policies work and their implementation can be challenging to ensure inclusion. However, they have supported inclusion through ensuring that women and youth voices are not only heard but included as part of the policy making process.

Through strengthened capacity, women reported improved ability to articulate their interests and influence dialogue outcomes. “Many described moving from being unsure or silent in public spaces to confidently speaking, influencing discussions, and even taking up leadership roles,” Okech notes. AgSys has also reviewed public finances such as the Youth Fund and Women Enterprise Fund (WEF) to identify opportunities and barriers, with the next phase involving support to WEF to develop more inclusive products targeting women.

Measuring impact in policy projects is complex. Dr Baumert notes that policy change is nonlinear, collective, slow-moving, and embedded in complex systems where causality and data are messy. They are rather following a contribution lens relying on qualitative evidence, process tracing, and plausibility arguments.”

Examples include strengthening the policy environment for

agricultural input subsidies through inclusive consultations, reaching over 25,000 farmers with information on agricultural insurance, resulting in 3,000 policies taken up, and timely compensation payments that strengthened trust in insurance products. AgSys has also strengthened the enabling environment for private sector financing of nature-based solutions by generating investment evidence and supporting early adoption of nature-related financial practices.

Looking ahead, Okech sees the need for enabling environments to scale AgSys’s financing models. “Financing agrifood systems calls for a very different approach than the traditional lending which has not been successful in adequately financing the agrifood system. Addressing these challenges isn’t just about creating new policies; it is equally about implementing existing policies that support sustainable agricultural finance.”

He emphasizes embedding de-risking tools into agricultural lending, strengthening digital infrastructure, and establishing Agricultural Development Funds.

“I’ve seen how these funds, successfully implemented in countries like Nigeria, Algeria, and Morocco, can play a catalytic role in attracting private investment into agriculture,” he says.

Dr Baumert reflects on her own journey, saying she has picked some important lessons along the way,

“I like policy projects because they sit at the strategic level where narratives, power, emotions and evidence come together, and that is where meaningful change can actually be shaped. My own journey, working with Kenyan and international partners on soil health, fertiliser policies, climate finance, and farmer level innovations, has shown me both the limits of projectised approaches and the power of aligning public and private players around a common direction,” she says.

Okech envisions AgSys shaping the future of climate-resilient financing across Africa.

“Looking ahead, I believe that expanding AgSys across Africa will take more than just good policies. It will require practical, forward-thinking solutions that make agricultural finance work better for everyone. I hope agriculture will no longer be seen as a high-risk sector, but as a strong and attractive investment opportunity. I want its legacy to be one of unlocking private capital, efficient public support, strengthening farmers’ resilience, and building inclusive systems where women and youth are at the forefront of Africa’s agricultural transformation,” he says.

“We have been part of the Financing Agrifood Systems Sustainably (FINAS) Summit and Dialogues since its inaugural conference in 2024, and GIZ is proud to have stood as the main sponsor from the start,” Dr Baumert and Okech note jointly.

“As we look ahead, we remain committed to supporting FINAS and call on all partners to join us in turning this vision into tangible impact across Africa’s agrifood systems.”

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a German federal enterprise that provides services in international cooperation for sustainable development. Owned by the German government, it works in over 120 countries, focusing on economic development, climate protection, peace, security, and governance.

GIZ is a service provider and implementer in the field of international cooperation for sustainable development and education. Together with its partners, GIZ works to deliver effective solutions that offer people better prospects and sustainably improve their living conditions.