

## Kenya

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### **Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window**

### **Supervision Report**

Mission Dates: 18/05/2020 to 29/05/2020  
Document Date: 06/10/2020  
Project No. 1100001651  
Report No. 5506-KE

East and Southern Africa Division  
Programme Management Department



## Abbreviations and Acronyms

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<b>AGRA</b>	Alliance for Green Revolution in Africa
<b>AGMARK</b>	Agricultural Market Development Trust
<b>AOS</b>	Annual Outcome Survey
<b>ASALs</b>	Arid and Semi-Arid Lands
<b>ASAP</b>	Adaptation for Smallholder Agriculture Programme
<b>AWPB</b>	Annual Work Plan and Budget
<b>CA</b>	Conservation Agriculture
<b>CASP</b>	Conservation Agriculture Service Provider
<b>CBO</b>	Community-Based Organization
<b>CCCF</b>	County Climate Change Fund
<b>CETRAD</b>	Centre for Training and Integrated Research in ASAL Development
<b>CIDP</b>	County Integrated Development Plan
<b>CIS</b>	Climate Information Service
<b>CIST</b>	County Implementation Support Team
<b>CoopBank</b>	Cooperative Bank of Kenya Limited
<b>COVID-19</b>	Coronavirus disease 2019
<b>CPCC</b>	County Programme Coordinating Committee
<b>CPFT</b>	County Programme Facilitation Team
<b>EAGC</b>	Eastern Africa Grain Council
<b>EBL</b>	Equity Bank Limited
<b>ECSMP</b>	Environmental, Climate and Social Management Plan
<b>ESRN</b>	Environment and Social Review Note
<b>EU</b>	European Union
<b>FAO</b>	Food and Agricultural Organisation
<b>GAP</b>	Good Agricultural Practice
<b>GHUB</b>	Grain Trade Business Hub
<b>GIS/RS</b>	Geographical Information Services/Remote Sensing
<b>GoK</b>	Government of Kenya
<b>GYESI</b>	Gender Youth Equity and Social Inclusion
<b>ICRAF</b>	International Centre for Research in Agroforestry
<b>IFAD</b>	International Fund for Agricultural Development
<b>IPMP</b>	Integrated Pest Management Plan
<b>KALRO</b>	Kenya Agriculture & Livestock Research Organization
<b>KCEP-CRAL</b>	Kenya Cereal Enhancement Programme – Climate Resilient Agricultural Livelihoods Window
<b>KES/Ksh</b>	Kenyan Shillings
<b>KMD</b>	Kenya Meteorological Department
<b>KM</b>	Knowledge Management
<b>MAM</b>	March-April-May
<b>M&amp;E</b>	Monitoring and Evaluation

<b>MIS</b>	Management Information System
<b>MoALF&amp;C</b>	Ministry of Agriculture, Livestock, Fisheries and Cooperatives
<b>MoU</b>	Memorandum of Understanding
<b>NDMA</b>	National Drought Management Authority
<b>OND</b>	October-November-December
<b>ORMS</b>	Operational Results Management System
<b>PCU</b>	Programme Coordination Unit
<b>PFI</b>	Participating Financial Institution
<b>PHL</b>	Post-Harvest Loss
<b>POS</b>	Point of Service
<b>PPE</b>	Personal Protective Equipment
<b>PPT</b>	Push-Pull Technology
<b>PSC</b>	Programme Steering Committee
<b>PVCA</b>	Participatory Vulnerability Capacity Assessment
<b>R/RBA</b>	(Regional) Rome-Based Agencies (FAO, IFAD & WFP)
<b>SECAP</b>	Social, Environmental and Climate Assessment Procedures
<b>SDCD &amp;AR</b>	State Department for Crop Development and Agricultural Research
<b>SCPCC</b>	Sub-county Programme Coordination Committees
<b>SIDA</b>	Swedish International Development Agency
<b>TOR</b>	Terms of Reference
<b>USD/US\$</b>	United States of America Dollar
<b>WAO</b>	Ward Agriculture Officer
<b>WEAI</b>	Women's Empowerment in Agriculture Index
<b>WFP</b>	World Food Programme
<b>WRS</b>	Warehouse Receipt System
<b>WSC</b>	Ward Selection Committee

## A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Potential problem
Country:	Kenya	Environmental and Social Category:	B
Project Name:	Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window	Climate Risk Classification:	not available yet
Project ID:	1100001651	Executing Institution:	Ministry of Agriculture, Livestock and Fisheries
Project Type:	Agricultural Development	Implementing Institutions:	not available yet
CPM:	Esther Kasalu-Coffin		
Project Director:	Maryann Njogu		
Project Area:	Bungoma, Embu, Kakamega, Kilifi, Kitui, Kwale, Machakos, Makueni, Nakuru, Nandi, Taita Taveta, Tharaka Nithi and Trans Nzoia		

Approval Date:	22/04/2015	Last audit receipt:	04/08/2020
Signing Date:	26/08/2015	Date of Last SIS Mission:	29/05/2020
Entry into Force Date:	26/08/2015	Number of SIS Missions:	7
Available for Disbursement Date:	19/10/2016	Number of extensions:	0
First Disbursement Date:	25/10/2016	Effectiveness lag:	4 months
MTR Date:	not available yet		
Original Completion Date:	30/09/2022		
Current Completion Date:	30/09/2022		
Financial Closure:	not available yet		

### Project total financing

IFAD Financing breakdown	ASAP Trust Fund	\$10,000,000
	IFAD	\$61,776,000
Domestic Financing breakdown	Domestic Financing Institutions	\$1,860,000
	Beneficiaries	\$29,136,000
	National Government	\$1,551,000
Co-financing breakdown,	To be determined	\$0
	European Union	\$11,686,000
Project total financing:		\$116,009,000

### Current Mission

Mission Dates:	18/05/2020 to 29/05/2020
Days in the field:	Remote

Mission composition:

- E. Kasalu-Coffin, CD & Overall Mission Leader, ESA-IFAD
- Putso Nyathi, Senior Regional Technical Specialist-Agronomist, PMI-IFAD
- Fabrizio Vivarini, Financial Management Consultant, FMD-IFAD
- Esther Kadondi, Rural Finance & Value Chain Consultant;
- Edith Kirumba, Environment and Climate Programme Officer, ECG-IFAD;
- Mohamed Abdel-Latif, Procurement Consultant;
- Stefanie Bitengo, Social Inclusion Consultant
- Ndawazhile Kaluwa, Monitoring & Evaluation and Knowledge Management Consultant, ESA-IFAD and
- Moses Abukari, Regional Programme Manager & Technical Mission Lead; ESA;

Field sites visited: Remote

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4.19	Assessment of the Overall Implementation Performance		3.5

<b>Effectiveness and Developmental Focus</b>	<b>4</b>	<b>Project Management</b>	<b>4</b>
Effectiveness	4	Quality of Project Management	4
Targeting and Outreach	5	Knowledge Management	4
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	3
Nutrition	4	Performance of M&E System	5
Adaptation to Climate Change	4	Social, Environment, and Climate Standards requirements	3

<b>Sustainability and Scaling-up</b>	<b>4</b>	<b>Financial Management and Execution</b>	<b>3</b>
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	2
Partnership-building	4	Quality of Financial Management	3
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	3
Quality of Project Target Group Engagement and Feedback	5	Counterparts Funds	4
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management	4	Procurement	3
Exit Strategy	4		
Potential for Scaling-up	5		

<b>Relevance</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

The International Fund for Agricultural Development (IFAD) and the Government of Kenya (GoK) undertook the first ever remote joint supervision review mission of the European Union (EU) co-financed multi-Donor Action *Kenya Cereal Enhancement Programme – Climate Resilient Agricultural Livelihoods Window* (KCEP-CRAL) from 18 to 29 May 2020. This remote mission has been necessitated due to the global and national restrictions to contain the spread of the COVID-19 pandemic. As a result, the **objective** of this mission was to review KCEP-CRAL implementation performance taking cognizant of the impact of the COVID-19 pandemic restrictions with a view to provide guidance and support the Government, Programme team and key implementing partners on how best to ensure continuity in implementation while complying with COVID-19 measures. The Mission therefore conducted the review of the key aspects of the Programme by relying heavily on documents provided by the Programme team and partners, virtual interactions or discussions with selected value chain actors as well as field evidence (photos, telephone/WhatsApp, etc) where appropriate. The Mission also took the opportunity to provide guidance to the Government in identifying possible priority interventions that might warrant repurposing in light of COVID-19 pandemic and other recurring risks facing the country (Desert locusts, fall armyworm, drought and floods).

The Programme Coordination Unit (PCU) made virtual<sup>[1]</sup> presentations on implementation progress to the Mission on 18 May 2020, followed by presentations and technical discussions with key implementing partners on 19 and 20 May 2020 and virtual presentations and discussions by the three Regional PCUs (Western, Eastern and Coast) on 20 May 2020. The Mission also had virtual focussed group discussions/interactions with key value chain actors on 21-22 May 2020: i) farmers and their group leaders from Embu and Kwale Counties, ii) Conservation Agriculture Service Provider (CASP) in Embu County, iii) Agro-dealer from Kwale County and iv) grain Aggregator from Nandi County. County Desk Officers for the Programme from Nakuru and Machakos were also telephone interviewed by the Mission. The Mission had follow up bilateral virtual discussions with key implementing partners and PCU staff both from Nairobi and the three Regions on 21 and 22 May 2020.

The Mission had a technical virtual feedback sessions with the PCU and Implementing Partners on 26 May 2020 in which preliminary findings, major conclusions and recommendations were shared. The Mission collected salient feedback and clarifications from both PCU and Implementing Partners. On 27 May 2020, the Mission had the opportunity to virtually debrief **Prof Hamadi Boga** (Principal Secretary, State Department for Crop Development and Agricultural Research-SDCD&AR) and his team of the Mission's key findings, strategic and policy issues as well as major recommendations taking into account the disruptions from COVID-19 pandemic and other emergent risks that are likely to further impact on programme implementation. The Mission, on 29 May 2020, also had a virtual presentation to representatives of World Bank and AGRA by highlighting key results, outcomes, challenges and lessons learned that are critical to feed into the ongoing design and implementation of the national scaling up of the e-voucher scheme.

<sup>[1]</sup>All the meetings were hosted by the PCU through their Microsoft Team platform.

### Key Mission Agreements and Conclusions

The Programme is progressing quite well with some notable results and achievements, in the midst of COVID-19 crisis: i) the Programme interventions are reaching cumulatively 145,588 smallholders (45% female adults, 13% female youth, 34% male adults and 8% male youth) out of the overall target of 185,000; ii) cumulatively marketed about 51,130 mt of grains (69% maize, 20% sorghum and 11% green grams) valued at US\$16.1 million (62% maize, 18% sorghum and 21% green grams) directly benefiting 41,256 smallholders (46% female adult, 13% female youth, 33% male adult and 8% male youth); iii) piloted the Grain Business Hub (GHUB) model which concentrates key services around a Farmer Cooperative warehouse in Nandi County and this is expected to be replicated and scaled up; iv) the Programme has rolled-out the Climate Information Services (CIS) in which targeted farmers received specific climate and weather information services prior to and during the cropping season, v) about 48,700 active savers have cumulatively mobilized savings to the tune of US\$4.94 million while an estimated US\$16.27 million loans have been accessed by the smallholders and agro-dealers. *The Mission recommends i) that the Lead Implementing Agency should initiate plans to undertake a mid-term review for the IFAD financing of the Programme; ii) timely finalize the plans for the e-voucher impact study that EU plans to co-finance; iii) expedite the recruitment of the five Programme staff positions; iv) timely finalise the development of the Environmental, Climate and Social Management Plan and its Monitoring plan to ensure the Programme effectively address potential risks and v) finalize the proposal for the EU COVID-19 grant to ensure timely start-up.*

Since the last Mission, the total number of e-voucher beneficiaries has increased by 100% to 86,961 smallholders (47.5% Female adults, 33.7% Male adults, 12.2% female youth and 6.6% Male youth) who are benefiting from the e-voucher packages composed of 2,172.3 tons of certified seeds (51% of beans, 34% maize, 11% sorghum, 4% green grams and 0.4% cowpeas); 14,849.6 tons of assorted fertilizers (99% solid and 1% liquid); 11.5 tons of assorted agrochemicals (34.1% pesticides and 65.9% herbicides); Conservation Agriculture Services (3% through labour, 89% spraying and 8% planting services) on a total of 8,318 acres; 765,710 hermetic bags and 76,571 tarpaulins. These e-voucher inputs are valued at US\$15.14 million and are enabling crop production on an estimated 86,961 acres of farmland. It was agreed that the Programme would i) leverage on the Crop Insurance provider contracted by the line Ministry in order to timely activate the crop-insurance e-wallet; ii) develop collaborative approach to timely address recurring inefficiencies of the e-



*voucher system; iii) capitalize on successful farmers groups as entry point to increase awareness and boost moral suasion on group saving mobilisations to enable more members to transition*

While overall disbursement rate was 36.0% of the total Programme cost of US\$153.20 million), 168 out of the total 423 planned activities in 2019/2020 work plan and budget have been completed corresponding to a budget utilisation rate of 47.0% from the total estimated budget of US\$28.22 million as of 31 March 2020. However, of the total expenditure of US\$13.23 million, the Financial Services component (e-voucher input subsidy) accounted for 66% but it represents 43% of the annual estimated budget. *The Mission recommends that the Programme should address the following prioritized fiduciary risks of improving disbursement rates of IFAD financing while ensuring EU grants are fully absorbed prior to 19 June 2021 except for eligible winding up activities, fully operationalize the accounting system, strengthen control, monitoring and oversight of implementing partners as well as improve on the identified weaknesses in the procurement cycle while considering flexibility in the context of COVID-19 restrictions without comprising on value for money.*

## D. Overview and Project Progress

### Adopting improved farming practices including GAPs and CA sub-component

Programme activities to support adoption of GAPs and CA have progressed well at 61% of target for the AWP/B. COVID-19 has been a major setback to the implementation of some activities in this sub-component.

**Adoption of improved agriculture practices.** Cumulatively, the number of farmers accessing e-voucher inputs is 62% of target with 86,961 (29,332AM; 41,316AF; 5,731YM; 10,582 YF) accessing the e-voucher and 55% of these farmers were from the ASALs (Total 66,762 (22,236AM; 32,220AF; 4,093YM; 8,213YF). CA services providers (CASPs) continued to provide services covering 269; 685 and 7364 acres for land preparation, planting and spraying services respectively. In addition, these farmers are cumulatively benefiting from the e-voucher packages composed of 2,172.3 tons of certified seeds (1,097.9 tons of beans, 734.4 tons of maize, 233.0 tons of sorghum, 97.3 tons of green grams and 9.7 tons of cowpeas); 10,863 tons of basal fertilizer, 3,872 tons of topdressing fertilizer, 47,859 litres of foliar feed, 33,714 litres of Omex, 33,000 litres of Eazy grow; 3,921 litres of pesticides and 7,561 litres of herbicides. These e-voucher inputs are estimated to have been planted on 86,961 acres for the targeted crops (maize, sorghum, beans, green grams and cowpeas).

**Capacity building for extension services.** The programme trained 319 extension staff (128 private extension service providers) against a target of 250 and 276 agro-dealers against a target of 319 and 1,629 farmer groups against a target of 2519 for the provision of extension services in the reporting period. Private extension service providers have proved to be useful in bridging the staffing gap in public extension system. KALRO developed training manuals for the promotion of GAPs and CA. However, mass production of these manuals has been a challenge. *The mission recommended expediting the multiplication of training manuals and translating to Kiswahili.*

**Adaptive trials:** KALRO mounted 390 on-station and 90 on-farm adaptive trials on various technologies. As per previous mission recommendations, KALRO tested the use of Dolichos lablab as a push crop in Push Pull technology (PPT). However, there was no research on Pigeon Pea and Pearl Millet as potential crop models, due to limited availability of certified seed. *The mission recommended an evaluation and possible registration of local pigeon pea varieties that farmers are already using for potential inclusion in the programme.*

**GAPs and CA promotion:** Cumulatively, 93,104 (67%) (AM31,584; AF47,546; FY 9,060-and MY4,914) out of overall target of 140,000 were trained on CA and GAPs and mounted 3730 CA/GAP demos out of a target of 5600 (66%). The mission remotely interacted with farmers who were knowledgeable about CA and other agronomic practices. However, there was limited understanding of Integrated Pest Management (IPM). Procurement of personal protective equipment (PPE) for demonstration of IPM had not happened as recommended by the previous mission. The procurement process will resume when the COVID-19 pandemic eases. In line with pest control, the programme implemented 114 out of a target of 206 PPT demos and stopped selling glyphosate through the e-voucher. The mission noted a lack of documentation on the spontaneous uptake of PPT despite reports of interest by farmers. ***It was agreed that the Programme would extend the PPT demos to other wards and document the spontaneous PPT uptake, performance and benefits.***

**Challenges:** COVID19 restrictions negatively affected the implementation of field days, exchange visits, fairs and training activities. Some counties have developed adaptive extension measures, which include use of radio, sms and agro-dealers. The programme will also follow country guidelines in the implementation of demonstration plots. It is however not clear how training activities will continue during this time. The mission recommended exploring digital extension and CA services as part of IFAD's ongoing COVID-19 response plan following the launch of the Rural Poor Stimulus Facility.

### Community-based sustainable NRM and adaptation to Climate Change sub-component

The programme has engaged CETRAD to provide capacity building to counties and PCU on the use of GIS and remote sensing and to establish the equipped units at the counties. To date, CETRAD has undertaken a baseline and needs assessment, and has held two training sessions on GIS and remote sensing for natural resource planning and

management. It has also signed master agreements with ESRI for provision of technical support to the counties and purchased Arc GIS media kits and is in the process of splitting the software licence so that each county receives a perpetual license. There is need for the PCU to fast track the procurement of pending equipment. PCU and CETRAD should work on building the awareness of the counties on the need for GIS and remote sensing as tools for NRM mapping, planning, monitoring, and resource allocation. They should also work with the counties to determine data sets that will be included in the databases and relevant products.

The Kenya Meteorological Department is now fully onboard and has managed to produce one training video. The video covered farmers and other value chains actors' receiving training for targeted crops. Training brochures (1800) have been developed for farmer groups, volunteer observers and extension service agents. Additional training interventions have been: conducting technical support dissemination barazas; printing posters of climate and weather advisories; radio broadcasts of seasonal advisories; and, dissemination of climate and weather information through SMSs. NDMA has held 7 (88%) county workshops to prioritise CCCF and prioritised 41 wards (87%), 200 county and ward officials have been trained and 13 (28%) PVCAs done. Tharaka Nithi county has passed its CCCF legislation.

Both KMD and NDMA expressed the challenges brought about by high turnover of their staff at county level. The mission recommends that both KMD and NDMA work together to integrate their activities into the CCCF frameworks and into the county operational structures through the CIDP processes. This coupled with building the capacities of county governments will enhance sustainability and ensure sufficient allocation of resources to these activities

**Under Nutrition**, 9,469 farmers (AM 2,270; AF 6,097; YM 295; YF 807) were trained in utilizing climate resilient foods and 6,059 farmers (AM 1,919; AF 3,809; YM186; YF415) in WASH. The Programme has developed and shared recipe booklets.

### Post-Production Management and Market Linkages component

There has been progress in the achievement of **reduction of Post-Harvest Losses (PHL)** with the WR reporting PHLs of 10.4% and ER an average of 13.6%. Majority of the farmers (65% and 70% respectively, (AOS 2018)) are adopting improved drying and grain storage technologies. **Cumulatively 101,404 (68%) (M- 30,083 F- 48,437 MY- 8,743 FY- 14,141) smallholder farmers** have been organized and trained on harvest and post-harvest management of which 76,571 (76%) have received basic PHL and grain storage equipment. As part of the e-voucher input package, these farmers have cumulatively received 765,710 hermetic bags and 76,571 tarpaulins. **211 (135 - AM, 20 - AF, 47 - MY and 9 - FY) (84%) sheller/thresher operators** have been trained and their capacity to support farmers enhanced. *However, training on PHL needs to be synchronized with the availability of equipment to farmers for more effective learning.*

Despite delays in the implementation of the WRS. Progress is being made towards **linking farmers to the market and structured trading through the Grain Trade Business Hub (GHUB) model**. The WRS Act was signed in June 2019 and Regulations and Standards are being developed to guide its implementation. Cumulatively, **364 production clusters** have been formed, 144 linked to structured grain trading, 168 registered as CBOs and 28 graduated into cooperatives. **144 collection centres** are operational with 118 equipped with Post-Harvest Equipment. **6 farmer-owned warehouses** have been refurbished awaiting certification. Refurbishment of 5 additional warehouses is underway and procurement done for the construction of 3 new warehouses. **22 road spots** have been identified, and improvement works ongoing. Delayed and prolonged procurement of post-harvest equipment and service providers for refurbishment of the warehouses and road spots improvements has impacted mobilization and linkage of smallholder farmers to structured grain markets, adequate commitment by buyers for marketing of farmers produce and rolling out of the GHUB trading platform. There is therefore urgent need to fast track the completion of these infrastructure.

