



Investing in rural people

## **REPUBLIC OF KENYA**

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### **Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)**

#### **Supervision report**

#### **Main report and appendices**

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## Abbreviations and acronyms

AGMARK	Agricultural Market Development Trust
ASALs	Arid and Semi-Arid Lands
ASAP	Adaptation of Smallholder Agriculture Programme
ASDS	Agriculture Sector Development Strategy
AWPB	Annual Work Plan and Budget
CA	Conservation Agriculture
CAF	County Adaptation Fund
CBO	Community-based Organization
CETRAD	Centre for Training and Integrated Research in ASAL Development
CGA	Cereal Growers' Association
CIDP	County Integrated Development Plan
COSOP	Country Strategic Opportunities Programme
CPCC	County Project Coordinating Committees
EAGC	Eastern Africa Grain Council
EBL	Equity Bank Limited
EGF	Equity Group Foundation
EU	European Union
FAO	Food and Agricultural Organisation
FBO	Faith-based Organization
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
GESI	Gender Equality and Social Inclusion
GoK	Government of Kenya
IFAD	International Fund for Agricultural Development
KALRO	Kenya Agriculture & Livestock Research Organization
KCEP	Kenya Cereal Enhancement Programme
KCEP-CRAL	Kenya Cereal Enhancement Programme – Climate Resilient Agricultural Livelihoods
KENAO	Kenya National Audit Office
KENFAP	Kenya National Federation of Agricultural Producers
KES/Ksh	Kenyan Shillings
KFSSG	Kenya Food Security Steering Group
KMD	Kenya Meteorological Department
KM	Knowledge Management
KES	Kenyan Shilling
LtR	Letter to Recipient
M&E	Monitoring and Evaluation
MCA	Member County Administrator
MIS	Management Information System
MoALF	Ministry of Agriculture, Livestock and Fisheries
Mou	Memorandum of Understanding
MTR	Mid-term Review
NAAIAP	National Accelerated Agricultural Input Access Program
NDMA	National Drought Management Authority
NGO	Non-Governmental Organization
PCU	Programme Coordination Unit
PIM	Programme Implementation Manual
POS	Point of Service
PSC	Programme Steering Committee
RBA	Rome-based Agencies (FAO, IFAD & WFP)
RIMS	Results and Impact Management System
SCPSC	Sub-county Programme Steering Committees
TOR	Terms of Reference
USD/US\$	United States of America Dollar
WAO	Ward Agriculture Officer
WFP	World Food Programme

## A. Introduction<sup>1</sup>

1. IFAD mounted a joint mission to the Republic of Kenya from 31 October to 11 November 2016 to supervise the Kenya Cereal Enhancement Programme (KCEP) and to provide implementation support to KCEP-Climate Resilient Agricultural Livelihoods Window (CRAL). The main **objective** of this mission was to review both the technical and fiduciary aspects of KCEP and provide implementation support to CRAL window as well as follow up on key recommendations from the last mission.

2. KCEP was designed as an inter-phased programme with IFAD's Executive Board approval in December 2013 and became effective in April 2014. The initial phase was exclusively funded with European Union (EU) grant contribution of EUR 17.6 million (equivalent to US\$ 21.6 million) and domestic contributions of EUR 12.5 million from Government of Kenya, Equity Bank (Kenya) Limited and beneficiaries. The expansion phase of the Programme is embedded in the design of CRAL Window with IFAD's Executive Board approval in April 2015, became effective in August 2015 and start-up workshop was in August 2016. The Programme is expected to complete in June 2021.

3. The total mobilized funding for the consolidated KCEP-CRAL is US\$153.2 million involving EU consolidated contributions of EUR 27.1 million (about US\$33.3 million, representing 22% of total Programme cost and this exclude the separate EU funding of EUR 9.5 million through FAO); IFAD combined financing of US\$ 73.78 million (representing 48.2% of the Programme cost of which US\$ 61.78 million is an IFAD loan, US\$ 10.0 million is grant from the Adaptation of Smallholder Agriculture Programme-ASAP Trust Fund and US\$2 million is an IFAD grant to FAO) and the remaining US\$ 46.11 million is domestic financing (representing 30.1% of the Programme cost of which US\$4.55 million from GoK; US\$5.46 from Financial Institutions and US\$36.1 million from beneficiaries). Also, both FAO and WFP will be contributing in one way or another to support the Programme implementation in the targeted counties.

