African Journal of Emerging Issues
Peer reviewed | Double blind | Interdisciplinary

African Journal of Emerging Issues (AJOEI)
Online ISSN: 2663 - 9335
Available at: https://ajoeijournals.org

DEVELOPMENT STUDIES

# THE NDALAT SETTLEMENT SCHEME IN THE CONTEXT OF THE STRUCTURAL ADJUSTMENT PROGRAMS (SAPs), 1980-1992

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**Publication Date: July 2026**

## ABSTRACT

The Ndalat Settlement Scheme is one of the schemes which were rooted in the period leading to independence. Born out of the logic from the Swinerton Plan of 1954, its aim was to foster high-intensity agriculture which would generate income for the farmers. After independence, the scheme begun on a sound footing with all the support being given by the exiting colonial government. Within the first one and a half decades, it managed to achieve high productivity in terms of agricultural output. However, in the 1980's and 1990's the settlement was affected by the SAPS (Structural Adjustment Policies) that were fronted by the Bretton Woods institutions (World Bank and IMF). These policies led to the government removing subsidies to farmers, dismantled marketing boards and liberalized agricultural marketing. Therefore, this study's main aim was to find out how the policies affected the Ndalat Settlement Scheme which was wound up in 1992. The study adopted the historical method that entailed combining both primary sources (Archival records and oral interviews of Key informants) with secondary source analysis (books, Journal articles as well as internet sources). This data was contextualized within the timeframe and analyzed thematically. It is expected that the study yields a nuanced understanding of the nexus between policies and practice, especially in agricultural production.

**Key Words:** *Ndalat Settlement Scheme, SAPS*

## 1.1 Introduction

The IMF (International Monetary Fund) and World Bank institutions have dominated the economic reforms in the world, particularly in the post-World War period and more so after the 1970's. Shin (2026) avers that these institutions have been the world's most powerful organizations responsible for setting parameters for economic reforms. While there are many notable positive outcomes that have come out of these reforms, Babb (2028) argues that the reforms have by and large led to adverse social and economic consequences on the participant countries. This has disproportionately impacted on the poor and the vulnerable. Shin (2026), on his part, argues that the adverse consequences for the poor are actually unintended in nature and ought to be addressed.

The origin of IMF and World Bank can be traced from the 1944 Bretton Woods Conference which was aimed at facilitating the reconstruction of Europe after the devastating effects of the Second World War. It was also aimed at setting a system of global financial and monetary governance to avert a future global economic depression. After 1973, the institutions narrowed down to policy-conditional emergency loans which were pegged on austerity measures such as reductions of fiscal deficits. In so doing, it begun to use conditionality to continue promoting austerity. The reforms earned the name 'Washington Consensus' and were mainly based on the free-market ideology, privatization and economic deregulation (Babb, 2018).

According to Mbithe (2012), whereas the SAPS were designed to improve the socio economic conditions of nations that were considered to have poor economies, in the 1980's and 1990's, these programs reversed the agricultural gains that had been made since independence. However, Oduol (2020) offers a flip side to these reforms by arguing that there can never be a blanket condemnation of SAPS. He opines that the SAPS, coupled with organizational efficiency, particularly in tea sector, contributed to an improvement in the performance of tea industry. The same, however, cannot be said with regards to maize and coffee, which evidence shows that they suffered greatly.

Ndamisa (2018) states that the deregulation of currency, cut-back in the flow of agricultural production, abolishment of agricultural marketing boards resulted in higher cost of farm production which ended up hurting the farming sector. In Kenya, Samoei (2025) states that the SAPS greatly affected agricultural productivity in a negative way. The reforms led to a collapse of the initially stable marketing boards such as the KFA (Kenya Farmers Association), increased farm inputs and price fluctuations of agricultural produce resulting from liberalization of marketing. The Ndalat Settlement Scheme offers a perfect purview of the extent to which the SAPs that were initiated in the 1980s and 1990s intrigues the agricultural sector in Kenya.

### 1.2 Statement of the Problem

The efficiency and workability of the SAPS is something that has elicited intense intellectual discourse. Whereas some scholars see these reforms as what would have been the saving grace in reforming the agricultural sector if they were implemented as had been anticipated, other scholars argue to the contrary. They offer a counter argument by stating that the reforms escalated the deterioration of the agricultural situation in the country by making agricultural production unpalatable. They base their arguments on the many ambitious agricultural projects and programs that had existed since independence which were abandoned through these reforms. Based on these divergent views, the study offers a pathway towards understanding the intricacies that dogged the Ndalat Settlement Scheme as a result of the introduction of the SAPPS in the 1980s and 1990s.