**105,040 (70%) (30,942-AM, 45,769-AF, 12,029-MY, 16,300-FY) smallholder farmers have been trained on business partnership and 33 (55%) commercial partnerships** established. Cumulatively **51,130 MT of grains (69% maize, 20% sorghum and 11% green grams)** through structured grain trading resulting in cumulative **grain value of US\$16.1 million (62% maize, 18% sorghum and 21% green grams)** **directly benefiting 41,256 smallholders** (46% female adult, 13% female youth, 33% male adult and 8% male youth). Testing of the GHUB model has been done at Kabisaga warehouse in Nandi County, in readiness for replication and upscaling to the other warehouses. *The mission recommended fast tracking of the construction and refurbishment of warehouses and improvement of road spots to facilitate implementation of the GHUB trading system.*

### Financial Services Component

Cumulatively 86,961 (AM-29,332; AF-41,316; MY-5,731 and FY-10,582) out of a target 140,000 **subsistence farmers are accessing e-voucher inputs valued at US\$15.14 million**, that the Programme has injected into the rural economy through mainly the agro-dealer and CA Service Providers' network. 65,402 of these farmers are from the ASAL counties. The crop insurance e-wallet has been initiated in the CR at 16% of the e-voucher value with APA Insurance being appointed the insurance service provider. To date **384 agro-dealers** are serving farmers and have also been accredited as merchants/agents of the participating financial institutions (FIs). While the Mission noted that majority of farmers in the Western Region have graduated from the e-voucher scheme, transition rate in the ASALs Counties is a concern in addition to some operational, logistical, administrative and connectivity challenges of the e-voucher system. This was compounded during the COVID-19 pandemic restrictions, as less than a one-quarter of the estimated 43,000 farmers

collected and accessed e-voucher inputs during MAM 2020 cropping season. **The transition rate of subsistence farmers to commercial farming status is overall at 21%** (17,655 beneficiary farmers transiting). WR is at 62% (12,438 farmers), ER 6% (3,258 farmers) and CR 12% (1,959 farmers).

The outbreak of COVID-19 affected Programme operations mainly due to the measures adopted by the Government to contain the spread of the pandemic. Scheduled Programme activities such as card distribution during the MAM 2020 season in the Coast Region, training of farmers through field days, exhibitions, trade fairs, water & sanitation hygiene, nutrition mainstreaming, post-harvest management and financial literacy were stopped amongst others. The Programme is adopting the use of technology to communicate to the beneficiaries and Partners, such as holding internet based virtual meetings, use of WhatsApp and Bulk SMS messaging system to pass information to beneficiaries and agro-dealers in the implementing Counties and use of local Radio programmes.

Cumulatively, **46,649 (33%) (16,539-AM, 22,685-AF, 2,627-MY and 4,798-FY) farmers have been trained on financial literacy** of which 29,131 farmers (9,958-AM, 14,510-AF, 1,484-MY and 3,179-FY) are from the ASAL Region while **275 (79%) entrepreneurs** have been trained in advanced financial training. Enhancing financial inclusion through financial literacy training has had its share of challenges with farmers dropping out from the e-voucher system affecting attendance rate, farmers avoiding training as a result of inability to access inputs, poor group formation and vast geographical distances. Training of farmers on PHL and grain storage as well as building their capacity to access better markets also faces challenges with reaching the farmers due to vast distances, retaining the Training of Trainers (TOTs) and delays in providing PHL and storage equipment to farmers. Groups that are more cohesive have shown better performance in participating in project activities and therefore the project should work on strengthening groups and conducting training using the group approach. In addition, training on PHL needs to be synchronized with provision of equipment to farmers for more effective learning.

Data from EBL indicated that farmers had **cumulatively saved US\$ 128.8 million**. In the KCEP-CRAL accounts the cumulative savings amounted to US\$ 5M (target US\$ 5.5 million) as of 31 Dec 2019. An estimated **US\$ 12.94 million loans** have been issued to smallholder farmers with a repayment rate of 86%. The Agro-dealers have accessed loans amounting to US\$3.33M (repayment rate of 88%), and accumulated savings worth US\$ 0.33M. Both farmers and agrodealers are rapidly **adopting digital financial services**. EBL reported onboarding 17,368 farmers and 241 agro-dealers on Equitel mobile platform, 176 farmers using EBL Eazzy Mobile Money App, 150 agro-dealers using EazzyPay (Business Till Number) and 13 agro-dealers enrolled for internet banking. Other than formal financial channels, informal groups (ASCAS and ROSCAS) are still popular among farmers in savings and access to credit (AOS 2018 survey and Finaccess 2019 report). The partner FIs have developed/ refined 4 savings and 3 loan products targeting the beneficiaries of the programme although the uptake is still low. *The mission recommended the use of group approach to increase farmers participation in training, savings mobilisation for e-voucher participation and increased uptake of financial products.*

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>CA Service provider payment mode</b>  Address backlog of payment to CA Service Providers and reconsider a simpler and more effective mechanism to them in real time to minimize uncertainties among farmers, CA Service providers and agro-dealers	PCU/PFIs	07/2019
<b>e-voucher card and POS efficiency</b>  Improve debit card distribution, timely address malfunctioning and frequent breakdown of POS devices and card decline cases by farmers	PCU/CoopBank	09/2019
<b>Improve collaboration and coordination among NRM/CC partners</b>	PCU/NRM Partners/Counties	10/2019
<b>Grain train hub pilot</b>  Design and pilot grain trade business hub models in five selected warehouses in WR and ER	PCU/EAGC	04/2020
<b>Digitize training activities and integrate the lead farmer approach in extension services</b>	Regional countries/PCU	01/2021

## E. Project implementation

## a. Development Effectiveness

### Effectiveness and Developmental Focus

#### Effectiveness

Rating: 4

Previous rating: 4

#### Justification of rating

Commendably, as of 31st March, 2020, beneficiary outreach in the programme was at 145,588, (AM - 49,526 (34%), AF - 66,060 (45%), MY - 11,349 (8%), FY - 18,653 (13%) representing 79% of the appraisal target of 185,000. This increased by 43,537 farmers from the achievement of 102,051 in May 2019. The female and youth population are 96,062 (66%) of the appraisal target. In the ASAL areas 66,762 beneficiaries, 55% of the appraisal target of 120,000 have been reached. These include 1,253 vulnerable and food insecure HHs out of an appraisal target of 60,000 previously under the WFP. This represents an estimated population outreach of 567,793 (M-237,413, F-330,381 and Y-117,008) individuals benefiting from Programme interventions.

Cumulatively, 86,961 (AM – 29,332 (34%), AF - 41,316 (46%), MY - 5,731 (7%), FY – 10,582 (12%), (62%) of the appraisal target of 140,000 is in category I, while Category II has 58,627 beneficiaries. 1,253 (AM-205, AF-899, MY-6, FY-143) e-voucher smallholder farmers are among the expected target of 60,000 grandaunts from the WFP. This leaves a deficit of 53,039 (38%) smallholder farmers yet to be reached with e-voucher inputs. 69%, (3,452) groups out of the target of 5000 have been mobilized with an estimated membership of over 86,000. 1,629 groups of the planned 2519 representing 64% success rate were registered. Importantly, the programme employed radio talk shows and use of bulk SMS services to mobilize beneficiaries.

The Annual Outcome Survey (AOS of 2018) reported that 62% of respondents out of a programme target of 90% reported increased yield and 91% of these farmers associated the yield increase to programme interventions. However, the same survey has shown variations in yield increase over time and between counties and crops. For example, youthful farmers are realizing higher average maize yields (1,916 Kg/acre) than the adult farmers (1,465 Kg/acre), with yields harvested by female youths even higher at 2,196 Kg/acre compared to 1,635 Kg/acre for males. The report also found that respondents were satisfied with improved seed (90%), basal (64%) and top-dressing fertilizers (88%). However, less than 10% of farmers had adopted CA principles, partly be due to the limited access to CA services. A CASP indicated that there were farmers who were not able to access these services in the 2019 OND season due to limited access to equipment. The mission recommends FAO and the PCU to link CASP to financial services /equipment and build their capacities on business management to enhance adoption of CA.

The programme continues to experience low transition of farmers to full commercial farming attributable to poor savings mobilisation, low yields that are caused by unfavourable climatic conditions and numerous competing input subsidy schemes. Further, logistical challenges related to card issuance, card declines, Point of Sale (POS) problems continue to plague the smooth running of the e-voucher system. The strategies proposed to enhance farmers participation at all levels of the e-voucher support include enhancing the use of USSD/Bulk SMS to inform farmers about card collection, deposits, e-voucher inputs package and improved saving structures by sensitization of farmers on developed savings products by the FIs as well as the use of informal savings mechanisms through farmer groups. Using card-less platforms are other options FIs may need to consider as a solution to card swiping and POS challenges. The roll-out of crop insurance will also provide cushion to farmers against the adverse effects of erratic weather conditions affecting yields.

Furthermore, the Mission noted the challenges faced in fully rolling out the Value Chain Grant scheme through a contracted technical service provider. It was agreed that alternative options would be considered to timely address the emergent challenge in rolling out the Value Chain Grant financing given the growing interests from the trained entrepreneurs and emerging opportunities.

#### Log-Frame Analysis & Main Issues of Effectiveness

Commendably, as of 31st March, 2020, beneficiary outreach in the programme was at 145,588, (AM - 49,526 (34%), AF - 66,060 (45%), MY - 11,349 (8%), FY - 18,653 (13%) representing 79% of the appraisal target of 185,000. This increased by 43,537 farmers from the achievement of 102,051 in May 2019. The female and youth population are 96,062 (66%) of the appraisal target. In the ASAL areas 66,762 beneficiaries, 55% of the appraisal target of 120,000 have been reached. These include 1,253 vulnerable and food insecure HHs out of an appraisal target of 60,000 previously under the WFP. This represents an estimated population outreach of 567,793 (M-237,413, F-330,381 and Y-117,008) individuals benefiting from Programme interventions.

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Furthermore, the Mission noted the challenges faced in fully rolling out the Value Chain Grant scheme through a contracted technical service provider. It was agreed that alternative options would be considered to timely address the emergent challenge in rolling out the Value Chain Grant financing given the growing interests from the trained entrepreneurs and emerging opportunities.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Roll-out of graduation model</b>  Embed the resilient livelihoods graduation model in monitoring the consistency of programme outcomes and benefit streams in close collaboration with key implementing partners continuous	PCU/Key partners	03/2020
<b>CA financial capacity strengthening</b>  Link CASPs to financial/equipment suppliers and provide training on business management and consider digitizing services of CASPs	FAO/PCU/PFIs	03/2021

## Development Focus

### Targeting and Outreach

**Rating: 5**

**Previous rating: 4**

### Justification of rating

Justification of rating: Commendable progress has been made in targeting and outreach in the programme. At just after mid-term, 79% of the of the appraisal target of 185,000 where a total of 145,588 (AM- 49,526 (34%), AF- 66,060 (45%), MY -11,349 (8%), FY-18,653 (13%) beneficiaries have been reached. Female and youth population reached are at 96,062 (66%) of the appraisal target while in ASAL areas 66,762 beneficiaries, 55% of the appraisal target of 120,000 is reached. Moreover, only 38% (53,039) smallholder farmers are yet to be reached with e-voucher. Groups formed are at 69 %, (3452) out of the target of 5000 with an estimated membership of 86,000. However, to ensure sustainability of interventions, focus to be placed on curbing programme dropout rate and increasing youth participation

### Main issues

The programme covers 13 Counties, 5 each in the WR and ER with the CR having 3 counties. Across these Counties, 206 Wards in 44 Sub-Counties are covered and a total 145, 588, (79%) small holder farmers of the appraisal target of 185,000 are reached. 10 different partners provide technical support along the three components of the programme. Now, past the mid-term mark, the programme has achieved over the 50% mark across key result areas, including realizing a target total population of 567,793 (M-237,413, F-330,381, Y-117,008) individuals benefiting from Programme interventions. 3,452 groups of the target of 5000 have been mobilized with membership estimated to be over 86,000. 86,961 subsistence farmers representing 62% of the 140,000 appraisal target are accessing e-voucher inputs, with the WR surpassing the target of 20,000 to reach, 20199, (100. 9%) ER, 51, 109, (65%) of the target of 78,547 and CR at 15,653 (37.7%), the lowest of the targeted 41,453.

The Mission noted that along with extension strategies used in the past, the programme now employs mobilization approaches that include radio talk shows and use of bulk SMS services to pass Programme information. This adaptation places them at an advantage to continue with mobilization activities even in the current COVID 19 situation.

However, even within this very impressive beneficiary outreach effort, the Mission observed that youth participation has remained minimal in programme activities. Current population of youth in programme activities is 21% (MY- 8%) and (FY- 13%). Again, low transition of e-voucher farmers along the programme graduation model among other factors has seen increasing drop-out from programme activities. Two farmer group leaders consulted during the Mission revealed that whereas majority of their members are able to contribute the 10%, between 40 to 50% of their members drop out at the 40% level, with only up to 30% proceeding to the 70% contribution level as most are unable to raise the required amounts. Consultations with county level officers further revealed that where there was higher group cohesion, more farmers have been seen to meet the graduation criteria. Evidence shows therefore that beyond targeting, strategies that effectively develop capacity and cohesion at group level have potential for enhancing realization of programme objectives.

The mission notes that to turn around the drop-out rate from groups and from programme interventions, closer interaction with groups and their members along defined growth paths offers a promising avenue that should be strengthened. On youth participation, a recent programme survey shows that youth (male) are very keen in value addition interventions, therefore focused and intentional targeting of youth along these lines has potential to increase their participation in programme activities. Now at the mop up phase of mobilization, to enhance sustainability through ensuring optimal participation of targeted smallholder farmers and increasing participation of the youth, the Mission recommends **(i) that the programme explores and applies strategies that build and leverage on groups cohesiveness and capacities to re-sensitize and retain their members as a measure for curbing the drop-out rate from the programme.** The mission learnt from one of the group leaders that members often bail out some of their most active members who for one reason or other are unable to contribute as required by advancing them soft loans which are then paid off upon sale of produce. On youth participation, the mission recommends **(ii) Identification and documentation of success stories on youth participation in various activities along the value chain in the regions as a basis for sensitizing and influencing enrolment of youth in the programme.**

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Youth Participation</b>  Programme needs to Identify and document success stories on youth participation in various activities along the value chain in the regions as a basis for sensitizing and influencing enrolment of youth in the programme.	PCU/County Officers	05/2020
<b>Targeting and mobilization strategies</b>  The programme needs to explore and apply strategies that build and leverage on groups cohesiveness and capacities to re-sensitize and retain their members as a measure for curbing the drop-out rate from the programme.	PCU/County Officers	06/2021

**Gender equality & women's participation**

**Rating: 4**

**Previous rating: 5**

#### **Justification of rating**

Justification of rating: Women and youth in the programme are 96,062; representing 66%, above the 50% Programme target. Activity reporting across all partners is gender and age disaggregated, comparatively setting a bench mark on gender reporting for any organization. Gender is incorporated in trainings and the programme released a baseline survey for ASAL counties which incorporates parameters on Women Empowerment in Agriculture Indicators (WEAI). Of the 86,961 farmers accessing input, 65% are women and youth while on production and sales, females are shown to be performing at 55%. Increasing youth participation and tracking and reporting on the impact of project interventions on empowerment of women and youth remains a critical step for KCEP-CRAL to enhance effectiveness of interventions on gender equality.

#### **Main issues**

At 66% women and youth representation in the programme, commendable efforts have been made in advancing gender equality and women and youth participation in programme activities. Programme interventions at all technical levels have increasingly become gender friendly enabling graduation by majority of the women and youth at 65%. On produce yields for example, the AOS Report 2018 shows that Youthful farmers are realizing higher average maize yields (1,916 Kg/acre) than the adult farmers (1,465 Kg/acre), with yields harvested by female youths even higher at 2,196 Kg/acre compared to 1,635 Kg/acre for males. In Machakos and Makueni counties the report shows both the female and male youths realized higher maize yields than their adult counterparts with female adults having relatively lower yields. Youthful farmers have



been observed to have higher uptake of seeds and planting fertilizers. On post-harvest losses, female adult managed households experienced relatively higher losses than other categories, while male youths experienced the lowest losses. On production and sales through structured markets, the report shows females performing best at 55%. These mixed results call for enhanced tracking to establish how programme initiatives are shaping gender participation in the programme. It is noteworthy that participation for instance in women and youth leadership has yet to be clearly tracked and reported on.

In September 2019, the programme released a baseline survey for ASAL counties which included assessing women empowerment using the Women Empowerment in Agriculture Index (WEAI) framework. It presents a baseline on empowerment of women in the programme area along five key indicators of production, resources, income, leadership and time. It avails an opportunity for the programme to track and establish whether project interventions are contributing and will continue to contribute towards greater empowerment of women. Findings show varied levels of women empowerment in the programme counties even though the programme has been intervening in these counties reinforcing the need to track indicators that demonstrate women and youth empowerment.

The Mission therefore recommends that (i) **a mechanism that can facilitate regular tracking on the impact of interventions on the realization of key empowerment indicators for women and youth in the programme area be established**, and (ii) **to build on and sustain gender equality efforts so far, HHMethodology approaches recommended in May 2019 be rolled out**. This initially to be piloted in areas with varied WEAI scores and/or that focus on beneficiaries who on the one part require more interactive mentoring and coaching and successfully graduated beneficiaries in the Western Region where interactions may be minimal. This will help guide on the intensity of interventions that may be applied to ensure success. A draft MOU to engage HIVOS/OXFAM to support rolling out the HH Methodologies has already been developed and is awaiting review by the IFAD in view of the COVID-19 situation, again the GYESI study report is currently under review by the PCU before it can be finalized for implementation. Implementing the HHMs presents an opportunity to implement recommendations under GYESI study. On youth participation, buoyed by the good performance of participating youth noted earlier and in line with recommendations from May 2019, the mission recommends that (iii) **along with consideration to pilot a rural youth agro-empowerment index drawing on the WEAI empowerment index, the PCU incorporates within the annual surveys, data on key indicators that impede youth from participating in programme activities to inform more adoption of effective strategies for incorporating the youth**.

<i><b>Agreed Action</b></i>	<i><b>Responsibility</b></i>	<i><b>Agreed Date</b></i>
<b>other gender indicators</b>  Include other gender indicators such as perceived empowerment or changes in access to resources and decision making	M&E and PCU Gender specialist	02/2020

**Agricultural Productivity**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

The programme has done a good job in capturing yield data and doing a thorough analysis of results including disaggregating the data appropriately. The AOS of 2018 has shown mixed impacts on productivity from programme interventions. Yield increases varied between counties and in some cases farmers experienced yield declines compared to baseline. Climate variability has been a measure setback to achieving optimum yields.

#### **Main issues**

The AOS of 2018 reported that 62% of respondents out of a programme target of 90% reported increased yield and 91% of these farmers associated the yield increase to programme interventions. However, the same survey has shown variations in yield increase over time and between counties and crops. Maize yields are currently 25% above baseline in the western region, and 75% above baseline in eastern, which is below the programme target of 100% for western but close to the target of 80% for ASALs. The average maize yield in western regions, which are high potential areas, was 1,477kg/acre compared to a baseline of 1,179 kg/acre. In the ASALs, the average maize yield was 412.71kg/acre with the highest yield reported in Makueni at 635kg/acre and the lowest in Machakos at 160kg/acre. Sorghum and green gram yields decreased by 38% and 51% respectively compared to baseline with variations between counties. Bean yields increased by 68% in Makueni to 239.03 kg/ acre and reduced by 41% in Machakos to 109.58 kg/acre compared to baseline figures. In line with these findings from the AOS, the mission found similar reports from farmers interacted with during the mission. One farmer reported increased yields from three bags/acre for green grams in 2016 to four bags/acre in 2019. The farmer experienced a yield decline in 2017 where he got 1.5bags/acre. The same farmer also experienced yield fluctuations for sorghum over the years starting at four bags/are in 2016 and reduction to two bags/acre in 2017 and slight increases to five bags/acre in 2019.