4. The main goal of the Programme is to increase incomes and reduce poverty among rural households including those in arid and semi-arid lands-ASALs. The overall development objectives are to (i) contribute to national food security by increasing production of cereal staples (maize, sorghum, millet, and associated pulses); (ii) increase income of smallholders in medium and high potential production areas as well as those in ASALs of targeted crops; (iii) support smallholder farmers in graduating from subsistence to commercially oriented, -resilient agricultural practices through improvements in productivity, post-production management practices and market linkages for targeted value chains and iv) empower county governments and communities to sustainably and consensually manage their natural resources and build resilience to climate change. These objectives will be achieved through the implementation of the following components: i) **cereal productivity enhancement including capacity building for climate resilient productivity and natural resource management**; ii) **Post-production management and market linkages**; iii) **Financial services** and iv) **Programme Management and Coordination**.

5. The mission had interactive technical working sessions with the Programme Coordination Unit-PCU in Nairobi followed by presentations from four key implementing partners (Kenya Agricultural and Livestock Research Organization-KALRO, Agricultural Market Development Trust-AGMARK, Equity Bank (Kenya) Limited-EBL & Equity Group Foundation-EGF and Eastern Africa Grain Council-EAGC) from 31 October to 2 November 2016. There was also a presentation by two representatives<sup>2</sup> of a consortium of researcher selected by IFAD to conduct Impact Assessment of KCEP-CRAL on weather-index insurance. The mission conducted field visits<sup>3</sup> first to the Eastern Region covering

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<sup>1</sup>The mission members were: Hani Elsadani (Country Director and Head of IRON, overall mission leader, IFAD), Jonathan Agwe (Senior Technical Specialist-Inclusive Rural Financial Services, IFAD), Mary Mburu (Agronomist), James Mbwika (Temporary Country Programme Officer focusing on Value Chain Development), Francis Nthuku (Monitoring & Evaluation and Knowledge Management Specialist), Ezekiel Ijala (Procurement Specialist), Jean Bosco Rurangangabo (Financial Management Consultant), Stefanie Bitengo (Targeting, Gender and Youth Empowerment Expert), Eric Patrick (Climate Change Adaptation Specialist, IFAD) and Moses Abukari (EU Regional Programmed Manager, co-mission leader, IFAD).

<sup>2</sup> These are Judith Oduol and Michael Marshall both from World Agroforestry Centre-ICRAF

<sup>3</sup> The members were: Erick Patrick, Francis Nthuku, Mary Mburu, Jameston Mbwika, Jonathan Agwe, Stenfanie Bitengo, Esther Magambo (Senior Programme Coordinator, KCEP-CRAL), Maryann Njogu (Programme Coordinator, KCEP-CRAL), Nyakundi

Embu and Tharaka Nithi Counties from 2-4 November 2016 to interact with visit farmers, agro-dealers and distributors/bulk buyer, held discussions with service providers and partners as well as had interactive sessions with Embu Chief Officer in charge of agriculture and County Executive Committee member (Agriculture) of Tharaka Nithi. The mission was joined by EU and FAO representatives<sup>4</sup>. The second visit<sup>5</sup> was from 6-8 November 2016 to Kakamega county where the mission had extensive discussions with farmers and groups of farmers, agro-dealers as well as agricultural team in Lugari sub-county. The mission had several technical debriefing meetings with the PCU Staff in Nairobi and two Regional Subunits (Eastern and Western).

6. The IFAD Country Director had a bilateral meeting with the Principal Secretary, State Development of Agriculture at Kilimo on 3 November 2016 and the co-mission leader had a courtesy visit to the Director of Resource Mobilization at the National Treasury Office on 9 November 2016.