### 1.3 Objective

The objective of the study was to critically analyze the Ndalat Settlement Scheme within the conjecture of Structural Adjustment Programs that were introduced and implemented in the 1980s through to 1990s.

### 1.4 Literature Review

Most African economic systems are heavily dependent on agriculture. This has been the case since independence as the exiting colonialists left a legacy of agricultural dependence. Ndamisa (2020) posits that in the early stages of Africa's economic development after independence, agriculture provided most of the food needs of many countries. It also earned most of the foreign exchanges based on exports and encouraged the establishment of agro-based industries. In Nigeria, for example, in the 1960's, the total share of food in terms of import value was at its peak in 1960s and 1970s. The country exported a total of about 965 tons of groundnuts and satisfied the local demand of about 303 thousand tons. However, by 1980s, there was a deficit of all food crops, with the import agricultural bill shooting up to almost 20 times. This gave rise to SAPS which, by 1985, were aimed at reducing dependence on the oil sector in Nigeria and on imports. These reforms paved way for the abolishment of marketing boards and opened up agricultural produce to the free market as well as limitation of the importation of wheat, rice, maize and vegetable oil.

Sign et.al (2010) opines that the Structural Adjustment Programs in African countries are hinged to Africa's poor performance in Agriculture. Mkandawire (2005) posits that the good record of African economic growth between 1950 and 1973 when these economies expanded at a rate of nearly 5% per annum could subsequently be sustained. Similarly, in the 1990s, a number of countries which were selected as 'success stories of Africa' by the Bretton Woods institutions could not actually maintain fast growth for more than 2-3 years.

In Kenya, KIPRA (2003) reports that under the liberalization policies of SAPS, agricultural monopolies were abolished for some commodities such as maize, wheat, milk, sugar and cotton. Besides, the government also reduced its expenditure on the agricultural sector and encouraged cost-sharing in the provision of services such as animal health and research. Kariti (2002) connotes that these reforms were a precursor to a loan from IMF in 1980 that was aimed at financing these changes. She further avers that the period 1986 to 1991 was one of adjustment where the agricultural sector benefited from the loans. Kariti (2002) further argues that the SAPS failed to systematically create conditions for sustainable recovery of GDP to levels attained in 1960s. Therefore, the Ndalat Settlement Scheme exemplifies a perfect example of the interplay of the SAPS and the unintended consequences that followed thereafter leading to its demise.

**1.5 Methodology**

The study utilized the historical method in the collection, collation and analysis of the data. The main sources of data were both primary and secondary sources. Primary sources were derived from oral witness accounts by the farmers of the scheme during the period under study as well as former agricultural officers. Besides, the study also utilized archival sources from the Kenya National Archives which were in forms of Yearly reports on Ndalat Settlement Scheme, data from the Ministry of Agriculture as well as policy documents. To compliment the primary sources, secondary sources were also used. They were derived from journal articles, theses and dissertations, conference papers, authoritative reports and internet sources. Analysis was thematic. The responses and findings were paraded against the central theme and discussed in narrative chronologically.

**1.6 Findings and discussions**

**Overview of the period before the introduction of SAPS**

In the 1960s and early 1970s, Ndalat benefited from the state's robust extension services and scientific oversight. The Ministry of Agriculture conducted regular soil surveys to assess fertility, with particular attention to potassium levels—a critical nutrient for maize, the scheme's staple crop. At the time, maize yields averaged an impressive 30 bags per acre, a testament to the synergy between state support and smallholder adoption of recommended practices. Agricultural extension officers promoted the use of Diammonium Phosphate (DAP) fertilizer, which farmers widely adopted to replenish soil nutrients and sustain yields. For over a decade, this system functioned effectively, enabling settler households to generate surplus income and invest in improved housing, education, and livestock.

At the national level, colonial and early post-independence governments established coordinated programs to scale up agricultural development. This was exemplified by a former Agricultural Officer two, Mosop Division Mr. Eliud Kiprop who recalled that initiatives such as the National Dairy Development Programme (NDDP) were introduced to promote milk production among smallholder. This was later succeeded by the National Agricultural Livestock Extension Programme (NALEP) in 1982, though its foundations were laid much earlier through extension networks supported by foreign expertise particularly consultants from India and Israel who advised on irrigation, cooperative management, and high-yield farming systems. These programs exemplified the developmentalist logic of the era: that progress could be engineered through scientific intervention, centralized planning, and external technical assistance.

In addition, the policy also established national programmes for promoting agricultural development in the settlement schemes. This is evidenced by information drawn from Former Agricultural officer two, Mosop Division:

> *The Colonial government had also established programmes such as the National Dairy Development Programme (NDDP) for promoting dairy farming among the small holder farmers. Other significant programmes including the establishment of the National Extension Programme which was purely focused on dissemination of agricultural information to the farmers. This programme later translated to the national Agricultural Livestock Extension Programme (NALEP) in 1982 till 1986 which encompassed both crop and livestock. The colonial government had provided consultants from India and Israel*. (Interview with Mr. Mark Lagat).