A comparison between control and treatment plots has shown higher yields for maize and bean plots where e-voucher inputs were used (treatment plots) than control plots, but not for sorghum and green grams. Average maize yields for

treatment plots in the ASALs were 277kg/acre compared to 128kg/acre on control plots. Late planting and dry spells contributed to low yields in sorghum but it was not clear what contributed to lower yields for green grams. Further to this, the AOS found increased yields for farmers practicing CA with grain increases of 134kg/acre for maize and 21kg/acre for sorghum. Despite these benefits, the mission noted that most farmers had not massively adopted CA and other adaptive measures to deal with droughts in the 2018 cropping season. For example, less than 10% of farmers from the AOS had adopted CA principles. Moreover, the report does not provide information on what CA adoption entails, whether these farmers had practiced all three principles or just one principle. The survey also shows high productivity for farmers that plant early with yield increases of up to 17% for maize but mixed impacts of early planting on sorghum.

The findings show that, timely planting, adaptive measures including adoption of climate smart technologies are critical to ensure sustained productivity. *The mission recommended prioritization of climate information services and messaging on adaptive measures through extension services provided to farmers. The AOS should capture farmer practices in control plots, and challenges faced by farmers in adopting new technologies.*

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Better yield monitoring from technology adoption</b>  Review the assumption for capturing adoption and uptake of GAPs and CA in order to determine yield trend monitoring by considering a panel survey comparison Mid- season survey and Outcome survey	PCU	02/2020
<b>Integrate climate information and adaptive measures in extension services</b>	Region teams/PCU	05/2020
<b>Farmers Practices</b>  Capture farmer practices in non-treatment plots and challenges to adoption of CA and evaluate pigeon pea varieties currently grown by farmers and KALRO should initiate the process of registering them.	PCU/KALRO	05/2020

**Nutrition**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

Two officers have been trained as focal points for mainstreaming nutrition into programme interventions. 15, 528 farmers (A-M 4189, A-F 9906, Y-M 481, and Y-F 1222) were trained in utilization of climate resilient foods and WASH activities. Production of a local recipe booklet for traditional and climate resilient under-utilized crops was done and 500 copies shared with stakeholders to inform trainings. Collaboration with ICRISAT has been initiated on promotion of traditional foods through a local TV channel (KTN) food show. The mission noted that no clear strategy, indicators or targets exist to guide implementation of nutrition activities in the programme; progress on this component is not easily ascertained.

#### **Main issues**

The nutrition component has yet to be well incorporated in programme activities. It was reported during the Mission that two officers (one at the PCU and the other from the ER) were trained in mainstreaming nutrition for programme and project focal points in March 2018. The officers have so far organized and supervised trainings for 9,469 farmers (AM 2,270; AF 6,097; YM 295; YF 807) in utilizing climate resilient foods and 6,059 farmers (AM 1,919; AF 3,809; YM186; YF415) in WASH. In addition, in collaboration with IFAD, a local recipe booklet for traditional and climate resilient under-utilized crops was developed and the PCU has since produced and shared 500 copies with key stakeholders; the booklet is a key reference document for the training of stakeholders. Further, the programme is currently in consultations with ICRISAT on promotion of traditional foods through a local TV channel (the KTN) food show, the latter two initiatives strategically provide a platform for continued sensitization on nutrition, not just for project beneficiaries, but to a far wider audience beyond the programme areas. This is a commendable effort.

Moreover, the mission was informed that the PCU plans to undertake a baseline survey to provide information on nutrition status in the programme counties. This is a good initiative from the programme which once undertaken should be able to inform on additional interventions to be tracked and reported on in the programme. Further, during the Mission, a meeting was held between the Programme M&E team, members of the Mission and the IFAD Nutrition team to agree on the selection of relevant nutrition core indicators to be captured in the ORMS. The team recommended adoption of two indicators, one at output level to capture data *on HHs with targeted support to improve their nutrition*, with data to be collected through the routine project's M&E system, while at outcome level the programme would choose between two indicators, either to report on *Percentage of women reporting minimum dietary diversity (MDD-W)* or on *the percentage of households with improved nutrition Knowledge Attitudes and Practices (KAP)*. Data at this level to be collected through



surveys at baseline, MTR and completion. The team further shared the Core Outcome Indicator Measurement Guidelines document for necessary guidance. They also committed to support development of TORs for a consultant firm to perform the survey or to analyse the answers from the questionnaires if necessary.

In line with this, the Mission recommends that (i) **the PCU using the guidelines provided by the IFAD Nutrition team review the proposals with a view to capture the agreed nutrition core outcome indicator in the ORMS and set appropriate targets at output and outcome levels** and (ii) **develop a strategy and guidelines for the implementation and reporting on nutrition indicators in the programme, including undertaking the planned baseline.** Once this preliminary documentation is in place, it is further recommended that (iii) **the programme identifies relevant activities for incorporation into the AWPB and further ensures that implementing officers and other programme partners are sensitized and trained on the nutrition component.**

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Promoting cooking competition</b>  Consider promoting cooking competition among beneficiaries and explore potential markets for such cereal-based but often neglected dishes	PCU	03/2019
<b>Capturing Nutrition indicators in ORMS</b>  PCU to integrate Nutrition indicators at both Output and Outcome level by retrofitting them in the ORMS, provide a plan on how they will be assessed and ensure data on these indicators are collected in the next outcome survey.	SMEONRMCCS	07/2020

**Adaptation to Climate Change**

**Rating: 4**

**Previous rating: 3**

#### **Justification of rating**

KCEP-CRAL has made some progress in enhancing climate adaptation through interventions such as drought tolerant crops, climate information, GAPs/CA, CCCFs, and crop insurance, etc. The programme should fast track the signing of contracts between NDMA and Christian Aid, NDMA and SIDA, and ensure KMD fast tracks its internal clearances. For sustainability of KMD's interventions, the climate and weather information services function should be embedded into the CCCF mechanism, and KMD and NDMA should strengthen the integration of their activities. There is need to re-allocate the socio-economic baseline resources to water harvesting equipment to help communities better deal with drought and dry spells. ASAP deliverables should also be fast-tracked and reported under the revised indicators

#### **Main issues**

The programme has made some good efforts in promoting climate adaptation and mitigation. Some key achievements have been as follows: 80,000ha of land have been brought under conservation agriculture (CA) or good agricultural practices (GAPs); 6 CCCF structures established and one county has adopted the CCCF legislation; 41 wards (86%) selected in counties; 200 (39%) ward climate change officials trained; 13 (28%) of participatory vulnerability capacity assessments (PVCAs) done; and the roll out of the climate and weather information services to 8 counties. Training of farmers, extension service providers and agro-dealers on CA/GAPs is going well. Assessments on soil carbon by ICRAF through the use of the LDSF are assisting the programme in determining hot spots that require rehabilitation interventions such as CA and agroforestry. The key partners driving the climate resilience aspects of the programme are the Kenya Meteorological Department (KMD) the National Drought Management Authority (NDMA), ICRAF, and CETRAD.

The programme is commended for contributing to the implementation of national climate change policies such as the Climate Change Act, 2016 and the National Climate Change Action Plan (2018-2022). IFAD has established a partnership with SIDA, through which SIDA provides financing for the development of the CCCF frameworks and CCCF legislations, with Tharaka Nithi County having passed its legislation. Based on the programme's data and successes, NDMA, SIDA and the PCU have supported the Kenya School of Government in the development of a CCCF curriculum and a draft CCCF manual that will be used when administering training to national government and county officials, as well as the general public. The programme will continue to render its technical support towards the development of the manual.

The mission recommends that KMD's climate information services/activities are fully embedded into the CCCF mechanism, as this will enhance sustainability and ownership by the county governments and also increase efficiencies. The mission also commends the project for rolling out the climate information based SMS platform. Some lessons are already emerging, on the need to fine tune the recipient targeting approach and content of the climate and weather-based SMS system. The SMS' content was mainly found to be localised climate or weather updates from KMD, thus lacking extension messaging and agronomic advisories. There is need for the project to ensure that once the messages are received, there is a system on the ground to provide extension and agronomic advisories to the farmers.

To strengthen community resilience to climate shocks, the mission recommends that money initially allocated to a socio-economic baseline be used to support water harvesting at household level. Further, the PCU is encouraged to follow up with NDMA and KMD on fast tracking of pending contractual agreements between NDMA/SIDA, NDMA/Christian Aid as well as the approval of pending contracts by KMD. The PCU should also fast track the achievement of ASAP deliverables and report them under the revised indicators in the logframe.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Finance Additional</b>  Finance additional community based water harvesting structures and equipment through the re-allocation of the socio-economic baseline funds after formal termination of FAO agreement.	FAO/SDCD&AR/PCU	08/2020
<b>Accelerate establishment of CCCFs in all the counties</b>  NDMA to ensure fast-tracking of establishment of County Climate Change Fund (CCCF) and financing of community priority investments/assets, starting with Kitui and Makueni county where CCCF structures are already established and operational	PCU/NDMA	09/2020

## **b. Sustainability and Scaling up**

<b>Institutions and Policy Engagement</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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### **Justification of rating**

Justification of rating. The Programme including its key implementing partners have supporting and playing of number policy interactions both at the national and county levels. A growing number of County governments are incorporating programme approaches in their country programmes while IFAD and other development partners especially World Bank, AGRA and EU are dialoguing with government to shape and fine-tune the scaling up of the e-voucher system in the country.

### **Main issues**

The PCU is commended for its contributions to institutional building and policy engagement. Through the development of the CCCF frameworks and legislations, as well as the close working relations with the NDMA, the programme is facilitating the implementation of the provisions of the Climate Change Act, 2016 and the National Climate Change Action Plan 2018-2022. The development of the CCCF curriculum and CCCF manual by the Kenya School of Government is a good step towards institutional building and policy engagement by state and non-state actors.

The GoK is easing control of purchase and distribution of inputs and cereals in the country. The government will no longer directly buy, sell, or set prices of maize nor purchase, distribute, sell or set prices of fertiliser, seeds or any farm inputs. In line with these changes, the government is restructuring the National Cereals and Produce Board (NCPB) to create the NCPB Trading Division (NTD). NTD will operate unencumbered commercial agricultural hub model, clustering registered small-medium holder farmers and agro-dealers around aggregation centres (cooperatives or warehouses) for storage, bulk inputs sourcing, marketing, and extension support. The new measures are intended to take immediate effect in readiness for the main harvest season in October 2020. This is the model the programme is piloting under G-Hub and now needs to be intensified with speed to accord the programme beneficiaries and other value chain actors the opportunity to participate in the upcoming new market and the WRS alongside other private market opportunities.

The programme plans to align the registered farmer cooperatives to funding opportunities being offered by various county governments. For instant, Makueni County has set up a revolving fund where cooperatives can borrow funds at 0% interest rates, purchase cereals from farmers and repay once they are sold to the market. Uasin Gishu County is doing the same but financing cooperative at 5% interest rate. This will give the cooperatives the much-needed financial sustainability and will complement commercial lending by the private sector.

**Mid-term review.** At the time of the Mission, the EU had led a mid-term evaluation of its co-financing of KCEP-CRAL and end-term evaluations of GAP/CA project that FAO was implementing. Both IFAD and PCU had participated in this MTR for which key findings, conclusions and recommendations had been shared. The EU KCEP-CRAL MTR also assessed the performance of the e-voucher scheme and made some recommendations for improving its effectiveness and efficiency. The Mission noted that the Programme will organize a meeting to discuss these conclusions and recommendations with some members of the PSC in order to agree on the next steps and key follow up actions. To complement EU-led MTR, the Mission recommends that the Lead Implementing Agency should plan to conduct a mid-term review of the IFAD co-financing of KCEP-CRAL given the stage of implementation of IFAD financing as well as noting that the EU co-financing

will be ending in June 2021. Furthermore, the national government is also scaling up the e-voucher scheme through a national value support programme as part of World Bank Development Lending Operations. While the PCU and IFAD had contributed to the drafting of this national programme that AGRA is leading, it is clear that modalities of the e-voucher scheme between these two programmes need be aligned and harmonized in order to have consistent and coherent approaches given that these e-voucher schemes overlaps in some of the counties. Therefore, undertaking an MTR will provide the opportunity for IFAD, EU, Government and other development partners to streamline the e-voucher schemes while drawing on the vast accumulated experiences from KCEP-CRAL.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Effective coordination of value chain institutions</b>  Consider developing an approach to effectively link and strengthen the various layers of value chain institutional structures with a central focus on farmers groups	PCU/Partners	04/2020
<b>e-voucher coherent approach nationwide</b>  Define a common institutional approach to align and harmonize e-voucher scheme among programmes in the country	MoALFC/Donors	11/2020

**Partnership-building**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

The Programme partnership has remained stable with increasing number of additional partners who have been engaging with Programme to explore further complementary opportunities. However, ensuring coherent, synchronized and efficient platform working platform continue to be quite challenging. The Programme approach with structures, systems including the e-voucher system and input and output market linkages continue to a de-risking factor attracting more and more private sector players along the value chains. While partnership needs continuous improvements, it is acknowledged that there is a rich diversity of partners in the programme. We have many private sectors, national and international research, national and local government, national farmers association, RBA, etc. In fact Private sector and National Farmers Apex are represented in PSC. The PCU has regular partnership review and planning meetings, etc. All of these partners participate and join relevant field missions. There are several partnership platforms that exist in the programme and not everything could be captured in this mission but the Partnership building matrix in the report clearly provides the summary overview. The challenge for the programme, is to limit the growing interests of different levels of partners and ICO has also been careful to not overburden the programme with more partners. Based on a rating of 5 should be maintained.

#### **Main issues**

KCEP-CRAL works in partnership with KALRO and AGMARK is supporting the adoption of CA and GAPs. The partnership has so far progressed well in the implementation of programme activities. KALRO has continuously involved county governments, farmers and other stakeholders in the validation of the e-voucher based on scientific research and farmer preferences. Both KALRO and AGMARK involve county extension staff in the management of demonstration plots and field days. Capacity building activities and development of training manuals for extension staff has been a major milestone achieved by KALRO.

Agro-dealers trained by AGMARK have continued to supply e-voucher inputs to farmers and developed mechanisms to supply inputs to remote communities through group orders and by setting up mobile sale units and distribution centres. AGMARK will be piloting the use of village-based agents to reach remote farmers. The mission recommended AGMARK to provide a report on the use of village based agents.

The PCU has managed to fully on board NDMA and KMD. The mission commends them for this achievement. The on boarding of these partners has enabled the fast tracking of activities that have been on hold due to delays in the contracting. To ensure that the climate related interventions are expedited, PCU should work closely with NDMA to ensure that Christian Aid is on boarded immediately as a service provider to provide support towards the development of the CCCF frameworks, passing of legislations and building of community assets. It is impressive that the programme was able to leverage the support and partnership of SIDA in the development of the CCCF frameworks and legislations. The PCU should follow up with the State Law Office and the National Treasury to fast track the signing of the agreement with SIDA.

The programme needs to enhance collaboration between the FIs and EAGC so they can leverage each other's strengths. For instance, the FIs can access the CBOs and cooperatives set up with the support of EAGC to scale up the savings and loan products that they have developed for the programme beneficiaries. Financial access on the other hand has been identified as gap within collection centres and warehouses and amongst farmers, CA service providers, input suppliers and off takers within the structured trading ecosystem established by EAGC. If farmers can access loans to purchase inputs

which are then recovered from sale of produce, they can increase the acreage planted and expand their production. Farmers can also access loans to meet their urgent and immediate needs and therefore will not need to sell their produce immediately after harvest. Other service providers like shellers/threshers, CA Service providers can access loans to purchase equipment. Collection centres and warehouses can access credit to develop and expand their activities in addition to offering bank agency services to their members.

**RBA-TCG implementation support.** The RBA-TCG had also been critical in providing targeted implementation, technical and operational support to the Programme and partners. Both the National and Regional RBA had regular meetings with WFP taking over the chair from IFAD and meetings outcomes and actions are captured for effective follow up actions. At the time of the Mission, WFP had been actively providing technical and operational support to the Programme in elaborating and fine-tuning the requirements for incorporating the Area Yield Index Insurance in e-voucher package during the MAM 2020 cropping season. FAO had also intensified its efforts to address the issues of limited capacities for conservation agriculture services as most of the FAO trained CA Service Providers are facing challenges with little or no CA equipment.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Sharing and documenting successful approaches</b>  PCU and key partners should elaborate plans to regularly document and sharing emerging successful approaches and innovations from the programme.	PCU/Partners	05/2020
<b>Partnership review</b>  Strengthen the effectiveness of the partnership platform with a focus on re-enforcing and integrating different approaches in order to maximise the impact on target value chain actors given the competing time and emerging opportunities.- Quarterly basis	PCU/Partners	09/2020

**Human and Social Capital and Empowerment**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

Major strides have been made in development of human, social capital and empowerment among programme stakeholders. The programme works with 23 partners who include 13 county governments to realize the programme development objective, with PCU playing the central role through which all partners work to build necessary social capital for delivering the overall programme objective. The programme has reached 79% of its beneficiary target and an estimated 66% of women and youth. 86,961 SHF have been linked to the e-voucher scheme and have accessed various inputs. SHF has produced 18% MT of grains against an appraisal target of 41,000 MT and a cumulative amount of US\$ 5.3 Million saved by beneficiaries. This is a demonstration of social capital build within the programme.

#### **Main issues**

Commendable efforts have been made in the development of human, social capital and empowerment in the implementation of the Programme. The PCU as the central coordination structure works with 23 partners who include 13 county governments to realize the programme development objective. To date the programme has reached 79% of its beneficiary outreach target and an estimated 66% of women and youth, over and above the 50% target. 86,961 SHF have been linked to the e-voucher scheme and have accessed various inputs (seeds, fertilizers, agro-chemicals, post-harvest items) besides targeted trainings. A cumulative total of 188 farmer production-clusters have been registered out of an appraisal target of 312 out of which 144 collection centres are operational and 118 equipped with Post-Harvest Equipment.

However, a review of structural relations between partners in the programme reveals that existing relations are mainly focused at the PCU and even when delivering similar or inter-linked objectives partners seem to work independently, compromising on potential gains on this shared aspect of social capital which essentially should provide a sense of belonging and identity. A good example is the two banks that work on the e-voucher scheme who rather than working in complementarity seem to work in competition. A disjointed approach and or structural incoherence in delivery of a common objective may delay and or compromise on desired results. For instance among the EU-led MTR findings the report states that delays in the implementation of the warehouse programme may mean that farmers in the e-voucher scheme receive lower prices than they might have, and in turn contribute to reduced transition from 10% to 40%. Optimal social capital can only be well attained in the programme when all programme elements work in harmony with each other. A factor that has not been very well realised by the programme. The MTR identifies a number of programme elements that are yet to work well for optimal results, including improved meteorological recording and climate change response at county level, financial training for entrepreneurs, the crop insurance scheme, among others. Establishing a framework

where partners share and exchange idea presents a conducive environment for optimal social capital development for attainment of common programme objectives. In view of this, the Mission recommends that (i) **the PCU explore holding bi-annual partner review meetings to enhance coherence in the delivery of interventions.**

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Accelerate training of more trainers in climate gaming and GIS/RS</b>  Fast track climate gaming and GIS/RS training for county staff across all the counties so that farmer groups will have ample time to apply the knowledge to predict climate relate disasters (drought, floods and learn to choose appropriate mitigation and environmental restoration actions continuous	CC/NRM Officer	

**Quality of Project Target Group Engagement and Feedback**

**Rating: 5**

#### **Justification of rating**

Beneficiary contributions comprise of cash contribution through the e-voucher system and in-kind which have been underreported by the programme. The 5% is in related to e-voucher. Farmers are represented in county structures and the Sub-County and County structures develop, review and approve county work plans, whatsapp exist to address key challenges, farmers/beneficiaries participate and actively contribute and decide on input package during technology validation and valuation for e-voucher. Warehouses and village collection centres are decided by farmers cooperatives/groups. A more formal complaint mechanism is required and so is improving their active role in M&E. We dont therefore see why this rating should be lowered. The spontaneous uptake in the PPT is clear demonstration of beneficiary engagement but all the context can't be rationalized only for this rating.

**Responsiveness of Service Providers**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

To adequately serve the large number of smallholder farmers who are in remote and vast geographical locations, the programme through its participating partners continues to enlist and enhance the capacity of several service providers to reach out to these farmers. Good progress continue to be recorded in the services rendered, however, challenges have been noted in terms of the low ratio of service providers to farmers served, access to financial resources to adequately resource the service providers to serve farmers and the sustainability of the services rendered.