7. A pre-wrap up meeting was held on 10 November 2016 at the PCU Nairobi Office to discuss emerging findings, key actions as well as clarify any outstanding issues between the Mission and PCU. A final wrap-up meeting, chaired by Mrs Philomena Chege (Head of Agriculture Projects Coordination Unit, State Department of Agriculture), was held on 11 November 2016 at Ministry of Agriculture, Livestock and Fisheries boardroom to discuss and agree on the mission's key findings, conclusions and recommendations as captured in the final Aide Memoire (see Working Paper 1 for list of all participants at these meetings).

## **B. Overall assessment of Programme implementation.**

8. The mission noted a remarkable progress in implementation particularly under KCEP following the IFAD December 2015 mission while the progress is picking up under the CRAL Window. The notable progress under KCEP are i) successful enrolment of a total of 11,678 category 1 farmers (6% young people, 56% male and 38% female) benefiting from the full e-voucher package (comprising of 176.8 tons of assorted certified seeds, 1,399.2 tons of inorganic fertilizer, 7,047 litres of foliar feed, 11,678 tarpaulins and 116,780 hermetic bags) that enabled farmers to plant maize/beans in Western Region while farmers in Eastern region have started planting (sorghum/green gram), established and trained 202 farmers groups on various topics, selected and trained 221 agro-dealers on business management skills, developed many training manuals and modules on production, post-harvest, marketing for 213 training of trainers and 721 extension staff, set up 683 demonstration plots at farmers' group levels and organized eight field days, identified and negotiated contracts with six bulk buyers, signed MoUs and subsidiary agreements with the eight County Governments and key partners (AGMARK, KALRO, Equity Bank and Equity Group Foundation), drafted and validated manuals on Value Chain Financing, e-voucher, Post-harvest handling, etc.

9. Under CRAL, preparatory activities have been initiated following the signing of Financing Agreement including recruitment of additional staff and regional office set-ups, organized start-up workshop, sensitized new counties' authorities and drafting subsidiary agreements and MoUs for new partners.

10. In terms of fiduciary aspects, the cumulative disbursement from the total EU grant financing of EUR 27.1 million is EUR 8.395 million<sup>6</sup> representing disbursement rate of 30.1%; while Government of Kenya disbursement amounts to EUR 1.35 million (representing disbursement rate of 56%) under

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Mogere (Finance and Administrative Manager, KCEP-CRAL), Chomboi Kiprotich (Value Chain Specialist, KCEP-CRAL), Zaweria Thuku (Financial Service Specialist, KCEP-CRAL), Daphne Muchai (PSC member representing Kenyan National Farmers' Federation), Jacinta Ngwiri (Delegated PSC member), Moses Abukari, Judith Oduol (Agricultural Economist, ICRAF) as well as Eastern Region PCU Subunit members (Patrick Hinga, Julius Kiva, Daniel Njenga, Irene Wanjiku and Rachel Mwaniki)

<sup>4</sup> They are Andrea Ferrero (EU); Ambrose Ngetich and Daniel Mwanga both from FAO.

<sup>5</sup> The team were: Francis Nthuku, Mary Mburu, Jameston Mbwiki, Jonathan Agwe, Stefanie Bitengo, Esther Magambo, Maryann Njogu, Raymond Chelule (Monitoring and Evaluation Officer, KCEP-CRAL), Chomboi Kiprotich, Zaweria Thuku, Beth Ndungu (Deputy Head of IFAD Desk Office as delegated PSC member from National Treasury), Philemona Chege (PSC member), Moses Abukari, as well as Western Region PCU Subunit members (Caro Mwangi, Martha Sila, Patrick Ndungu, Gibson Muriithi and Christabel Mise). Also Equity Bank (Kenya) Limited representative (Isaac Ruto) joined the mission.

<sup>6</sup> This amount includes IFAD's management fees and actual amount disbursed so far to the Programme from IFAD at 30 November 2016.

KCEP. Under the CRAL Window, IFAD has disbursed US\$0.496 million (0.8%) from its loan funds of US\$61.8 million and US\$0.859 million (42.9%) from IFAD US\$2 million grant to FAO for start-up activities and no disbursement so far under the ASAP grant of US\$10 million.