However, with time, the cooperative structure, intended as a vehicle for collective empowerment, became another site of systemic failure. The Kenya Cooperative Creameries (KCC) and Kenya Farmers' Association (KFA) operated as monopolistic intermediaries, extracting rents rather than facilitating value creation as they were intended at their inception. The KCC's monopoly of power allowed it to dictate milk prices with impunity, while the KFA's control over input supply chains ensured farmers had no alternatives. The conditional nature of AFC loans requiring repayment through cooperatives like KCC and KFA further entrenched this dependency. Farmers could not escape the system; they were trapped in a cycle where their creditworthiness was determined by the very institutions that exploited them.

Therefore, the dismantling of the Kenya Farmers' Association (KFA) in 1984 and its replacement by the Kenya Grain Growers' Cooperative Union (KGCCU) marked a turning point in Ndalat's decline. This was not a reform but a rupture—a politically motivated reorganization that severed the functional linkages between farmers and the input-output systems that had, however imperfectly, sustained them. As former agricultural officer two, Mosop Division Mr. Edward Kiptoo emphasized, the KFA, despite its colonial origins, had developed a sophisticated network for distributing seeds, fertilizers, gunny bags, and feed supplements. It operated as a de facto agricultural supply chain, leveraging economies of scale and farmer trust.

The KGCCU, however, was a bureaucratic imposition. Created by executive fiat and staffed by politically appointed officials with no agricultural expertise, it lacked the operational capacity, logistical infrastructure, or farmer engagement mechanisms of its predecessor. Its mandate was expanded to include cereal farmers, diluting its focus and stretching its resources thin. As former cooperative officer, recalled, *"The new body could not run smoothly like the KFA."* The result was catastrophic: farmers could no longer reliably access quality seeds, DAP fertilizer, or animal feed. The vacuum was filled by unregulated private traders peddling adulterated inputs, a phenomenon corroborated by the Kenya Seed Company's documented failure to maintain seed purity in the late 1970s and early 1980s (Kenya Ministry of Agriculture 1978, 34). The use of H614 maize hybrids, favoured not for yield but for taste, persisted into the 1980s because better alternatives like H629 and H6218 were simply unavailable. This was not farmer ignorance, it was institutional failure

The KGCCU's withdrawal from cereal marketing in 1984 further exacerbated the crisis. With the creation of the National Cereal and Produce Board (NCPB), farmers lost their direct link to a known, albeit flawed, marketing agent. The NCPB, burdened by inefficiency and political interference, failed to provide stable price signals or timely payments. By 1996, the price of a 90kg bag of maize had collapsed to Kshs. 600 due to import glut and market liberalization, rendering production unviable for smallholders who had no savings buffer. The transition from KFA to KGCCU thus represented not progress, but the dismantling of the last functional institution that had mediated the farmer's access to markets and inputs.

**The Background to the SAPPs**

As already noted, in the early years, Ndalat farmers, maintained grade dairy cows through artificial insemination (AI) services and pasture management. In an interview with a former farmer, it was revealed that by the late 1970s, AI services had been discontinued, and breeding regressed to the use of local bulls, leading to inbreeding and a decline in milk yield and genetic quality. Compounding this, overstocking became rampant, especially after land titles were issued and farmers gained full control over their plots. As former agricultural officer observed, the introduction of sheep and goats which required less labour and capital than dairy cattle led to intensified competition for pasture, further straining already degraded grazing lands. Many farmers abandoned feed supplementation, zero-grazing, and other improved husbandry techniques, reverting to extensive, low-input systems that prioritized short-term survival over long-term productivity.

The indifference of smallholders to agronomic advancements also contributed to stagnation. A former agricultural officer two stationed in the region, noted that farmers clung to the H614 maize hybrid throughout the 1970s and into the 1980s, despite the release of higher-yielding, altitude-appropriate varieties such as H629, H6213, and H6218.

This came out in an interview with Mr. Mark Lagat, a former agricultural officer:

> *Their preference for H614 was based not on agronomic suitability but on culinary taste, a cultural choice that came at the cost of reduced yields. Moreover, farmers increasingly neglected timely land preparation and proper fertilizer application, signalling a broader disengagement from the extension-led "modernization" project that had once defined the scheme's ethos.*

This disengagement was not merely a matter of farmer apathy; it was a rational response to national policy failures. As former cooperative officer, emphasized, the statutory marketing boards particularly the National Cereals and Produce Board (NCPB) and the Kenya Co-operative Creameries (KCC) imposed volatile and often depressed producer prices throughout the 1980s. Whereas the 1960s and 1970s had seen gradual price increases that enabled surplus accumulation, the 1980s were marked by unpredictable year-to-year fluctuations in maize and milk prices. This volatility, intensified by fiscal austerity measures and the early effects of structural adjustment conditionalities, left farmers unable to afford certified seeds, fertilizers, or veterinary services.