#### **Main issues**

Christian Aid was a service provider that was proposed at design to support the NDMA in the development of the CCCF frameworks and legislations at county level. To date, the contract between NDMA and Christian Aid is yet to be signed at the time of the Mission. The Ada Consortium is a service provider that has been working with counties in the development of the CCCFs and building community assets to deal with climate shocks and climate change. Climate intermediaries are trained through the CCCF frameworks and act as volunteers who are incentivised through the CCCF. KMD has weather volunteers who provide them with climate and weather readings from the manual rain gauges. KMD has not yet succeeded in finding a mechanism to incentivise them, given their limited resources, which then poses the risk of natural attrition. The mission recommends that these volunteers be absorbed into the CCCF frameworks as local climate intermediaries and incentivised through this system. This will ensure sustainability and provision of the service over time.

CETRAD is setting up the GIS and remote sensing units at county level and building the capacities of the county governments. Given the integrated nature of NRM and the need for NRM partners to apply the GIS/Remote sensing technology, there is need for the PCU, CETRAD and ICRAF to explore ways through which elements of the LDSF (such as vegetative cover index, soil erosion hot spots etc) could be embedded into the county GIS and remote sensing units.

Cooperative Bank uses the Trainer of Farmers (TOFs) model in its financial literacy training programme. The use of the trainers selected from every ward, is assisting the bank to reach more farmers and to ensure sustainability of the training programme after the KCEP-CRAL ends. In addition, the TOFs are able to collect feedback from the farmers regarding attendance and effectiveness of training and share the same with the programme and the bank. Since the TOFs are not banking staff and may be inadequately skilled in financial services or in training, the bank has already noted that some of the trainers are passive and exit as soon as other opportunities avail themselves. Sustainability of their services after the programme ends is also in doubt unless they covert these services into income generating businesses.

The programme has enhanced the capacity of 381 training of trainers (TOTs) on post-harvest management (PHM) for effective training of smallholder farmers. The TOTs have also been issued with training manuals which have helped improve their understanding of PHM and marketing skills for better delivery of the training content to farmers. However,



retention of the TOTs has been challenge due to low remuneration in addition to mobility challenge due the vast distances to reach farmers.

211 shellers/threshers have been identified and trained to provide shelling and threshing services to smallholder farmers. The service providers are attached to collection centres/warehouses for service provision. It has been noted that they are already adopting improved and modern shelling operations leading to reduction in level of grain breakages and improved quality and some earning income as a result. More of these service providers are needed by farmers, however, most people particularly the youth who see this a business opportunity do not have or/and find challenges accessing affordable financing to invest in grain threshing/shelling equipment to adequately serve the farmers.

The programme has engaged Private Service providers to provide extension services in areas where county staffing levels are low. The project is also building capacity of farmers to demand extension services as a sustainability measure.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Weather observing volunteers in CCCF</b>  Integrate the current volunteer weather observers as part of the CCCF climate intermediaries to ensure they are incentivised and to promote sustainability in the long term.	PCU	10/2020

**Environment and Natural Resource Management**

**Rating: 4**

**Previous rating: 3**

#### **Justification of rating**

The Programme is making good progress in enhancing sustainable natural resources management through several interventions such as ISFM, soil and water conservation measures, training of extension officers and farmers on CSA, and the application of GIS and remote sensing in natural resources mapping and management. There is need to ensure the application of GIS and remote sensing in NRM mapping and management, and the operations of the GIS units are embedded into the county government structures through the CIDPs or budget process, and that relevant technical officers have access to the technology. ICRAF and CETRAD should explore the possibility to have LDSF elements embedded into the GIS unit at county level and capacities built.

#### **Main issues**

The programme is making good progress in promoting sustainable natural resources management through several interventions and working with partners such as KALRO, ICRAF, CETRAD and NDMA. These interventions include integrated soil fertility management, conservation agriculture, GAPs, agroforestry, application of the LDSF to monitor soil health, use of the Push-Pull technology to manage the Fall Army Worms, soil and water conservation, training of ToTs, extension officers and farmers on CSA practices, and the use of GIS and remote sensing to map natural resources and to inform their monitoring and sustainable management. The LDSF being undertaken by ICRAF assists the programme in determining soil organic carbon (SOC), a key indicator of soil health. The counties in the Western region were found to have higher SOC while those in the ASALs were found to have lower SOC an indication of the need to strengthen investments in CA, GAPs and other CSA practices. The LDSF also identifies soil erosion hot spots and extent of vegetative cover, which guides the programme in prioritising land rehabilitation and CSA interventions.

Discussions with selected farmers revealed that CA was well appreciated and gradually taking off in several counties. The programme has engaged a CA service providers, who provide services based on the e-voucher graduation level of the farmers. Majority of the farmers taking up CA were those at 10% own contribution and a 90% subsidy from the programme and were in the first season. It is still early to tell whether the uptake is due to the subsidised services provided or due to farmer's interest and expected benefits. This will be investigated further during field visits and meetings with farmers, once the COVID 10 movement restrictions have been lifted.

CETRAD is establishing GIS and remote sensing unit at county level and is also providing training. It is commendable that the counties are being provided with perpetual software licences and receiving training for their staff. CETRAD will also provide technical backstopping over time and receive support from the PCU in exploring opportunities to partner with FAO who are also promoting these technologies in counties. The mission observes the need to ensure that technical officers from sister agencies such as KMD, KALRO and NDMA also receive this training and have unlimited access to the established units, as this would strengthen the programme's delivery on the NRM and climate resilience functions. It is necessary that there is an established structure at the county level to accommodate this and for the county to take up the recurrent costs under their CIDPs. The PCU should also explore synergies with FAO, which is investing in similar technology at county level.

PCU, ICRAF and CETRAD should explore ways to align core elements of the LDSF with the county based GIS/RS platforms to enable application by the counties and also as part of capacity building for government officials and technical officers PCU staff members, particularly those in M&E are encouraged to take up GIS and RS training to enhance their

monitoring abilities

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Monitoring of environmental outcomes</b> Fast track development of ECSMP and a participatory climate and social monitoring plan with the farmers to document and monitor any emergent impacts from agrochemicals continuous	CC/NRM Officer	05/2020
<b>Expanding GIS/RS opportunities to key county staff</b> Institutionalise the access to and application of GIS and remote sensing by county based technical officers and ensure the maintenance of the system in embedded into the county budgets.	PCU/CETRAD/Counties	08/2020
<b>Linking LDSF in County GIS/RS units</b> PCU should explore the possibility of working with ICRAF to embed elements of the LDSF into the county GIS/Remote Sensing Units and build capacities of technical officers.	PCU/ICRAF/CETRAD	12/2020

**Exit Strategy**

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

While the Programme does not have an explicit elaborated strategy, there a number of interventions and activities that are manifesting exit strategy elements or sustainability of the benefits through the input- and out-market linkages, some counties already replicating some of the approaches and graduated e-voucher farmers autonomously purchasing additional inputs from agro-dealers who are also doubling up as banking agents/merchants.

#### Main issues

The Programme has initiated a mapping of all key input-out market and service access index including geo-referencing some of these services and markets to farmers. Commercialization of farming would not be sustained if farmers or value chain actors do not have reliable and secured access to services and markets within acceptable or optimal radius. Based on Programme data, the Mission estimates the following access ratios with reference to actual number of e-voucher farmers to different active services, but requires further refinement. The table below shows a favourable ratio although with high regional variations but high ratio between a CA Service Provider to Farmer of 1:465 and very low ratio for Extension to Farmer while agro-dealer to farmers seems reasonable given that the agro-dealers are also bank agents/merchants.

Table 2: Estimated Farmer input-output market and services access index based on e-voucher farmers as of 31 March 2020

Region/Access Ratio	Agro-dealer	CASP	Extension		
			Private	Public	Total
Western Region	1:210	0	1:57	1:40	1:24
Eastern Region	1:212	1:381	1:174	1:243	1:102
Coast Region	1:206	1:290	1:73	1:86	1:29

<b>Average</b>	<b>1:211</b>	<b>1:465</b>	<b>1:101</b>	<b>1:97</b>	<b>1:49</b>
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The programme has engaged Private Service providers to provide extension services in areas where county staffing levels are low. The programme is also building capacity of farmers to demand extension services as a sustainability measure. However, there is not set criteria to measure the level of readiness for farmer groups to seek extension services. A clear guideline should be prepared on how this model of extension services will work.

The exit strategy of the natural resource management partners is integrated and hence the need for these partners to work closely together to achieve this. The CCCF provides a good exit strategy for most of the climate related work at the county level, including the activities currently being undertaken by the KMD. For instance, there is great opportunity to embed the climate information services and the weather volunteer services into the CCCF as this would enhance capacity building at county level, promote sustainability and also ensure ownership and financing of the interventions by the counties. With regards to the LDSF, there is need for the PCU to work closely with ICRAF and CETRAD in ensuring that elements of the LDSF are embedded into the county GIS/RS units and that capacities of technical officers at the counties are built. PCU should also ensure that the GIS/RS activities are embedded into the county structures and budgets, as this would enhance sustainability and resourcing.

The already established linkages between beneficiaries and bulk buyers can be sustained through upscaling the GHUB model. The EAGC GHUB is a one-stop-shop for enhancing the participation of smallholder's farmers in structured grain trading system through access to key services such as grain handling & storage, input and credit access, field extension, including grain aggregation and market access. The piloting of the model in selected Collection centres has turned out successful thus replication and upscaling of the model across all the Programme implementing regions is critical towards enhancing sustainability of the established collection centres and warehouses.

The programme should monitor and expand opportunities to commercialization with linkages of financial institutions to the GHUB platform. For example, exploring the possibility of embedding the e-voucher system within the GHUB platform. Farmers and agrodelears can continue transacting through the system without the programmes intervention. It may also be the answer to the cardless system being proposed to replace cards and POS that have continued to face logistical and system challenges to operate.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Elaborate an exit strategy</b>  Develop an explicit exit strategy to ensure timely roll-out	PCU	05/2020
<b>e-voucher services in GHUB platform</b>  Discuss the possibility of embedding the e-voucher and other financial services and products offered to the programme beneficiaries in the GHUB platform and provide feedback on the deliberations.	PCU/EAGC/EBL/Coop Bank	02/2021

**Potential for Scaling-up**

**Rating: 5**

**Previous rating: 5**

#### **Justification of rating**

Programme's approaches, experiences, lessons and innovations are being considered for replication and scaling up within and outside the country. Notably, the government is scaling up the e-voucher system with its additional resources while EU is providing additional grant to consolidate KCEP-CRAL results as part of COVID-19 response. CCCF is also emerging as useful tool in supporting policy, legislations and institutional capacity building through collaborative partnership framework.

#### **Main issues**

The e-voucher has been successful in ensuring farmer access to improved inputs. Through a World Bank Development Lending Operations, the Government has allocated an initial amount of US\$30 million to scale up the e-voucher scheme through the National Value Chain Support Programme targeting rice, maize, coffee and potatoes in the phase 1 and later expand to cover livestock and fisheries sectors. AGRA has supported the Government with the design of this Programme and both IFAD and PCU had contributed to this process. The Mission took the opportunity to do a presentation's on KCEP-CRAL experience, lessons and opportunities to WB and AGRA team on 29 May 2020. Also, following a 2019 in-country visit to KCEP-CRAL, IFAD reviewed a concept note that WB is considering to replicate the KCEP-CRAL e-voucher model in Sierra Leone. Similarly, the Mission was informed that the e-voucher approach is being shared with



IFAD Country Offices in Senegal and India as they are planning to replicate this e-voucher experience.

CA and GAPs are very crucial in achieving sustainable production. There is growing interest from western region to promote CA activities together with GAPs and linking farmers to CA service providers. Given the challenge with CA service provision to meet increasing demand, IFAD in close collaboration with FAO and WB are exploring opportunities to link these CASPs to potential Ag-mechanisation aggregation platform to ensure effective planning to meeting demand and supply of CA and other mechanized services in the targeted counties.

There is good potential for scaling up of the CCCF frameworks, as there is a need for the PCU and NDMA to continue building awareness among counties and to share successes from other counties to build the required momentum. Counties should also be encouraged to allocate more budgets, beyond the legislated 1-2% that they are currently allocating. This is likely to happen once they better understand their climate change challenges, the impacts on their communities and the cost to their local economies. Already, the Kenya School of Government, through support from the programme has developed a CCCF training curriculum and a draft CCCF manual that will be used as training materials for interested parties.

Driven by International Finance Corporation investment interests in common bean, EAGC and the International Center for Tropical Agriculture had early in the year entered into an agreement to work together to improve the production and marketing of beans including high iron bean along the whole value chain for improved nutrition, food security and livelihoods in Kenya and the African region. This will include organizing bean producers and off-takers for increased regional trade in the bean value chain through the EAGC's G-HUBS and supporting value addition, product development, consumption, and training on nutrition among other objectives. This collaboration is in line with the KCEP-CRAL activities to provide further incentives for the smallholder farmers to upscale their bean production, marketing and nutrition.

**EU COVID-19 recovery grant.** It was noted during the Mission that EU had expressed its interest to provide an additional five million euros grant in response to Government COVID-19 recovery request. IFAD was supporting the PCU in drafting a proposal for EU considerations with the expectation that the EU COVID-19 grant will be anchored on the existing implementation arrangements in KCEP-CRAL but with some flexibility and adaptability to rapidly respond to targeted farmers needs as well as providing support to targeted smallholders and other value chain actors to comply with COVID-19 guidelines, protocols and standards. The COVID-19 grant is mainly expected to provide input support to targeted farmers through cardless e-voucher system and also strengthen the coordination capacity of the newly established Food Security Ward Room. IFAD, EU and Government through the Programme will be engaging further to agree on the modalities that would ensure timely finalization of the proposal and speed up start-up of field activities.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Documenting scalability of programme interventions</b>  Streamline the process for systematic capturing and documenting of how programme interventions are being replicated and scaled up within and outside the country and disseminate this widely	PCU	01/2020
<b>CCCF update documentation</b>  Share successes and lessons on the development of the CCCF frameworks and legislations with counties to encourage them to develop the frameworks and pass the legislations. Continuous	PCU/NDMA/ADA Consortium	05/2020

### c. Project Management

<b>Quality of Project Management</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### Justification of rating

Programme management function has remained relatively stable until the COVID-19 pandemic restrictions. The PCU gradually adjusted to the COVID-19 pandemic measures by introducing limited rotational staff presence in the Offices to ensure business continuity while complying with restrictions including the national curfew, imposed in late March 2020. An important lesson for the PCU and partners is that virtual or online tools could be effective alternative means to conduct business and therefore, virtual interactions would be considered part of the key business processes of the Programme in moving forward.

#### Main issues

**The COVID-19** restrictions directly and indirectly affected many of the planned activities of the programme that are undertaken by key implementing partners especially on-site trainings, construction and e-voucher card and input

distributions. Gradual issuance of guidelines and protocols by the line ministry enabled both the PCU and implementing partners to re-evaluate and reprioritize activities that were classified as “essential” and “permissible” in view of COVID-19 pandemic measures. Prior to the COVID-19 restrictions, the PCU had undertaken numerous activities involving partnership review and planning meetings, M&E follow up visits with targeted partners and counties, reviewed and finalized specific thematic studies, concluded the 2018 annual outcome survey, organized an e-voucher field visit for World Bank Country Director to have first-hand experience and interactions with e-voucher farmers and agro-dealers in Machakos, contributed and participated in a number of county and national events.

**PSC operations and functions** have, overall, been active in providing the needed guidance and support to the implementation performance of the Programme. At the time of the Mission, three relevant meetings were held and key recommendations, actions and decisions taken appropriately. It is expected that PSC will continue to remain engaged and adapt appropriately to the COVID-19 restrictions by relying on virtual or online means to conduct key functions as and when needed.

**Staffing.** The performance of current PCU staff were reviewed and assessed by the PSC for the relevant cohort of staff and contracts renewed based on the regular performance appraisal process. However, the recruitment of the four vacant and one new PCU Staff positions (Senior Programme Coordinator, WR Monitoring & Evaluation Officer, Western Region Accountant, ER Programme Assistant and Accounts Assistant in Nairobi) has not progressed timely as expected. At the time of the Mission, it was noted that attempts to recruit an HR-firm to support the public recruitment of these staff positions were unsuccessful despite using a pre-qualified shortlisted firms, which was expected to speed up the process. The Lead Implementing Agency had submitted options for IFAD’s considerations on the way forward to speed up this recruitment process. *It was agreed that IFAD would provide quick response so that recruitment of these PCU staff positions could be concluded timely taking into account possible limitations due to COVID-19 restrictions.*

**County Programme Coordination and support structures.** All the relevant county programme coordination and support structures have been actively engaged and operational at the time of the Mission. Some of these structures have played key roles during the mobilization, sensitization, trainings and follow ups with beneficiaries especially prior to and during the e-voucher interventions. These key structures: County Programme Coordination Committee, Sub-County Programme Coordination Committee, County Implementation Support Team, County Programme Facilitation Team and Ward Selection Committee held their respective regular and follow ups meetings prior to the COVID-19 disruptions. However, County staff and key focal points for the Programme played key roles in the wake of the COVID-19 restrictions to ensure that some operational activities could continue while observing social distancing, hand-washing/sanitizing and wearing of facemasks. In some cases, WhatsApp, Radios and SMS served as effective communication means to reach wider beneficiaries. However, it was noted that if these structures are still to remain actively engaged during a COVID-19 disruptions context, incremental investments in ICT and productive tools will be required.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Recruitment of PCU Staff</b>  Ensure timely competitive and opened recruitment of the 4 PCU staff especially the SPC by complying with the requirement for IFAD's review and approval process	SDCD/TNT/IFAD	03/2020
<b>EU COVID-19 grant</b>  Finalise the EU COVID-19 grant proposal to ensure timely start-up	IFAD/GoK/EU	07/2020
<b>PCU Staff recruitment</b>  Finalise the recruitment of 5 PCU Staff positions by considering alternative options following challenges in recruiting an HR-firm.	IFAD/SDCD&AR/TNT	09/2020

**Knowledge Management**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

While the programme acknowledges the importance of KM and how the lessons learnt from M&E data can be used to create high level KM products that can influence policy change, the KM component is performing satisfactorily but has a potential to be strengthened. The key issue is that the programme lacks an advanced KM strategy that effectively diagnosis, defines objectives, selects tools, and evaluates KM activities, data, and results from all the KM products produced by implementing partners. There has been a delay in efforts to hire a consultant to develop such a system as recommended in previous missions. However, the programme has communication and visibility plan that is guiding them in developing communication and visibility products of programme interventions.

## Main issues

In this financial year, the KMCV activities conducted by the programme resulted in various products such as notebooks, website publications, video web stories (<http://www.kcepcral.go.ke/learn-how-2/gallery/videos/>) and success stories mined from seasonal outcome surveys. These achievements are in line with the Communication and Visibility Plan. This plan has also been shared with the new IFAD Sub-Regional Communication Officer whom the PCU can engage in greater collaboration with. The mission was pleased to find that some the KMCV products were produced in collaboration with IFAD, EU and other key stakeholders, ICRAF and RBA. These KMCV products, especially the programme notebook has been well received and has produced an appetite of interest from other stakeholders on KCEP-CRAL activities and the impact the programme is already having on smallholder farmers and other value chain actors especially agro-dealers and CASPs. This finding further emphasizes the need for the programme to develop a strong KM action plan that will incorporate all the knowledge produced by the partners. If done in a participatory and inclusive manner, this action plan can address advanced KM issues such as policy influence that the programme is showing to have the potential for. Moreover, this should be done in a participatory process with beneficiaries, partners, and stakeholders so that it becomes a plan with a compendium of KM products that encompasses those from implementing partners. The programme has also implemented many activities in terms of visibility. These include branding, asset tagging and various publications with many reviews on its website.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Develop an integrated Programme Dashboard as a knowledge sharing platform</b>	M&E/KM Unit	02/2020
<b>Joint Knowledge Management Plan and Strategy</b> Fast-Track the development and implementation of a joint Knowledge Management Plan and Strategy and ensure it is collaborative to the needs of all stakeholders, especially the smallholder farmer.	M&E/KM Unit	06/2020
<b>Develop and operationalize a KM action plan</b> PCU to develop a KM action plan through a participatory process leveraging on the partnership and value chain network in the programme.	PCU Coordinator and Senior M&E Officer	11/2020

**Value for Money**

**Rating: 4**

**Previous rating: 4**

## Justification of rating

There is growing awareness of the relevance of using value for money as part of planning, management and decision making in the Programme including at the level of the partners. The Programme has made some progress and this demonstrated in the e-voucher input package cost after reviewing the input package rate assumptions, among other initiatives. However, this need to become consistent and streamlined tool across all the structures of the programme.