Compounding these market failures was the collapse of input quality control. Due to chronic underfunding of agricultural research and seed certification bodies in the late 1970s, the Kenya Seed Company could no longer guarantee the integrity of its hybrid maize supplies. By the early 1980s, adulterated or substandard seeds flooded local markets, leading to poor germination rates and further yield declines. For farmers already reeling from price instability and ecological degradation, this final blow eroded confidence in the entire agricultural system.

**The Structural Adjustment Shocks**

The 1980's and 1990's brought not merely institutional decay but a full-scale assault on the public agricultural support system through Structural Adjustment Programs (SAPs) imposed by the International Monetary Fund and the World Bank. These policies, framed as "efficiency-enhancing," delivered devastating consequences for Ndalat. Budgetary cuts led to the mass layoff of agricultural extension officers and veterinary staff. In the 1960s, Ndalat Location had three extension officers; by the 1980's, it had one. This reduction was not merely a statistical decline, it was the severing of the lifeline of technical knowledge. Farmers no longer received guidance on soil fertility management, crop rotation, or improved animal husbandry. The once-regular soil surveys that monitored potassium levels in the late 1960's and 1970's ceased, allowing the mono-cropping of maize to deplete the soil without intervention.

The liberalization of markets, while theoretically increasing competition, in practice destroyed the safety nets that had protected smallholders. Subsidized artificial insemination (AI) services, which had helped maintain dairy herd quality in the 1970s, were discontinued. Farmers, unable to afford AI straws or acaricides, reverted to natural breeding using local bulls, a practice that led to inbreeding, reduced milk yields, and increased susceptibility to diseases like Foot and Mouth. As former agricultural officer lamented, "Dairy productivity hit a new low in the 1990s." The quality of cattle deteriorated not because farmers were careless, but because the state withdrew the very tools that had enabled improvement.

Moreover, the shift from collective to individual marketing, mandated by KCC policy undermined the cooperative model. Farmers who once delivered milk in bulk through the Ndalat Farmers' Cooperative Society were now required to register individually with KCC, with a minimum daily delivery of 250 litres, a threshold few could meet. This policy, designed to "increase efficiency," instead fragmented the cooperative's bargaining power, drove up its per-unit operational costs, and alienated the majority of smallholders. As per the former chair of the cooperative, confirmed, "The farmers' cooperative societies faced imminent collapse in the early 1990s because of the loss of marketing channels and misappropriation of funds." The cooperative, once the engine of collective investment and risk-sharing, became a hollow shell, unable to pay its staff or settle debts to KCC.

Agricultural funding shortfalls also contributed to the changing fortunes of the smallholding farmers in the Ndalat settlement scheme as informed by one of the pioneer farmers.

> *During the late 1980s, the farmers faced with significant funding shortalls as marketing channels underperformed because of monopsonies. In the early 1980s, farmers could not access the AFC loans because of the challenges in accessing markets for their input and output for the agricultural produce as the farmers could not purchase farm inputs and dairy cows. In many other cases, the AFC loans were subjected to more scrutiny to almost all farmers including pioneer farmers where their descendants were not allowed to access any loan facility based on the initial pioneering settler arrangements.*

The trickle-down effect of the SAPs on the Ndalat Settlement Scheme was economically disastrous. Because of the falling prices, farmers could no longer be guaranteed on their investment in farming. The lack of a common marketer like the KGGCU also denied farmers the benefit of selling their produce centrally at determined prices. At the same time, associations like the Kenya Farmers Associations were disbanded as people pursued the capitalistic approach towards selling their produce. All these underpinnings dealt a big blow to the Ndalat Settlement Scheme in 1992 when it was wound up.

**5.9 Conclusion**

The paper has demonstrated that in the 1980's to 1990's, international economic reforms that were imposed by the Bretton Wood institutions had a far reaching effect on the Ndalat Settlement Scheme. The reforms paved way for an economic restructuring at the national level that was cascaded at the local level. This re-structuring saw the collapse of government-owned farmers' agencies such as the KGGCU (Kenya Grain Growers and Cooperative Union), the KCC (Kenya Cooperative Creameries) and the Marketing and Produce Board. As a result, the farmers were forced into a capitalistic free market economy that proved to be difficult to operate in.  As a result, the very ambitious ideas that conceived the Ndalat Settlement Scheme came to a conclusion in 1992.

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