## Main issues

The Mission noted encouraging trend towards investments compared to previous years. Based on data provided by the Programme based on AWPB, it is self-evidential that from the total cumulative expenditure of US\$44.91 million, the Financial Services Component which support the e-voucher input system, accounted for nearly three-fifth compared to Programme Management which accounted for one-fifth. However, from the annual expenditure data, the trend is similar as the Financial Services component accounted for nearly seven-tenth of the recorded total annual expenditure of US\$13.23 million compared to one-tenth for the Programme Management. While the Mission is of the view that value for money needs to be systematically mainstreamed in the planning, monitoring and evaluation of all key activities of the Programme, it was encouraging to note that the Programme had taken steps to review the e-voucher input package cost based on earlier Mission's recommendations. The major factor in contributing to the reduction in the e-voucher input value was changing the assumptions for the input rate for an acre in which KARLO had determined the input rate for crops as pure stand per acre without adjusting the rate for cereal-pulse mixed cropping model per half an acre instead. These changes in the input rate translated into a reduced e-voucher input value for the different crops models and the Programme team confirmed that some farmers immediately noted a reduced e-voucher input package cost compared to previous years, despite the insurance e-wallet not be activated.

Data provided by the Programme during the Mission showed, for example, that e-voucher value for maize-green grams declining annually from KES19,100 in 2018 to KES16,355 in 2020 for farmers in the Coast Region Counties. The Programme introduced the crop-insurance in the e-voucher package for Coast Region farmers during the MAM 2020 cropping season and yet the total e-voucher value decreased to KES16,355 compared to the 2019 cost of KES18,192. Although the Mission notes that majority of e-voucher farmers in the Western Region are autonomously purchasing

additional e-voucher inputs from agro-dealers, the picture is a bit mixed for e-voucher farmers in the ASALs. Nonetheless, the annual outcome survey generally shows that e-voucher farmers continue to report increase production and productivity compared to non-e-voucher farmers and most of them are able to access secured market with higher market prices due to the quality of their produce, thanks to Programme support with post-harvest training, facility and equipment.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Reviewing value for money</b>  The Programme should closely monitor and quantify the multiple benefits being derived from programme interventions in order to enhance its value for money tracking continuous	PCU	05/2020

**Coherence between AWPB and Implementation**

**Rating: 3**

**Previous rating: 2**

#### Justification of rating

: While the Mission noted progress in the implementation of the AWPB, the COVID-19 pandemic restrictions affected some activities in the field. Yet, at the time of the Mission, the Programme had achieved 40% of the total 423 planned activities with corresponding budget utilisation rate of 47% of the total planned budget albeit with varying component performance both annually and cumulatively

#### AWPB Inputs and Outputs Review and Implementation Progress

From the updated AWPB table below and component wise, Financial Services accounted for about two-thirds of the total annual expenditure of US\$13.23 million with corresponding physical implementation rate of 36% compared to Post-Production and Market Linkages component which accounted for the lowest budget utilisation rate of 5.7% and corresponding physical implementation rate of 27% while Programme Management accounted for 9.8% of the total annual expense with the highest corresponding physical implementation rate of 84%.

Table 1: Status of AWPB against Actual and cumulative budget absorption as of 31 March 2020

Components	Annual Activities			Annual Budget (USD'000)		% Annual budget utilisation	Cumulative budget absorption (USD'000)		Budget absorption rate %
	Planned	Completed	% Achievement	Planned	Actual expenditure		Total Allocation	Total expenditure	
Preparatory activities/Implementation Support and Capacity building at County-Level	57	23	40%	2 168.29	1 045.68	48%	10 444.99	2 133.91	20%
Capacity building for Climate-resilient productivity enhancement and NRM	113	23	20%	5 124.34	1 342.74	26%	14 596.74	5 005.61	34%
Post-Production and Market linkages	75	20	27%	5 722.77	752.90	13%	13 088.95	1 886.00	14%
Financial Services	99	36	36%	12 079.08	8 791.13	73%	98 499.87	26 071.98	26%
Programme management	79	66	84%	3 123.66	1 297.51	42%	16 569.75	9 816.74	59%
<b>Total</b>	<b>423</b>	<b>168</b>	<b>40%</b>	<b>28 218.14</b>	<b>13 229.96</b>	<b>47%</b>	<b>153 200.30</b>	<b>44 914.24</b>	<b>29%</b>

While the overall cumulative total reported expenses still remain low, the cumulative total expenses under Financial Services Component drives the budget absorption accounting for 58% of the cumulative overall expenditure of US\$44.91 million while Programme Management component cumulatively accounted of 22% of overall expenditure. Similarly, the Post-Production and Market Linkages Component accounted for the lowest cumulative total expenditure mainly due to challenges with procuring and completing a number of civil works in road spot improvements, aggregation centres and warehouses and delivering and installation of procured equipment. It is however expected that the Programme would make a modest progress in the last quarter of the financial year given some easing of COVID-19 restrictions and prioritization of agricultural value chain activities that had been indirectly affected by the general COVID-19 restrictions. Moreover, the PCU has been discussing with relevant authorities to secure special travel permits to enable some of the key implementing partners to resume activities while complying with COVID-19 guidelines, protocols and standards.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Finalization of 2020/2021 AWPB</b>  Finalize the 2020/2021 AWPB and PP based on the recent IFAD guidelines and templates.	PCU/IFAD	07/2020

<b>Performance of M&amp;E System</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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### Justification of rating

At this stage of implementation, KCEP-CRAL has transitioned from conducting periodic monitoring to conducting advanced evaluations that are producing data and evidence-based results at the output, outcomes, and the development objectives levels. This has been successfully done through their thorough seasonal outcome surveys that captures detailed data on programme activities that attribute to the performance indicators in the Logframe. The mission was pleased to see that the M&E team have achieved most of the M&E agreed actions recommended in the previous mission. In addition, the actions that have not been completed yet have already been initiated.

### M&E System Review

The mission found that while the periodic outcome surveys are providing commendable results, there is still a major challenge with handling and integrating the frequent big data inflows that is coming in from the implementing partners. This challenge has been acknowledged by the programme and there has been early discussions with Microsoft to develop an electronic dashboard that will be able to capture, integrate and analyse this big data in a timely and efficient manner as part of the national framework of developing a national agricultural platform in rolling out Agriculture Digitization and Data strategy of the MoALFC. With this, it was agreed *that the programme formalize this partnership in line with the existing MoALFC and Microsoft collaboration framework, bringing on board all implementing partners and engage in a participatory process on how their various datasets will be integrated on the platform.* In addition, this also provides an opportunity of sustainability as it will allow the programme M&E to be embedded in the M&E System of the Ministry after closure.

**Performance.** The mission was pleased to see that the M&E team have achieved more than 90% of the M&E agreed actions. In addition, the actions that have not been completed yet have already been initiated. During this financial year, the programme finalized the baseline survey for the CRAL-window with the approval from IFAD. This achievement furthermore strengthens future evaluations that the programme will conduct on data derived from activities. Another planned activity that was achieved is the seasonal outcome survey. The mission found that the programme is using advanced quantitative evaluations that allows it to assess outcome indicators both at the treatment, control, and ineligible group levels.

**Outputs and Spatial data Capturing.** In terms of the adoption of mobile technologies that will allow the programme to obtain frequent M&E data collection, the Programme is being supported with 30 tablets and 11 GPS units by IFAD that will allow it to collect outputs and spatial data in a timely and efficient manner. This activity was on track but was interrupted by the current COVID-19 situation. It is also noted that once this commences, the programme will be able to collect georeferenced data of beneficiaries and other value chain actors as well as other intervention sites. This is important because it will allow integration with current spatial analyses being produced by some of the implementing partners. This provides the avenue to allow further analysis effects of spatial activities and the beneficiaries, other value chain actors and environment.

**ORMS Logical Framework.** The logical framework indicators are up to date and the data has been validated by IFAD. So far, key highlights in the Logframe show that the programme has achieved about 80% of its targeted beneficiaries. At the outcome level, 62% of beneficiaries are reporting increase in production. In addition, the last mission recommended the addition of the IFAD Adaptation of Smallholder Agriculture Programme (ASAP) indicators. The programme achieved this by adding 4 indicators (3 at the outcome level and 1 at the output level) in the retrofitted Logframe. To date, the programme has reported data on these indicators as of this current mission. Discussions to integrate nutrition sensitive indicators was another key agenda in the mission. Guidelines on adding IFAD core outcome indicators that measure nutrition were presented to the team. Going forward, the programme was provided with specific optional indicators that they can choose from to measure nutrition. It is recommended that the programme team will be supported by the IFAD team in the selection and validation of nutrition indicators and in the update of the MIS to reflect this fine-tuning.



<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>tracking of beneficiary data</b> Incorporate the tracking of beneficiary data such as incomes, productivity and nutrition in the KoBoToolbox data collection application	M&E/KM Unit	09/2019
<b>Developing a Spatial/GIS database to support the M&amp;E system and informed decision making in the Programme</b>	M&E/KM Unit	11/2019
<b>Advanced Integration of M&amp;E Systems</b> Capitalize on MoALFC-Microsoft and other partners to incorporate advanced analytical tools that integrate all M&E systems from Programme and partners.	PC/SMEO	12/2020

**Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating:**

**Previous rating: 3**

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Fast-track completion of ECSMP</b> Accelerate development of ECSMP and related participatory climate and social monitoring plan to fully document and monitor any emergent impacts from agrochemicals	CC/NRM Officer	05/2020
<b>Part of ECSMP Agreement on a list of environmentally friendly agro-chemicals</b> Agree on a list of environmentally friendly agro-chemicals that will be used and ensure the list is informed by the IPMP developed as part of the ECSMP	PCU, partners, stakeholders	09/2020
<b>ECSMP finalization and implementation</b> Finalise the ECSMP and integrate the proposed safeguards measures into programme operations and delivery. Ensure that IFAD's SECAP guidelines and guidance statements 7 and 8 inform the development of community based water infrastructure and that thresholds and safeguards measures are articulated in the ECSMP.	PCU/Consulting firm	12/2020

#### **d. Financial Management & Execution**

**Acceptable Disbursement Rate**

**Rating: 2.0**

**Previous rating: 2**

##### **Justification of rating**

The total financing envelope of the KCEP CRAL programme amounts to USD 153.3 million including the EU financing administered by IFAD and an IFAD grant to FAO (USD 2 million), GoK and beneficiaries' contributions.

##### **Main issues**

The Supervisory Mission (SM) is pleased to notice that the cumulative rate of disbursement has significantly increased in the last year of implementation, as key activities are picking up in the field and nine public and private partners have been engaged in the programme. However, there is concern about the possibility to fully disburse the financing instruments within the remaining project life.

*EU financing.* EU financing instrument is in its 6<sup>th</sup> year of implementation. As of 25<sup>th</sup> May 2020, the Project received a total of EUR 17,6 million from the EU grants, which amounts to 73% of the total EU financing. A marked increase is noted in the disbursement of EU funds as compared to the figures reported in last year's supervision (from 40% to 73%). This is

mostly due to the Project's performance under component 4: "Financial Services".

Since the EU financing scheme is in its last year of implementation (PCD on 2<sup>nd</sup> June 2021), it is of utmost importance that the AWPB 2020/21 is timely prepared and implemented, to ensure that the EU funded activities are completed by the end of May 2020.

*FAO grant.* The IFAD grant to FAO has disbursed 73% of the total financing of USD 2 million.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Timely planning of EU grant</b>  Implementation of EU grant. Timely planning and implementation of EU funded activities to ensure their completion by 31st May 2021.	PCU	09/2020

## **Fiduciary aspects**

**Quality of Financial Management**

**Rating: 3**

**Previous rating: 3**

### **Justification of rating**

The quality of FM is rated as moderately unsatisfactory and is in line with the performance of the previous SM. Overall, the programme has been able to fulfil most of the fiduciary requirements. However, the FM performance is hindered by two major factors: (i) the delay in rolling out the accounting software; and (ii) the current control and oversight of the implementing partners (IPs) which needs to be strengthened in consideration of the high amount of funds channelled to the partners.

### **Main issues**

**Organization and staffing.** Four positions are currently vacant, including the Regional Accountant (RA) in the Western Region and the Programme Assistant in the Eastern Region who also performs admin and finance tasks. It is of utmost importance that the recruitment is urgently completed in order to re-establish adequate internal control systems in both regions.

The RAs reported the discontent expressed by the county accountants for not having yet received the computers budgeted under KCEP-CRAL; this is perceived as a problem affecting staff motivation.

**Accounting.** The FM performance of the programme is affected by the delay in rolling out the accounting software; the associated FM risk is high in consideration of the multi-donors structure and the number of cost centres operating under KCEP-CRAL. The Mission is pleased to notice that the expenditure backlog has been mostly cleared and the data has been entered in the system up to 31<sup>st</sup> March 2020. However, the intended remedies agreed between IFAD Country Office and PCU were interrupted due to the country lockdown.

The Mission considers that the following action plan remains the most valid to the purpose: (i) *finalize the set-up of the software with the support of a Finance Manager of an IFAD funded programme in the region and the software vendor*; (ii) *ensure that SAGE Evolution is functional in all regional offices and connected to the PCU server*; (iii) *carry out a final training to all regional accountants*. The ICO will closely follow up on the plan's implementation.

**Internal controls.** The oversight of IPs remains a major issue, given the high amount of funds channelled to IPs that amounts to USD 56.1 million (of which USD 41.2 to be disbursed). The NSC sub-audit committee was appointed in February 2020, with the specific task to approving the annual audit plan and review the audit reports and management actions of both internal and external auditors. In addition, the Mission recommends the following actions:

1. The Programme should get an official confirmation from line Ministries that the internal audit (IA) will be carried in all parastatal partners (KALRO, KMD, NDMA and CETRAD) on a semi-annual basis. In the event that IA arrangements are not confirmed, MoALF and PCU should retain an external company, to carry out an interim audit of IPs. The IA cost and/or interim audit shall be factored into the partners' AWPB;
2. Similarly, the private sector partners shall confirm that IA reports or the ad-interim audit is being carried out for the KCEP-CRAL financing;
3. The programme shall have the partners' SoE for the years 2019 and 2020 audited by external company (see audit section);
4. PCU, with the support of RAs, shall carry out regular monitoring and review of partners' expenses, and this activity shall commence as soon as the restrictions are lifted;

Non-compliance with the above measures **a**, **b** and **c** will constitute grounds for suspension of disbursements.

MoALF IA released a report covering the period from July 2019 to February 2020 (in two regions and seven counties); the

report is comprehensive and it provides important recommendations to address the gaps found in the internal control system, including potential ineligible expenditures.

The Mission noted that a big portion of advances to staff reported in the reconciliation of March 2020 has been cleared; however, the remaining balance of Ksh 2.4 million (USD 23,000 approximately) presents advances that are six months old.

Information Technology. The Mission notes that the IT challenges, including connectivity of ROs to the PCU server have not been solved yet.

Asset management. The asset coding is not adequate to the needs of the programme, as it does not allow for the identification of the various financiers.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>EAGC performance audit findings to be reviewed</b>  The findings of the Auditor-General's performance audit should be followed up to determine whether any costs are ineligible, such as the 12% management fee and other budget over-runs. Update SM May 2020: PCU has sought no objection from IFAD to ratify the 12% management fee. Awaiting response from IFAD	PCU	01/2019
<b>Partners' last audit report.</b>  The latest partners' audit report needs to be sent immediately to IFAD. Failing to implement this recommendation may bring to the suspension of disbursements to the partners.	FAM	07/2020
<b>Partners' DA reconciliation</b>  Partners should prepare and share the reconciliation of the programme's dedicated accounts with the PCU as per the format used by KCEP-CRAL.	Partners	07/2020
<b>Update the PIM</b>  PIM. The project to revise the PIM and include: (a) section on FM procedures for oversight of partners, reporting requirements and role of sub-audit committee; (b) KCEP-CRAL internal audit arrangements; (c) External audit: reflect the changes in IFAD Guidelines, and specifically the need for a single audit opinion and public disclosure of audit report; to be improved; (d) in kind contribution.	PCU	07/2020
<b>Advance to staff</b>  All advances that are over 6 months old must be cleared or refunded in the next salary. The project must report on the action taken in regards to the advance to deceased county staff	PCU	07/2020
<b>Send IFR</b>  Interim Financial Reports. To be submitted on semi-annual basis.	FAM	08/2020
<b>Audit KALRO</b>  Revise the MoU with KALRO to include the clause that "the audited FS of the entity, audited by OAG, will specifically identify the KCEP-CRAL costs/expenditures and be shared with IFAD"	PCU / Audit Committee	08/2020



<b>External audit of partners</b>  It is recommended that future audit reports of partners should include a separate audit opinion on the statement of expenditures submitted to the Programme. MoUs shall be revised accordingly.	PCU	08/2020
<b>Recruit IT service</b>  IT services. PCU to address the problem of connectivity of ROs to PCU's server to enhance the use of SAGE evolution. If this cannot be solved with the current MoALF IT department, PCU should enter into a retainer contract with local IT companies.	PCU	08/2020
<b>Operationalization of accounting software.</b>  Full roll-out the accounting software in the PCU and regional offices as per the agreed action plan	PCU	08/2020
<b>Vacant positions.</b>  Proceed with the recruitment of four vacant positions, including Regional Accountant and Programme Assistant in Western and Eastern regions, respectively.	PCU	08/2020
<b>Partners' expenditures review.</b>  The programme shall have the Partners' SoE for the years 2019 and 2020 audited by external company.	Sub-audit committee / PCU	09/2020
<b>KCEP internal audit.</b>  PCU must reply to IA findings and provide timely updates to IFAD.	PCU	09/2020
<b>Oversight of partners</b>  PCU, with the support of Regional Accountants, shall carry out regular monitoring and review of partners expenses, and this activity shall commence as soon as the restrictions are lifted;	PCU	09/2020
<b>Internal audit of partners</b>  Internal Audit to be carried out by all partners on a six months basis; otherwise the Programme should retain an external company to carry out an interim audit of all implementing partners. The non-compliance with this measure will constitute grounds for suspension of disbursements.	PCU	09/2020
<b>Sage Accounting Software</b>  Finalise the rolling out the Sage Accounting Software and ensure installation into full and effective use. This recommendation has been reiterated, with action plan	PCU	10/2020

**Quality and Timeliness of Audit**

**Rating: 3**

**Previous rating: 6**

#### **Justification of rating**

The audit report was received late although this was beyond the project. The Office of the Auditor General was vacant and so signing of the reports delayed awaiting recruitment of the Auditor General

#### **Main issues**

The quality of the audit report is acceptable and is rated 5. However, there was significant delay in submission which are noted to have been beyond the project as it relate d to the Office of the Auditor General. It is noted and will be communicated to the project as well as to the Borrower that the Mngement letter submitted did not contain managment responses and well as follow up of the previous years'audit issues that should be noted in the year reviewed. This iwll be incorporated in the review of the TOR to be cleared for the next audit.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<p><b>Audit of the e-voucher system of payment</b></p> <p>The e-voucher system is working well, however farmers identified in the first phase most of them did not graduate to the second phase due to frustration with the point of sale machines, late delivery of inputs, low yield due to little rains in some parts, and in the second phase the farmers contribution of 40% was high for some farmers, agro dealers also mention the poor network for the point of sale functionality in some regions. Cooperative bank is also charging 3% to Agro dealers for the use of point of sale.</p> <p>It is recommended of a reduction in the transition amounts since the farmers felt that 30% transition each year was quite high and unachievable when the farmers experience crop failure due to lack of enough rain. The project should help in identifying inputs that meet the required standards to cushion the farmers against substandard inputs. The programme should increase the conservation agriculture service provider in order to match demand and remove the 3% charge made by Co-operative Bank on the Agro-Dealers for this service.</p>	PCU	12/2019
<p><b>Motor Vehicle insurance paid inclusive of duty</b></p> <p>Motor vehicle insurance paid to Madison Insurance Kenya Ltd of Kshs 2,920,396 was inclusive of duty while the motor vehicles were imported duty free by Toyota Kenya. Hence in the event of a loss how will the compensation be calculated.</p> <p>It is recommended that the programme should ensure that the insurance premiums are determined in a fair way based on the correct policies applicable in the insurance industry and the agreement should be well documented and signed by both parties.</p>	PCU	12/2019
<p><b>Outstanding Imprest that cannot be recovered</b></p> <p>Outstanding Imprest of Kshs 536,640 and amount of Kshs 368,000 issued to a former Kilifi employee who is deceased and should be disclosed.</p> <p>It is recommended to disclose in the notes to the financial statements the fact that the money will not be surrendered and accounted for.</p>	Accounting Officer	12/2019
<p><b>Procurement of the Medical Insurance</b></p> <p>Medical Insurance cover for the member of Staff was awarded to CIC General Insurance Ltd without considering the evaluation criteria for the tender.</p> <p>It is recommended that management should explain the deviation from the tender requirements and provide evidence to support the change in tender evaluation process.</p>	PCU	12/2019
<p><b>Other Grants and Transfers and Payments</b></p> <p>Implementing partners CETRAD and KMD received advances of Kshs 38,000,000 and Kshs 29,282,288 but at the end of the period under review only Kshs 2,110,740 and Kshs 4, 619,043 had been spent.</p> <p>It is recommended that the money allocated to the implementing partners should be utilized for the intended purpose in order for the programme to achieve the set objectives as set out in the financing agreement.</p>	Accounting Officer	12/2019

### Justification of rating

Overall, the counterpart financing has been satisfactory and funds are being timely released and based on programmes needs. Since programme inception, the total GoK contribution amounts to KSH 250.2 million in term of taxes and duty waved and this represents 53% of the planned total allocation, of which Ksh 149 million was actually spent by the Programme (balance Ksh 101.2 million). In addition, GoK contributed with an additional amount of Ksh 29.7 million for programme vehicles. With regards to the FY 2019/20 the GoK contribution amounted at KSH 10 million and has been in line with the project needs in Q1/2020.

### Main issues

The Mission is pleased to notice that the Programme has developed a framework for the calculation of the in-kind contribution (IKC) both from GoK and the beneficiaries. The template is well structured as it identifies activities where IKC is provided, the IKC definition, calculation method and reporting requirements. However, the system has not been consistently used as PCU has to date, only reported the rent equivalent of the office space (this being Ksh 371,700 per month).

With regards to beneficiaries, the programme has only reported on the contribution to e-vouchers, which amounts to USD 1.7 million representing only 5% of the total contribution envisaged at programme design. No contribution has been reported in form of labour for the construction and refurbishment of storage facilities and other activities included in the Programme's IKC framework.

The Mission is concerned about the delay in capturing and reporting IKC, as this recommendation was included in the 2018 Supervisory Mission report. It is of utmost importance that the Programme prepares a detailed report on the IKC received to date, as has been requested by IFAD management. To this end, the Mission considers that this task can be satisfactorily accomplished by PCU and RPOs by applying the current methodology, and without the support of external consultants whose cost will be deemed as ineligible for reimbursement.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Systematic reporting of GoK and beneficiaries contribution.</b>  PCU and RPOs shall prepare a detailed report on GoK and beneficiaries' contributions, as per the format included in the Programme's IKC framework. When possible, the Programme should try to calculate the retroactive funds received from the beginning of the programme. All activities shall be supported by adequate documentation.	PCU	08/2020

### Compliance with Loan Covenants

**Rating: 4**

**Previous rating: 4**

### Justification of rating

Compliance with loan covenants is rated as moderately satisfactory as one covenant is not yet fulfilled. This is:

- Covenant 3.2 "Accounting software": The SAGE Pastel accounting software has been installed in the PCU, but the system is not yet fully operative.

### Main issues

This issue is covered under the "quality of FM section".

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Submit to IFAD the Interim Financial statements for 2018/19 Financial year</b>	FAM	01/2020

### Procurement

### Procurement

**Rating: 3**

**Previous rating: 3**

### Justification of rating

The Programme is making good progress with respect to the timely initiation of the procurement process for considerable number of Goods transactions and the fact that procurement is often in compliance with procurement method and IFAD prior review stipulated by LTB thresholds. However, there are still some areas that need improvement: a) the delay in completing the procurement processes for consultancy service transactions for more than one year; b) the need to ensure that procurement processes are in compliance with IFAD Procurement Guidelines and Handbook in what relates to: i) the

evaluation and post qualification criteria; ii) the evaluation process; and iii) the contract administration.

## **Procurement Review**

Although the Mission acknowledges progress, there is a need for some improvement in compliance with the standard procedures for the evaluation process. IFAD has launched and communicated the new Project Procurement Guidelines which the Programme has already adopted some of these guidelines especially procurement plan templates, contract monitoring form, bidding documents. IFAD provided online training to some of the Programme staff during the mission and supporting the Programme to incorporate these new guidelines in the PIM.

**Structure of the Procurement Unit** The Procurement Unit is located in Nairobi, consisting of one Procurement Officer-PPO, who joined the PCU on May, 2017. The PPO has experience in managing procurement activities especially at the level of planning and process management. However, some additional capacity building programmes are required with respect to evaluation process and contract management.

**Procurement Planning.** The 2019-2020 procurement plan was found to meet the basic requirements in accordance with IFAD old template. However, the mission noted the following areas for improvement: (i) the plan missed the issue number of the invitation for bids; (ii) the need to ensure that the proposed procurement method fully complies with the applicable regulations; (iii) actual cost of some transactions were missing; and (iv) observed discrepancies between the cost estimate and actual contract value.

**Procurement Process.** The Programme has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods, works and non-consulting services under National Procurement Methods. The National SBDs were found satisfactory and meet the basic requirements. For ICB method, the correct version of the World Bank SBDs was utilized. Apart from the bidding documents, a number of gaps were identified by the Mission and detailed in Annex 4.2.

**Procurement Progress.** The 2019-2020 PP has included 23 Goods and Works procurement transactions, 9 non-consultancy services transactions and 7 consultancy assignments with total cost estimate USD 4,955,659.01. As of May 29, 2020, the procurement process for 11 packages only worth USD 2,625,341.22 was completed by the PCU constituting 52.9% of the planned budget. Based on the mission assessment, the current restrictions of COVID-19 have no significant impact on the procurement process; however, the implementation of the on-going are severely being affected by these measures which might have negative impact on the programme overall performance.

**Contract Register.** The Programme has adopted the new template for IFAD Client Portal (ICP) – Contract Monitoring that IFAD issued recently. The Contract Monitoring Form was found to be up to date in terms of contracts awarded in the previous years and in conformity with IFAD requirements. However, it is highly recommended to maintain the Standard Form for Register of Contracts as provided, in the LTB in addition to the new Contract Monitoring Form or until IFAD officially communicates otherwise in an amended LTB.

**The procurement filing system.** Based on the self-assessment checklist on procurement filing prepared by the Programme, the procurement filing system is up to the mark and all related documents and records were kept for all transactions.

**Procurement post review.** As part of the mission activities, procurement post review has been conducted on sample basis for the contracts carried out over 2019-2020 and the findings are detailed in Annex 4.2.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Multi-year procurement plan</b> Consider developing 18-24 months procurement plan based on the new IFAD template and request for IFAD's review and approval	PCU	04/2020
<b>Consistent compliance with regulations and guidelines</b> Adhere strictly to the National Regulations and IFAD guidelines with regard to procurement methods, IFAD prior review and application of post qualification criteria. Continuous	PCU	05/2020
<b>Procurement plan monitoring</b> Expedite the implementation of procurement plan and submit a monthly progress report on procurement covering the actions taken during the month and the anticipated steps during the next month. Continuous	PPO	05/2020
<b>Procurement update in PIM</b> Update the PIM to include relevant provisions of the new IFAD Project Procurement Guidelines and templates.	PCU/IFAD	09/2020

#### e. Key SIS Indicators

<b>Likelihood of Achieving the Development Objective</b>	<b>Rating: 4.19</b>	<b>Previous rating: 4.0</b>
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<b>Assessment of the Overall Implementation Performance</b>	<b>Rating: 3.5</b>	<b>Previous rating: 4.0</b>
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#### F. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>CA Service provider payment mode</b> Address backlog of payment to CA Service Providers and reconsider a simpler and more effective mechanism to them in real time to minimize uncertainties among farmers, CA Service providers and agro-dealers	PCU/PFIs	07/2019
<b>e-voucher card and POS efficiency</b> Improve debit card distribution, timely address malfunctioning and frequent breakdown of POS devices and card decline cases by farmers	PCU/CoopBank	09/2019
<b>Improve collaboration and coordination among NRM/CC partners</b>	PCU/NRM Partners/Counties	10/2019
<b>Grain train hub pilot</b> Design and pilot grain trade business hub models in five selected warehouses in WR and ER	PCU/EAGC	04/2020

<b>Digitize training activities and integrate the lead farmer approach in extension services</b>	Regional countries/PCU	01/2021
<b>Development Effectiveness</b>		
<b>Promoting cooking competition</b> Consider promoting cooking competition among beneficiaries and explore potential markets for such cereal-based but often neglected dishes	PCU	03/2019
<b>other gender indicators</b> Include other gender indicators such as perceived empowerment or changes in access to resources and decision making	M&E and PCU Gender specialist	02/2020
<b>Better yield monitoring from technology adoption</b> Review the assumption for capturing adoption and uptake of GAPs and CA in order to determine yield trend monitoring by considering a panel survey comparison Mid- season survey and Outcome survey	PCU	02/2020
<b>Roll-out of graduation model</b> Embed the resilient livelihoods graduation model in monitoring the consistency of programme outcomes and benefit streams in close collaboration with key implementing partners continuous	PCU/Key partners	03/2020
<b>Youth Participation</b> Programme needs to Identify and document success stories on youth participation in various activities along the value chain in the regions as a basis for sensitizing and influencing enrolment of youth in the programme.	PCU/County Officers	05/2020
<b>Integrate climate information and adaptive measures in extension services</b>	Region teams/PCU	05/2020
<b>Farmers Practices</b> Capture farmer practices in non-treatment plots and challenges to adoption of CA and evaluate pigeon pea varieties currently grown by farmers and KALRO should initiate the process of registering them.	PCU/KALRO	05/2020
<b>Capturing Nutrition indicators in ORMS</b> PCU to integrate Nutrition indicators at both Output and Outcome level by retrofitting them in the ORMS, provide a plan on how they will be assessed and ensure data on these indicators are collected in the next outcome survey.	SMEONRMCCS	07/2020
<b>Finance Additional</b> Finance additional community based water harvesting structures and equipment through the re-allocation of the socio-economic baseline funds after formal termination of FAO agreement.	FAO/SDCD&AR/PCU	08/2020



<b>Accelerate establishment of CCCFs in all the counties</b>  NDMA to ensure fast-tracking of establishment of County Climate Change Fund (CCCF) and financing of community priority investments/assets, starting with Kitui and Makueni county where CCCF structures are already established and operational	PCU/NDMA	09/2020
<b>CA financial capacity strengthening</b>  Link CASPs to financial/equipment suppliers and provide training on business management and consider digitizing services of CASPs	FAO/PCU/PFIs	03/2021
<b>Targeting and mobilization strategies</b>  The programme needs to explore and apply strategies that build and leverage on groups cohesiveness and capacities to re-sensitize and retain their members as a measure for curbing the drop-out rate from the programme.	PCU/County Officers	06/2021
<b>Sustainability and Scaling up</b>		
<b>Documenting scalability of programme interventions</b>  Streamline the process for systematic capturing and documenting of how programme interventions are being replicated and scaled up within and outside the country and disseminate this widely	PCU	01/2020
<b>Better capturing of beneficiaries' view and preference</b>  Provide mechanism to capture and incorporating beneficiaries feedback in consistent and coherent manner so that they can make informed choices but also accepting possibly consequence of their choices	PCU/County Staff	02/2020
<b>Effective coordination of value chain institutions</b>  Consider developing an approach to effectively link and strengthen the various layers of value chain institutional structures with a central focus on farmers groups	PCU/Partners	04/2020
<b>Monitoring of environmental outcomes</b>  Fast track development of ECSMP and a participatory climate and social monitoring plan with the farmers to document and monitor any emergent impacts from agrochemicals continuous	CC/NRM Officer	05/2020
<b>Elaborate an exit strategy</b>  Develop an explicit exit strategy to ensure timely roll-out	PCU	05/2020
<b>Sharing and documenting successful approaches</b>  PCU and key partners should elaborate plans to regularly document and sharing emerging successful approaches and innovations from the programme.	PCU/Partners	05/2020

<b>CCCF update documentation</b>  Share successes and lessons on the development of the CCCF frameworks and legislations with counties to encourage them to develop the frameworks and pass the legislations. Continuous	PCU/NDMA/ADA Consortium	05/2020
<b>Expanding GIS/RS opportunities to key county staff</b>  Institutionalise the access to and application of GIS and remote sensing by county based technical officers and ensure the maintenance of the system is embedded into the county budgets.	PCU/CETRAD/Counties	08/2020
<b>Partnership review</b>  Strengthen the effectiveness of the partnership platform with a focus on re-enforcing and integrating different approaches in order to maximise the impact on target value chain actors given the competing time and emerging opportunities.- Quarterly basis	PCU/Partners	09/2020
<b>Weather observing volunteers in CCCF</b>  Integrate the current volunteer weather observers as part of the CCCF climate intermediaries to ensure they are incentivised and to promote sustainability in the long term.	PCU	10/2020
<b>e-voucher coherent approach nationwide</b>  Define a common institutional approach to align and harmonize e-voucher scheme among programmes in the country	MoALFC/Donors	11/2020
<b>Linking LDSF in County GIS/RS units</b>  PCU should explore the possibility of working with ICRAF to embed elements of the LDSF into the county GIS/Remote Sensing Units and build capacities of technical officers.	PCU/ICRAF/CETRAD	12/2020
<b>e-voucher services in GHUB platform</b>  Discuss the possibility of embedding the e-voucher and other financial services and products offered to the programme beneficiaries in the GHUB platform and provide feedback on the deliberations.	PCU/EAGC/EBL/Coop Bank	02/2021
<b>Accelerate training of more trainers in climate gaming and GIS/RS</b>  Fast track climate gaming and GIS/RS training for county staff across all the counties so that farmer groups will have ample time to apply the knowledge to predict climate related disasters (drought, floods and learn to choose appropriate mitigation and environmental restoration actions continuous	CC/NRM Officer	
<b>Project Management</b>		
<b>tracking of beneficiary data</b>  Incorporate the tracking of beneficiary data such as incomes, productivity and nutrition in the KoBoToolbox data collection application	M&E/KM Unit	09/2019

<b>Developing a Spatial/GIS database to support the M&amp;E system and informed decision making in the Programme</b>	M&E/KM Unit	11/2019
<b>Develop an integrated Programme Dashboard as a knowledge sharing platform</b>	M&E/KM Unit	02/2020
<b>Recruitment of PCU Staff</b>  Ensure timely competitive and opened recruitment of the 4 PCU staff especially the SPC by complying with the requirement for IFAD's review and approval process	SDCD/TNT/IFAD	03/2020
<b>Reviewing value for money</b>  The Programme should closely monitor and quantify the multiple benefits being derived from programme interventions in order to enhance its value for money tracking continuous	PCU	05/2020
<b>Fast-track completion of ECSMP</b>  Accelerate development of ECSMP and related participatory climate and social monitoring plan to fully document and monitor any emergent impacts from agrochemicals	CC/NRM Officer	05/2020
<b>Joint Knowledge Management Plan and Strategy</b>  Fast-Track the development and implementation of a joint Knowledge Management Plan and Strategy and ensure it is collaborative to the needs of all stakeholders, especially the smallholder farmer.	M&E/KM Unit	06/2020
<b>EU COVID-19 grant</b>  Finalise the EU COVID-19 grant proposal to ensure timely start-up	IFAD/GoK/EU	07/2020
<b>Finalization of 2020/2021 AWPB</b>  Finalize the 2020/2021 AWPB and PP based on the recent IFAD guidelines and templates.	PCU/IFAD	07/2020
<b>PCU Staff recruitment</b>  Finalise the recruitment of 5 PCU Staff positions by considering alternative options following challenges in recruiting an HR-firm.	IFAD/SDCD&AR/TNT	09/2020
<b>Part of ECSMP Agreement on a list of environmentally friendly agro-chemicals</b>  Agree on a list of environmentally friendly agro-chemicals that will be used and ensure the list is informed by the IPMP developed as part of the ECSMP	PCU, partners, stakeholders	09/2020
<b>Develop and operationalize a KM action plan</b>  PCU to develop a KM action plan through a participatory process leveraging on the partnership and value chain network in the programme.	PCU Coordinator and Senior M&E Officer	11/2020

<b>Advanced Integration of M&amp;E Systems</b>  Capitalize on MoALFC-Microsoft and other partners to incorporate advanced analytical tools that integrate all M&E systems from Programme and partners.	PC/SMEO	12/2020
<b>ECSMP finalization and implementation</b>  Finalise the ECSMP and integrate the proposed safeguards measures into programme operations and delivery. Ensure that IFAD's SECAP guidelines and guidance statements 7 and 8 inform the development of community based water infrastructure and that thresholds and safeguards measures are articulated in the ECSMP.	PCU/Consulting firm	12/2020
<b>Financial Management &amp; Execution</b>		
<b>EAGC performance audit findings to be reviewed</b>  The finding s of the Auditor-General's performance audit should be followed up to determine whether any costs are ineligible, such as the 12% management fee and other budget over-runs. Update SM May 2020: PCU has sought no objection from IFAD to ratify the 12% management fee. Awaiting response from IFAD	PCU	01/2019
<b>Audit of the e-voucher system of payment</b>  The e-voucher system is working well, however farmers identified in the first phase most of them did not graduate to the second phase due to frustration with the point of sale machines, late delivery of inputs, low yield due to little rains in some parts, and in the second phase the farmers contribution of 40% was high for some farmers, agro dealers also mention the poor network for the point of sale functionality in some regions. Cooperative bank is also charging 3% to Agro dealers for the use of point of sale.  It is recommended of a reduction in the transition amounts since the farmers felt that 30% transition each year was quite high and unachievable when the farmers experience crop failure due to lack of enough rain. The project should help in identifying inputs that meet the required standards to cushion the farmers against substandard inputs. The programme should increase the conservation agriculture service provider in order to match demand and remove the 3% charge made by Co-operative Bank on the Agro-Dealers for this service.	PCU	12/2019
<b>Motor Vehicle insurance paid inclusive of duty</b>  Motor vehicle insurance paid to Madison Insurance Kenya Ltd of Kshs 2,920,396 was inclusive of duty while the motor vehicles were imported duty free by Toyota Kenya. Hence in the event of a loss how will the compensation be calculated.  It is recommended that the programme should ensure that the insurance premiums are determined in a fair way based on the correct policies applicable in the insurance industry and the agreement should be well documented and signed by both parties.	PCU	12/2019

<b>Outstanding Imprest that cannot be recovered</b>  Outstanding Imprest of Kshs 536,640 and amount of Kshs 368,000 issued to a former Kilifi employee who is deceased and should be disclosed.  It is recommended to disclose in the notes to the financial statements the fact that the money will not be surrendered and accounted for.	Accounting Officer	12/2019
<b>Procurement of the Medical Insurance</b>  Medical Insurance cover for the member of Staff was awarded to CIC General Insurance Ltd without considering the evaluation criteria for the tender.  It is recommended that management should explain the deviation from the tender requirements and provide evidence to support the change in tender evaluation process.	PCU	12/2019
<b>Other Grants and Transfers and Payments</b>  Implementing partners CETRAD and KMD received advances of Kshs 38,000,000 and Kshs 29,282,288 but at the end of the period under review only Kshs 2,110,740 and Kshs 4, 619,043 had been spent.  It is recommended that the money allocated to the implementing partners should be utilized for the intended purpose in order for the programme to achieve the set objectives as set out in the financing agreement.	Accounting Officer	12/2019
<b>Submit to IFAD the Interim Financial statements for 2018/19 Financial year</b>	FAM	01/2020
<b>Multi-year procurement plan</b>  Consider developing 18-24 months procurement plan based on the new IFAD template and request for IFAD's review and approval	PCU	04/2020
<b>Consistent compliance with regulations and guidelines</b>  Adhere strictly to the National Regulations and IFAD guidelines with regard to procurement methods, IFAD prior review and application of post qualification criteria. Continuous	PCU	05/2020
<b>Procurement plan monitoring</b>  Expedite the implementation of procurement plan and submit a monthly progress report on procurement covering the actions taken during the month and the anticipated steps during the next month. Continuous	PPO	05/2020
<b>Partners' last audit report.</b>  The latest partners' audit report needs to be sent immediately to IFAD. Failing to implement this recommendation may bring to the suspension of disbursements to the partners.	FAM	07/2020

<b>Partners' DA reconciliation</b>  Partners should prepare and share the reconciliation of the programme's dedicated accounts with the PCU as per the format used by KCEP-CRAL.	Partners	07/2020
<b>Update the PIM</b>  PIM. The project to revise the PIM and include: (a) section on FM procedures for oversight of partners, reporting requirements and role of sub-audit committee; (b) KCEP-CRAL internal audit arrangements; (c) External audit: reflect the changes in IFAD Guidelines, and specifically the need for a single audit opinion and public disclosure of audit report; to be improved; (d) in kind contribution.	PCU	07/2020
<b>Advance to staff</b>  All advances that are over 6 months old must be cleared or refunded in the next salary. The project must report on the action taken in regards to the advance to deceased county staff	PCU	07/2020
<b>Send IFR</b>  Interim Financial Reports. To be submitted on semi-annual basis.	FAM	08/2020
<b>Systematic reporting of GoK and beneficiaries contribution.</b>  PCU and RPOs shall prepare a detailed report on GoK and beneficiaries' contributions, as per the format included in the Programme's IKC framework. When possible, the Programme should try to calculate the retroactive funds received from the beginning of the programme. All activities shall be supported by adequate documentation.	PCU	08/2020
<b>Audit KALRO</b>  Revise the MoU with KALRO to include the clause that "the audited FS of the entity, audited by OAG, will specifically identify the KCEP-CRAL costs/expenditures and be shared with IFAD"	PCU / Audit Committee	08/2020
<b>External audit of partners</b>  It is recommended that future audit reports of partners should include a separate audit opinion on the statement of expenditures submitted to the Programme. MoUs shall be revised accordingly.	PCU	08/2020
<b>Recruit IT service</b>  IT services. PCU to address the problem of connectivity of ROs to PCU's server to enhance the use of SAGE evolution. If this cannot be solved with the current MoALF IT department, PCU should enter into a retainer contract with local IT companies.	PCU	08/2020
<b>Operationalization of accounting software.</b>  Full roll-out the accounting software in the PCU and regional offices as per the agreed action plan	PCU	08/2020

<b>Vacant positions.</b>  Proceed with the recruitment of four vacant positions, including Regional Accountant and Programme Assistant in Western and Eastern regions, respectively.	PCU	08/2020
<b>Procurement update in PIM</b>  Update the PIM to include relevant provisions of the new IFAD Project Procurement Guidelines and templates.	PCU/IFAD	09/2020
<b>Timely planning of EU grant</b>  Implementation of EU grant. Timely planning and implementation of EU funded activities to ensure their completion by 31st May 2021.	PCU	09/2020
<b>Partners' expenditures review.</b>  The programme shall have the Partners' SoE for the years 2019 and 2020 audited by external company.	Sub-audit committee / PCU	09/2020
<b>KCEP internal audit.</b>  PCU must reply to IA findings and provide timely updates to IFAD.	PCU	09/2020
<b>Oversight of partners</b>  PCU, with the support of Regional Accountants, shall carry out regular monitoring and review of partners expenses, and this activity shall commence as soon as the restrictions are lifted;	PCU	09/2020
<b>Internal audit of partners</b>  Internal Audit to be carried out by all partners on a six months basis; otherwise the Programme should retain an external company to carry out an interim audit of all implementing partners. The non-compliance with this measure will constitute grounds for suspension of disbursements.	PCU	09/2020
<b>Sage Accounting Software</b>  Finalise the rolling out the Sage Accounting Software and ensure installation into full and effective use. This recommendation has been reiterated, with action plan	PCU	10/2020



## **Kenya**

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### **Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window**

#### **Supervision Report**

#### **Logical Framework**

Mission Dates: 18/05/2020 to 29/05/2020  
Document Date: 06/10/2020  
Project No. 1100001651  
Report No. 5506-KE

East and Southern Africa Division  
Programme Management Department



# Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window

## Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			851 000	19 495	669 705	78.7				
	1.a Corresponding number of households reached										
	Women-headed households			92 500	25 028	83 927	90.7				
	Non-women-headed households			92 500	15 655	98 106	106.1				
	Households			185 000	40 683	182 033	98.4				
	1 Persons receiving services promoted or supported by the project										
	Females			425 500	10 404	389 679	91.6				
	Males			425 500	9 090	280 025	65.8				
	Young			170 200	4 710	138 009	81.1				
	Not Young			680 800	14 784	531 695	78.1				
	Total number of persons receiving services			851 000	19 494	669 704	78.7				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Project Goal</b> Income increased, and poverty and food insecurity of targeted rural smallholder households sustainably reduced	Smallholder's farmers targeted from the Programme support							• National (KIHBS) household income and expenditure surveys. • RIMS impact surveys • Baseline, mid-term and final food security & nutrition assessments			1) Stable political/macroeconomic environment 2) Successful public private partnership with Fis
	Smallholder farmers			185 000	4 238						
	Males			92 500	1 976						
	Females			92 500	2 262						
	Young			37 000	1 024						
	Farmers in ASAL target counties			120 000	4 203			• National (KIHBS) household income and expenditure surveys. • RIMS impact surveys • Baseline, mid-term and final food security & nutrition assessments			
	Smallholder farmers taken out of poverty & food secure with improved nutritional status										
	Smallholder farmers	0		150 000	0						
	Farmers in ASAL target counties	0		95 000	0						
	National grain deficit reduced, equivalent to 10% national deficit							From PCU annual crop yield survey			
	Grain produced	0		41 000	0						
	Maize	0		62	0						
	Sorghum	0		17	0						
	Green grams	0		8	0						
	Beans	0		6	1						
	Cow peas	0		1	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Pigeon peas	0		3	0						
	Millet	0		3	0						
<b>Development Objective</b> i) Graduation of smallholder farmers to commercial farmers ii) Graduation of smallholder farmers to commercial farming in ASAL counties is climate resilient and empowerment of county governments /communities for sustainable NRM and resilience to climate change	Poor smallholder household members supported in coping with the effects of climate change										Successful public-private-partnership
	Total household members			437 000	4 889						
	Smallholder farmers graduate to market-oriented commercial farming, (with number of ASAL target): - Using improved inputs/ agricultural practices autonomously - Engaged in commercial contracts - Selling grains at price 30% higher than farm gate price - Engaged in financial services (investments loans)							Randomized control trails, annual outcome surveys and impact surveys			
	Smallholder farmers			150 000	0						
	Males			50	0						
	Females			30	0						
	Young			20	0						
	Farmers in ASAL target counties			95 000	0						
	8 county governments implementing ward level sustainable NRM and climate change resilience community plans										
	Ward level NRM/CC plans			100	0						
	8 county sustainable NRM and climate change adaptation plans developed (with 100 ward level community resilience NRM plans), and county/community officials trained										
	Climate change adaptation plans			8	0						
	Officials trained			42	40						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Outcome</b> 1. Sustainable increase in production and productivity of maize, sorghum, millet and associated pulses among targeted smallholder farmers and improved climate change resilience with sustainable NRM in targeted ASAL counties	Productivity increase in Medium -High Potential (MHP) areas for maize and sorghum and for millet and pulses (beans, pigeon peas, cowpeas and green grams)							• Food security and nutrition assessments • Remote - sensing survey • Project activity report • Randomized control Trial • Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final) - Preliminary 2016/2017 crop yield survey by PCU			National and County government adoption of CA policy for inclusion PPP in extension services
	Productivity increase for maize	0		100	0						
	Productivity increase for sorghum	0		100	0						
	Productivity increase for millet	0		75	0						
	Productivity increase for pulses	0		75	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Productivity increase in the ASALs for maize and sorghum and for millet and pulses (beans, cowpeas, green grams and pigeon peas)							• Food security and nutrition assessments • Remote - sensing survey • Project activity report • Randomized control Trial • Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final) - Preliminary 2016/2017 crop yield survey by PCU			
	Productivity increase for maize and sorghum in ASALS	0		80	0						
	Productivity increase for sorghum in ASALS	0		80	0						
	Productivity increase for millet and pulses in ASALS	0		50	0						
	Productivity increase for pulses in ASALS	0		50	0						



Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Hectares GAP/CA producing targeted cereals and pulses							• Food security and nutrition assessments • Remote - sensing survey • Project activity report • Randomized control Trial • Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final) - Preliminary 2016/2017 crop yield survey by PCU			
	Hectares of land			80 000	26 863						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	1.2.4 Households reporting an increase in production							Food security and nutrition assessments • Remote - sensing survey • Project activity report • Randomized control Trial • Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final) - Preliminary 2016/2017 crop yield survey by PCU			
	Households	90			0						
	Total number of household members	0			0						
	Males	0		63 000	0						
	Females	0		63 000	0						
	Young	0		25 200	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Households reporting an increase in production							Food security and nutrition assessments • Remote - sensing survey • Project activity report • Randomized control Trial • Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final) - Preliminary 2016/2017 crop yield survey by PCU			
	Female			27	0						
	Male			45	0						
	Youth			18	0						
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices										
	Households			80	3						
	Total number of household members										
	Males			56 000	229						
	Females			56 000	229						
	Young			22 400	91						
	Households				458						
	Households reporting adoption of new/improved inputs, technologies or practices										
	Female			24	5						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Youth			18	5						
	Male			40	2						
	Improved vegetation index in Programme area							• Food security and nutrition assessments • Remote - sensing survey • Project activity report • Randomized control Trial • Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final) - Preliminary 2016/2017 crop yield survey by PCU			
	Improved vegetation index				0						
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices										
	Households				0						
	Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices										
	Farmers			80	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output 1.1 Targeted smallholder adopt climate resilient improved farming practices including GAP/CA and access to improved agricultural services and inputs	Individuals engaged in NRM and climate risk management activities										Private sector willingness to provide market-led incentives in adoption of CA
	Total			120 000	0						
	1.1.3 Rural producers accessing production inputs and/or technological packages										
	Females			42 000	2 262	51 898	123.6				
	Males			70 000	1 976	35 063	50.1				
	Young			28 000	0	28 978	103.5				
	Total rural producers			140 000	4 238	86 961	62.1				
	ASAL smallholder farmers trained on CA/GAP and NRM adopt improved agricultural practices through e-voucher technical package and extension services including climate information for enhanced agricultural productivity										
	ASAL smallholder farmers			95 000	4 736						
	Males			47 500	1 723						
	Females			47 500	2 206						
	Young			19 000	805						
	Capacity of agro-dealers strengthened for agricultural services							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Agro-dealers			300	28						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Extension service providers and agro-dealers capacity for provision of GAP/CA extension services and inputs strengthened							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Extension service providers			250	239						
	Agro-dealers			360	164						
	1.1.4 Persons trained in production practices and/or technologies							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Total number of attendances to training sessions				0	93 104					
	Men trained in crop	0		70 000	0	36 498	52.1				
	Women trained in crop	0		42 000	0	56 606	134.8				
	Young people trained in crop	0		28 000	0	13 974	49.9				
	Total persons trained in crop				0	93 104					
	Staff of service providers trained (RIMS)							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Males	0		1 080	247						
	Females	0		1 080	72						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Output</b> 1.2 Capacity of farmers organizations to mobilize extension services, participate in local planning and value chains for improved and, targeted ASALs counties and communities adopt sustainable NRM adapted to climate change	Community groups engaged in NRM and climate risk management activities										
	Groups			4 800	0						
	Capacity of farmer groups in organizational management strengthened							• Registers of farmers organizations • Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Farmer organizations			5 000	1 757						
	USD 7.5 m ASAP programme resources invested in watershed scale community assets with productive benefits up to 80 000 ha - Area (ha)							• Registers of farmers organizations • Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Plans			8	0						
	USD			750	0						
	USD 7.5 m ASAP programme resources invested in watershed scale community assets with productive benefits up to 80 000 ha				0						
	Land under climate-resilient practices										
	Land area			80 000	0						



Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	8 County Adaptation Funds operational with ward plans and associated NRM activities funded on 80,000 ha with productive benefits							• Registers of farmers organizations • Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Number			8	0						
	County climate information services functional and providing regular climatic information to ward groups to refine farm /agronomic plans							• Registers of farmers organizations • Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	County climate information services			8	0						
	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks										
	Groups supported			3 800	0	14	0.4				
	Males			28 500	0	97	0.3				
	Females			47 500	0	137	0.3				
	Young			19 000	0	12	0.1				
	NRM groups with women in leadership positions (RIMS)										
	Groups with women in leadership position			2 000	40						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	People trained in NRM (RIMS)										
	Males	0		47 500	3 230						
	Females	0		47 500	4 962						
	Environmental management plans formulated (RIMS)										
	Plans			47	0						
	3.1.2 Persons provided with climate information services										
	Females			28 500	0	0	0				
	Males			47 500	0	0	0				
	Young			19 000	0	0	0				
	Persons provided with climate information services				0	0					
Outcome 2. Post-harvest management of smallholder farmers in targeted VCs improved	Post-harvest grain losses reduced for 80% of targeted smallholder farmers							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			Bill on WRS is passed into law to provide effective regulatory framework
	Post-harvest grain losses	30		5	0						
	Smallholder families adopting Improved grain drying technologies							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Smallholder farmers			150 000	2 902						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Operational self-sufficiency attained for warehouses							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Warehouses			60	0						
	Smallholder farmers adopting improved grain storage technologies							• Programme M&E • Participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Smallholder farmers			150 000	3 757						
	2.2.5 Rural producers' organizations reporting an increase in sales										
	Percentage of rural POs			80	0						
	Rural POs with women in leadership position			2 000	0						
	Rural POs - crop			4 000	0						
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities										
	Households reporting improved physical access to storage facilities			40	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Output</b> 2.1 Targeted smallholder farmers adopt improved post-harvest management of grains	Smallholder farmers of which 95,000 from the ASALs organized in groups, trained on harvest and post-harvest management and receive basic equipment for improved post-harvest management of grains							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations • Household surveys on levels of production and income generated from sales of agricultural produce			
	Smallholder farmers			150 000	0						
	Males			75 000	0						
	Females			75 000	0						
	Young			30 000	0						
	Threshing/shelling service providers trained and their capacity to provide services to smallholder farmers enhanced							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations • Household surveys on levels of production and income generated from sales of agricultural produce			
	Service providers			250	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Warehouses certified and offering WRS services							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations • Household surveys on levels of production and income generated from sales of agricultural produce			
	Warehouses			137	0						
	Collection centres operational							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations • Household surveys on levels of production and income generated from sales of agricultural produce			
	Collection centres			312	102						
	2.1.3 Rural producers' organizations supported										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Rural POs supported			5 000	0	364	7.3				
	Total size of POs			125 000	0	101 404	81.1				
	Males			62 500	0	38 826	62.1				
	Females			62 500	0	62 578	100.1				
	Young			25 000	0	22 884	91.5				
<b>Output</b> 2.2 Market access for participating smallholder farmers improved	Smallholder farmers in ASALs organized in groups with established linkages with milk buyers							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			Bill on WRS is passed into law to provide effective regulatory framework
	Smallholder farmers			95 000	0						
	Production cluster-level farmer associations established and linked to a structured grain trading system,comprising 250 collection centres and 137 certified warehouses with WRS services							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Farmer associations			250	0						
	Road spot improvements completed linking production clusters to grain aggregation centres							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Roads			100	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Smallholder farmers trained in business partnership							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Smallholder farmers			150 000	0						
	Initiatives of commercial partnership implemented							• Programme M&E participating bank data base/records • Programme baseline, mid and end-term evaluations			
	Initiatives			60	1						
	2.1.5 Roads constructed, rehabilitated or upgraded										
	Length of roads			60	0	0	0				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated										
	Total number of facilities				6	6					
	Storage facilities constructed/rehabilitated			60	6	6	10				
Outcome 3. Financial inclusion of targeted smallholder farmers improve	1.2.5 Households reporting using rural financial services										Partner financial institutions mobilize sufficient resources for programme goals
	Total number of household members			140 000	0						
	Males			70 000	0						
	Females			70 000	0						
	Young			28 000	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Persons reporting using rural financial services										
	Smallholder farmers in ASAL access financial services			120 000	0						
	Total amount of savings by target group (by gender)							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Savings (males)			2 750	208						
	Savings (females)			2 750	139						
	Number and type of new products implemented by partner FIs										
	Products			1	0						
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services										
	Females	0		70 000	5 904	23 440	33.5				
	Males	0		70 000	4 852	16 396	23.4				
	Young	0		28 000	1 643	6 527	23.3				
	Persons in rural areas trained in FL and/or use of FProd and Services (total)	0		140 000	10 756	39 836	28.5				
	Persons in rural areas trained in financial literacy and/or use of financial products and services										
	Smallholder farmers in ASAL	0		120 000	10 756						



Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Output</b> 3.1 E-voucher financing system for smallholder farmers and use of financial tools and services	140,000 Smallholder farmers of which 120,000 in ASALs access voucher scheme							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			Partner financial institutions mobilize sufficient resources for programme goals
	Smallholder farmers			140 000	4 238						
	Males			70 000	1 976						
	Females			70 000	2 262						
	Young			28 000	1 024						
	Smallholder farmers in ASAL			120 000	4 203						
	Agro-dealers trained and accredited as agents by participating financial institutions							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Agro-dealers			360	256						
	Entrepreneurs trained in advanced financial training							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Entrepreneurs			350	2						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Targeted farmers access certified WRS							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Farmers			140 000	0						
<b>Output</b> 3.2 Financial services to other key players /access to value chain financing improved	Agro-dealers access value chain financing							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			Interest of private sector in value chains maintained
	Agro-dealers			360	90						
	Agricultural services providers access value chain financing							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Service providers			2 000	0						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Value addition enterprises access value chain financing							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Enterprises			100	0						
	Value chain financing ventures initiated							• Programme M&E participating financial institutions data, • Base records and reports • Programme baseline, mid and end-term evaluations			
	Ventures			100	0						
	1.1.5 Persons in rural areas accessing financial services										
	Total number of accesses to financial services				0	82 723					
	Women in rural areas accessing financial services - savings			70 000	0	49 636	70.9				
	Young people in rural areas accessing financial services - savings			28 000	0	15 289	54.6				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Men in rural areas accessing financial services - savings			70 000	0	33 087	47.3				
	Total persons accessing financial services - savings			140 000	0	82 723	59.1				
	Value of voluntary savings mobilized (RIMS)										
	Value			5 500	346.38						

## Kenya

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### **Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window**

#### **Supervision Report**

#### **Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category**

Mission Dates: 18/05/2020 to 29/05/2020  
Document Date: 06/10/2020  
Project No. 1100001651  
Report No. 5506-KE

East and Southern Africa Division  
Programme Management Department



## Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 2A: Financial performance by financier**

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	61,776	19,021	31%
ASAP Grant	10,000	2,736	27%
EU Grant*	33,334	24,284	73%
Government of Kenya	4,545	2,393	53%
PFIs	5,456	3,543	65%
Beneficiaries	36,090	1,700	5%
IFAD Grant to FAO	2,000	1,466	73%
<b>Total</b>	<b>153,200</b>	<b>55,143</b>	<b>36%</b>

\*EU disbursement at the Programme level excludes IFAD management fees and direct cost

**Table 2B: Financial performance by financier by component (USD '000) as at 31<sup>st</sup> March 2020**

Components	EU grant 623 and 1522			IFAD loan NO-1121			IFADA ASAP GRANT-1122			IFAD country grant			Government of Kenya			Financial Institutions			Beneficiaries			Total		
	Allocation	Actual	%	Allocation	Actual	%	Allocation	Actual	%	Allocation	Actual	%	Allocation	Actual	%	Allocation	Actual	%	Allocation	Actual	%	Allocation	Actual	%
Preparatory activities/Implementation Support and Capacity building at County-Level	1 939	856	44%	5 123	929	18%				2 000	1 197	60%	605	365	60%							9 667	3 346	35%
Capacity building for Climate-resilient productivity enhancement and NRM	4 481	3 186	71%		0	0%	10 000	1 799	18%				590	20	3%							15 071	5 006	33%
Post-Production and Market linkages	3 404	150	4%	6 722	1 735	26%							1 573	1	0%	-			1 752			13 450	1 886	14%
Financial Services	19 047	12 403	65%	40 531	8 189	20%							1 146	209	18%	5 456	3 543	65%	34 338	1 700	5%	100 519	26 044	26%
Programme management	4 463	4 808	108%	9 400	4 170	44%							631	830	132%							14 494	9 808	68%
<b>Total</b>	<b>33 334</b>	<b>21 403</b>	<b>64%</b>	<b>61 776</b>	<b>15 023</b>	<b>24%</b>	<b>10 000</b>	<b>1 799</b>	<b>18%</b>	<b>2 000</b>	<b>1 197</b>	<b>60%</b>	<b>4 545</b>	<b>1 425</b>	<b>31%</b>	<b>5 456</b>	<b>3 543</b>	<b>65%</b>	<b>36 090</b>	<b>1 700</b>	<b>5%</b>	<b>153 201</b>	<b>46 090</b>	<b>30%</b>

**Table 2C: IFAD loan disbursements (SDR '000 as at 27<sup>th</sup> May 2020)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works	2,630		92		2 538	3%
II	Equipment and Materials	5,490		413		1 797	19%
III	Consultancies	2,210		2 901		2 589	53%
IV	Grants and Subsidies	23,180		5 075		18 105	22%
V	Salaries and Allowances	4,260		1 929		2 331	45%
VI	Operating Costs	1,690		444		1 246	26%
	Unallocated	4,390		-		4 390	-
	Initial Deposit			2 582		(2 582)	100%
	Advance Account			362		(362)	100%
	<b>Total</b>	<b>43,850</b>		<b>13 798</b>		<b>30 052</b>	<b>31.4%</b>

**Table 2D: ASAP Grant disbursements (SDR '000 as at 27<sup>th</sup> May 2020)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works						
II	Equipment and Materials	330		176		154	53.3
III	Consultancies	3,760		807		3,760	21.4
IV	Grants and Subsidies	2,300		261		2,038	11.3
V	Salaries and Allowances						
VI	Operating Costs						
	Unallocated	710				710	
	Initial Deposit			712		(298)	
	<b>Total</b>	<b>7,100</b>		<b>1,956</b>		<b>5,144</b>	<b>27.5%</b>

**Table 2E: EU Grant disbursement 2000000623 (EUR '000 as at 27<sup>th</sup> May 2020)**

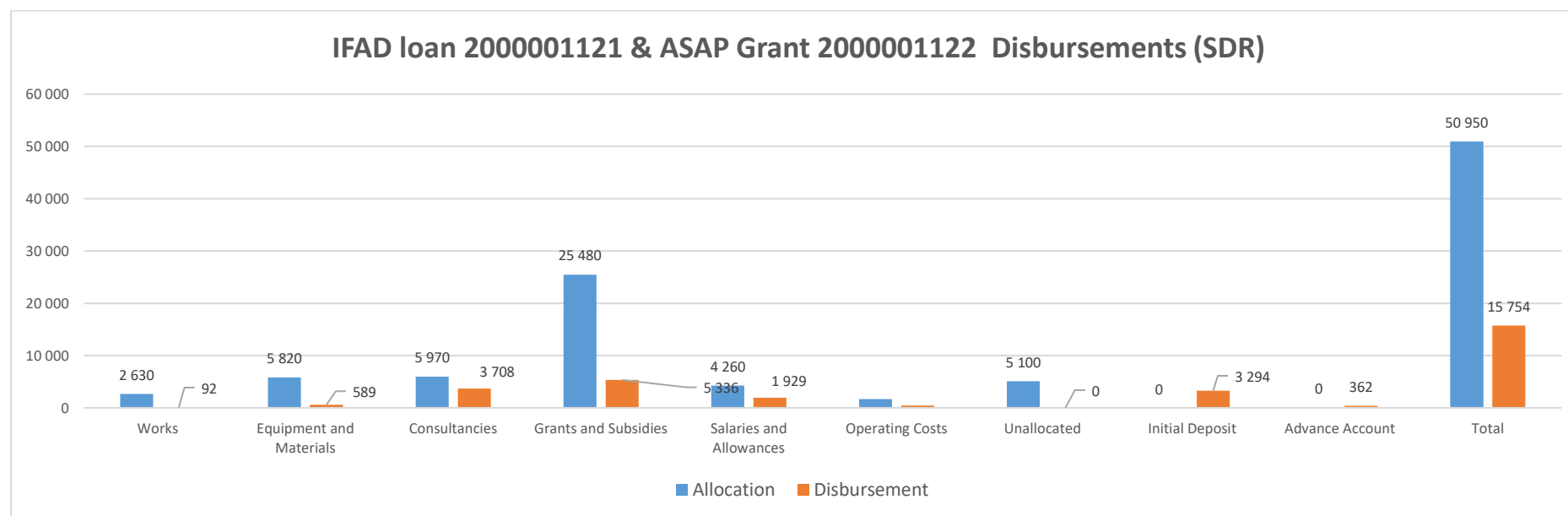
Category	Category description	EU Grant	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works	470	15		455	<b>3%</b>
II	Equipment and Materials	1 580	655		925	<b>41%</b>
III	Consultancies	3 770	2 887		883	<b>77%</b>
IV	Grants and Subsidies	6 140	9 185		(3 045)	<b>150%</b>
V	Salaries and Allowances	2 120	2 593		(473)	<b>122%</b>
VI	Operating Costs	240	222		19	<b>92%</b>
	Unallocated	1 330	-		1 330	<b>0%</b>
	Initial Advance	-	94		(94)	
	<b>Total</b>	<b>15 650</b>	<b>15 650</b>	<b>-</b>	<b>0.01</b>	<b>100%</b>



**Table 2F: EU Grant disbursement 20000001522 (EUR '000 as at 27<sup>th</sup> May 2020)**

Category Description	Cat. Further Desc.	Allocated	Disbursed	W/A pending	Available Balance	Per cent disbursed
Project Component A	Capacity Building for Climate Resilient Prod.	883	-	-	883	
Project Component E	Programme Management	526	-	-	526	
Project Component	Preparatory Activities / Implementation Support and Capacity Building at Country Level	922	-	-	922	
Project Component C1	Financial Services E-Voucher Platform for Productivity Enhancement	5 806	-	-	5 806	
Project Component C2	Financial Services Value Chain Financing	441	-	-	441	
Advance Account		-	2 000	-	(2 000)	
Total		<b>8 578</b>	<b>2 000</b>		<b>6 578</b>	<b>23%</b>

**Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement**





## **Kenya**

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### **Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window**

#### **Supervision Report**

#### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: 18/05/2020 to 29/05/2020  
Document Date: 06/10/2020  
Project No. 1100001651  
Report No. 5506-KE

East and Southern Africa Division  
Programme Management Department



## Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 2A: Financial performance by financier**

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	61,776	19,021	31%
ASAP Grant	10,000	2,736	27%
EU Grant	33,334	24,284	73%
Government of Kenya	4,545	2,393	53%
PFI	5,456	3,543	65%
Beneficiaries	36,090	1,700	5%
IFAD Grant to FAO	2,000	1,466	73%
<b>Total</b>	<b>153,200</b>	<b>55,143</b>	<b>36%</b>

**Table 2B: Financial performance by financier by component (USD '000) as at 31<sup>st</sup> March 2020**

Components	EU grant 623 and 1522			IFAD loan NO-1121			ASAP GRANT-1122			IFAD country grant			Government of Kenya			Financial Institutions			Beneficiaries			Total		
	Alloc ation	Actual	%	Alloc ation	Actual	%	Alloc ation	Actual	%	Alloc ation	Actual	%	Alloc ation	Actual	%	Alloc ation	Actual	%	Alloc ation	Actual	%	Alloc ation	Actual	%
Preparatory activities/Implementation Support and Capacity building at County-Level	1 939	856	44%	5 123	929	18%				2 000	1 197	60%	605	365	60%							9 667	3 346	35%
Capacity building for Climate-resilient productivity enhancement and NRM	4 481	3 186	71%		0	0%	10 000	1 799	18%				590	20	3%							15 071	5 006	33%
Post-Production and Market linkages	3 404	150	4%	6 722	1 735	26%							1 573	1	0%	-			1 752			13 450	1 886	14%

Financial Services	19 047 12 403 65%	40 531 8 189 20%			1 146 209 18%	5 456 3 543 65%	34 338 1 700 5%	100 519 26 044 26%
Programme management	4 463 4 808 108%	9 400 4 170 44%			631 830 132%			14 494 9 808 68%
Total	33 334 21 403 64%	61 776 15 023 24%	10 000 1 799 18%	2 000 1 197 60%	4 545 1 425 31%	5 456 3 543 65%	36 090 1 700 5%	153 201 46 090 30%

**Table 2C: IFAD loan disbursements (SDR '000 as at 27<sup>th</sup> May 2020)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works	2,630		92		2 538	3%
II	Equipment and Materials	5,490		413		1 797	19%
III	Consultancies	2,210		2 901		2 589	53%
IV	Grants and Subsidies	23,180		5 075		18 105	22%
V	Salaries and Allowances	4,260		1 929		2 331	45%
VI	Operating Costs	1,690		444		1 246	26%
	Unallocated	4,390		-		4 390	-
	Initial Deposit			2 582		(2 582)	100%
	Advance Account			362		(362)	100%
	<b>Total</b>	<b>43,850</b>		<b>13 798</b>		<b>30 052</b>	<b>31%</b>

**Table 2D: ASAP Grant disbursements (SDR '000 as at 31<sup>st</sup> March 2020)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Works						
II	Equipment and Materials	330				330	
III	Consultancies	3,760				3,760	
IV	Grants and Subsidies	2,300				2,300	
V	Salaries and Allowances						
VI	Operating Costs						
	Unallocated	710				7,100	
	Initial Deposit			298		(298)	
	<b>Total</b>	<b>7,100</b>				<b>6,802</b>	<b>4.2%</b>

**Table 2E: EU Grant disbursements (EUR '000 as at 31<sup>st</sup> March 2020)**

Category	Category description	EU Grant	EU Grant add on	Total EU Grant	Disbursement	W/A pending (No. 18)	Balance	Per cent disbursed
I	Works	470	-	470	-		470	-
II	Equipment and Materials	1,580	329	1,909	147		1,762	8%
III	Consultancies	3,770	948	4,718	739	176	3,979	16%
IV	Grants and Subsidies	6,140	5,739	11,879	5,663	138	6,216	48%
V	Salaries and Allowances	2,120	1,197	3,317	1,490	203	1,827	45%
VI	Operating Costs	240	364	604	220		384	36%
	Unallocated	1,330		1,330	-		1,330	-
	Initial Deposit				3,232		(3,132)	
	<b>Total</b>	<b>15,650</b>	<b>8,577</b>	<b>24,227</b>	<b>11,391</b>	<b>516</b>	<b>12,836</b>	<b>47%</b>

**Table 2E: Programme Disbursement Status by financier and category of cost as at 31<sup>st</sup> March 2020 (USD '000)**

Category	Category description	IFAD Loan	ASAP Grant	EU Grant	TOTAL Allocation	Disbursement	Balance	Per cent disbursed
I	Works	3,705	-	578	4,283	-	4,283	-
II	Equipment and Materials	7,734	465	2,349	10,548	227	10,321	2%
III	Consultancies	3,113	5,296	5,803	14,212	1,557	12,655	11%
IV	Grants and Subsidies	32,656	3,239	14,611	50,507	8,748	41,758	17%
V	Salaries and Allowances	6,001	-	4,080	10,081	2,608	7,473	26%
VI	Operating Costs	2,381	-	743	3,124	364	2,759	12%
	Unallocated	6,185	1,000	1,636	8,821	-	8,821	-
	Initial Deposit					9,267	(9,267)	
	<b>Total</b>	<b>61,776</b>	<b>10,000</b>	<b>29,801</b>	<b>101,577</b>	<b>22,772</b>	<b>78,805</b>	<b>22%</b>

## **Kenya**

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### **Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window**

#### **Supervision Report**

#### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: 18/05/2020 to 29/05/2020  
Document Date: 06/10/2020  
Project No. 1100001651  
Report No. 5506-KE

East and Southern Africa Division  
Programme Management Department





### Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Schedule 3(1) FA 2000000623	<b>Audit of the electronic voucher system:</b> The recipient shall ensure that a specific performance audit of the e-voucher scheme at Equity Bank is carried out annually by an independent qualified service provider to assess the effectiveness, economy and efficiency of the process	Annually	Ongoing	
Schedule 3(2) FA 2000000623	<b>Accounting software:</b> The recipient shall ensure that within the first year of Programme implementation, an accounting software acceptable to the fund for the managing the Programme's financial reporting shall have been installed and become operational.	31 December 2017	Not Complied	Tailored action plan is included in this report
Schedule 3(3) FA 2000000623	<b>Programme Implementation Manual (PIM):</b> The recipient shall ensure that within the first three months of the Programme Implementation period, a PIM incorporating a financial management section shall have been approved and submitted to the Fund.	30 June, 2017	Complied	The Programme PIM has been approved by the PSC and received IFAD non-objection. However, a revision is needed to include the description of partners' oversight and in kind contribution
Schedule 3(4) FA 2000000623	<b>Memorandum of Understanding (MOU):</b> The recipient shall ensure that the Lead Programme Agency shall enter into a MOU with each of the County Departments responsible for Agriculture of the Programme area and with each of KARI, the CGA, AGMARK, AFRACA, and any other party identified by the MOALF to participate in the Programme as acceptable to the Fund prior to implementation of the relevant Programme activities. The MOUs shall not be modified without the prior consent of the plan	Ongoing	Ongoing	MOUs have been developed and signed by all County Departments and partners. The SA with Cooperative Bank and MoU with NDMA will be finalized soon.
Schedule 3(5) FA 2000000623	<b>Subsidiary Agreements:</b> The Lead Programme Agency shall enter into a subsidiary agreement with each of Equity Bank and Equity Group Foundation as well as with any other party identified by the MOALF to participate in the Programme as acceptable to the Fund	During implementation	Complied	Equity Bank and Equity Group Foundation are operational.
Schedule 3(6) FA 2000000623	<b>Operation of the Electronic Voucher System:</b> The recipient shall ensure that detailed procedures acceptable to the fund for the operation of the e-voucher system shall have been established before any activities there under are commenced	Before implementation of the e-voucher system	Complied	
Schedule 3(2) FA 20000001121	<b>Gender and Youth.</b> The Borrower/Recipient shall ensure that women and youth are presented in the organization and management of the	During implementation	Complied	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	Programme. The Borrower/Recipient shall also ensure that women and youth beneficiaries shall be represented in all Programme activities and that they receive appropriate benefits from the Programme outputs.			
Schedule 3(3) FA 20000001121	<b>Operation and Maintenance.</b> The Borrower/Recipient shall ensure that adequate human and financial resources are provided to support the operation and maintenance of Programme-financed investments and the recurrent costs of the Programme operations both during and after the Programme Implementation Period, at least for the useful life of such investments.	During implementation	Partially complied	PCU and RPOs have not yet established retainer contracts with IT service providers in order to provide timely regular and periodic maintenance and support services.
Schedule 3(4) FA 20000001121	<b>Counterpart Funds.</b> The Borrower/Recipient shall ensure that counterpart funds are clearly identifiable in the financial management system and all financial statements.	During implementation	Complied	
Schedule 3(5) FA 20000001121	<b>Flow of Funds.</b> The Borrower/Recipient shall ensure that the proceeds of the IFAD Loan and ASAP Trust Grant are not disbursed to any of the Programme Parties until the Lead Programme Agency shall have entered into the MoU referred to in paragraph 11, section II of Schedule 1 hereto with each such Programme Party.	Before	Complied	Funds are disbursed only to partners that have opened a dedicated account for IFAD financing.
Schedule 3(7) FA 20000001121	<b>Rolling Internal Audit Programme.</b> The Borrower/Recipient shall ensure that: (i) an auditor acceptable to the Fund is retained to provide internal audit services to the Programme; and (ii) a sub-committee of the PSC is constituted as an audit committee responsible for approving the annual audit plan and for meeting every quarterly to review the internal audit reports and management actions on the recommendations of both internal and external auditors.	Before commencement	Partially complied	The MoALF Internal Auditors carried out the routine auditing of the programme.  The project has set up a sub-committee of the PSC for approving annual audit plan and reviewing of internal audit reports and management actions on the recommendations of the auditors. However, the sub-committee has not been operative due to movement restrictions.
Section 2	<b>Designated Account:</b> There shall be a designated account in Euro for the exclusive use of the programme in the Central Bank of Kenya (CBK) or a commercial bank acceptable to the Fund managed and monitored by the CBK. There shall also be a Programme account dedicated for receipt of the EC contribution in Kenya shillings through	Before commencement	Complied	Bank Account for the Grant denominated in EUR opened and maintained with CBK.

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	MoALF development account for funding activities for the benefit of PCU			
Section 2	<b>Counterpart funds:</b> The recipient shall provide counterpart financing for the Programme in the approximate amount of EUR 3,295,400 to cover taxes and duties	Ongoing	Complied	The counterpart financing has been satisfactory, and funds are being released on time. The GoK is on track in meeting the overall counterpart contribution.
Section 5	<b>Use of proceeds:</b> The recipient shall have a right to incur expenditures under the EC contribution necessary to meet the costs of implementing the Programme as long as these expenditures are considered eligible by the fund.	Continuous	Complied	Withdrawal Applications submitted based on the agreed activities defined by categories.
Section 3.02	<b>Annual Work Plans &amp; Budgets (AWPB):</b> The PCU shall prepare a draft AWPB for each Programme year.	Continuous	Complied	The AWPB prepared and approved by the National Steering Committee for each programme year.
Section 3.03	<b>Programme Accounts:</b> The Lead Programme Agency shall open and thereafter maintain in a commercial bank, a current account denominated in Kenya Shillings for receiving Grant proceeds.	30 days after effective date	Complied	Bank accounts for the Grant proceeds opened and maintained with the Equity Bank, Kenya
Section 4.02	<b>Progress Reports:</b> The Lead Programme Agency shall submit to the Fund six monthly and consolidated annual progress reports on Programme implementation.	3 months after end of period	Complied	Submitted as required.
Section 5.01 & 5.02	<b>Financial Statements:</b> The Lead Programme Agency shall prepare the financial statements of the operations, resources and expenditures related to the Programme. Disclosed by components, expenditure categories in line with IFAD audit guidelines.	Submission of audit report is 6 months after end of fiscal year	Not complied	The audit report for the year 2018/19 has not been signed off.
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures		Complied	

### Appendix 3 (a): Audit of partners: Status of implementation

PS/PR	Name of partner	Start date	MoU amount	Disbursement	Audit status	Comment
PS	National Drought Management Authority	Apr-19	565 767 101	72 000 000	NDMA was funded in July 2018 and thus the amounts will only appear in 2018/19 financial statements that are not ready.	NDMA FA will be audited by OAG and specifically identify the KCE-CRAL costs/expenditures.
PS	KALRO	Sep-18	114 066 568	71 463 084	Available audit report for the period ending 30th June 2018. The last two audit reports present and adverse opinion.	The MoU does not mention audit requirements.
PS	Kenya Metrological Department (KMD)	Nov-17	126 100 000	29 282 288	Not compliant. Audit report not available.	KMD is a department in the state department of environment and natural resources and it does not prepare a separate set of financial statements, although the MoU states that <i>"the audited FS of KMD, audited by OAG, will specifically identify the KCEP-CRAL costs/expenditures and the final audit report will be shared with the PCU"</i> .
PS	CETRAD - environ	Dec-17	123 805 153	43 802 500	Not compliant. Audit report 2017/18 not available.	The MoU mentions that <i>"The audited FS of CETRAD, audited by OAG, will will specifically identify the KCEP-CRAL costs/expenditures and the final audit report will be shared with the PCU"</i> .
PS	ICRAF	Jul-18	50 150 211	13 294 285	The institutional audit for the period ending 31st December 2018 is available.	<i>"KCEP-CRAL ICRAF Fund Account will be audited in line with the Public Financial Management Act, 2012. ICRAF's audited financial statement relating to the Programme costs and expenditures and the final audit report will be submitted to PCU within six months of the end of the respective financial year"</i> .

PR	AGMARK	Oct-18	29 767 819	29 179 318	Institutional audit 2018 has been shared with PCU. The first audit will cover the period Oct 2018 to June 2019.	The MoU mentions to "Ensure that the KCEP-CRAL AGMARK Programme Fund Account is audited by the OAG or suitable qualified independent audit firm appointed. Ensure that the annual audit report of the entity is shared with IFAD. The result of such audit may constitute a ground for suspension of this agreement".
PR	EAGC	May-17	265 229 505	119 311 786	Institutional audit 2018 has been shared with PCU.	The MoU mentions to "Ensure that KCEP-CRAL EAGC Programme Fund Account is audited by the OAG in compliance with the provision of the Public Financial Management Act 2012".
PR	Co-operative Bank	Jun-18	2 532 876 858	762 748 377	Institutional audit report 2018 is available.	The audit reports of Equity Bank and Co-operative Bank are available online but do not disclose KCEP contribution in the FS. However, in this case the risk is mitigated by the fact that the performance audit of e-vouchers under the two banks is carried out by OAG.
PR	Equity Bank	Feb-19	1 922 033 023	386 010 328	Institutional audit report 2018 is available.	As above
	Total amount		<b>5 729 796 238</b>	<b>1 527 091 965</b>		