11. Since the start of implementation in February 2015, the cumulative total planned activities for KCEP was 326 (110 in 2015 and 216 in 2016) with cumulative total estimated budget of EUR 10,053,798 (85.4% for 2016) as shown in the table below. Overall, cumulatively completed activities are 195 representing a physical implementation rate of 60% which corresponds to a cumulative budget utilisation rate of 63%. Annually, 94 out of the 110 planned activities were completed in 2015 representing a physical implementation rate of 85.5% while in 2016, 101 out of 2016 planned activities were completed representing implementation rate of 47% and these translate to budget utilisation rate of 42.2% and 66.5% respectively at the time of mission. At the component levels, there is marked implementation asymmetry. For instance, in 2015, start-up or preparatory activities, Cereal Productivity Enhancement and Programme management components had high physical implementation rate of 77.8%, 90.9% and 85.7% respectively of the planned activities while the budget utilization rate was highest for Programme Management 29.8%, followed by 14% for preparatory activities; 5.3% for Cereal Enhancement Components and zero for both Post-harvest and Financial Inclusions components. However, this trend has improved in 2016 recording physical implementation rates of 73.3% for Component 4; 72.1% for Component 1; 41.9% for Component 3 and 14.3% for Component 2 but with the following respective budget utilisation rate 90.5%; 47.7%; 84.5% and 0.6%.

**Table 1: Summary of KCEP 2015 and 2016 WPB planned against actual activities as at 30 October 2016**

	Planned activities		Completed activities		% achievements		Planned budget (EUR)		Budget expenditure (EUR)		% budget execution	
	2015	2016	2015	2016	2016	Cum	2015	2016	2016	Cum	2016	Cum
Components												
Preparatory activities /implementation support and capacity building at County-level	27	0	21	0	0.0	77.8	432,223	1,260	1,260	61,774	100.0	14.3
Cereal Productivity Enhancement	22	61	20	44	72.1	77.1	237,912	1,196,990	570,956	583,516	47.7	40.7
Post-harvest & Market Linkages	5	63	3	9	14.3	17.6	16,100	1,456,295	8,914	8,914	0.6	0.6
Financial Inclusions	28	62	26	26	41.9	57.8	779,678	4,006,338	3,386,178	3,386,178	84.5	70.8
Programme Management	28	30	24	22	73.3	79.3	1 831 820	1,927,002	1,743,011	2,289,370	90.5	62.4
<b>Total</b>	<b>110</b>	<b>216</b>	<b>94</b>	<b>101</b>	<b>46.8</b>	<b>59.8</b>	<b>1,465,913</b>	<b>8,587,885</b>	<b>5,710,319</b>	<b>6,329,752</b>	<b>66.5</b>	<b>63.0</b>

12. Clearly from the above analysis and table, the component with the highest speed of physical implementation and budget utilization is Programme Management while Post-harvest & Market Linkages Component has the lowest implementation progress and budget under-utilization. While the mission agrees that the Programme progress over the two years follows the general implementation curve/trend, the PCU should give the same level of priority to Component 2 as main driver of the Programme's graduation pathways for the targeted smallholder farmers to become commercially-oriented within the specific timeline.

13. Table 2 below is the draft consolidated KCEP and its CRAL Window workplan and budget from June 2016 to December 2017 showing that out of 376 planned activities with an estimated budget of US\$36.36 million (equivalent to EUR 34.28 million), seven activities had been completed representing physical implementation rate of 2% at the time of the mission corresponding to a budget utilization rate of 0.3%. The mission noted the drastic increase in the planned activities compared to the two previous Workplans and Budget. For instance, the consolidated workplan and budget has 242% increment in planned activities to the KCEP year 1 work plan and budget with 25 times increase in the estimated budget compared to KCEP year 1. While it is understandable that this consolidated workplan is co-financed by EU, IFAD including the ASAP grant and domestic financing (GoK, Beneficiaries and Financial Institutions), the mission is concerned that this might seem overambitious

workplan particularly as the indicated budget of US\$36.36 million represent 23.7% of the total consolidated Programme budget of US\$153.2 million.

**Table 2: Summary of draft consolidated KCEP-CRAL 2016-2017 WPB as at 31 October 2016**

Component	Planned budget (US\$)	Planned Activities	Completed activities	% achievement	Cumulative Expenditure (US\$)	% budget execution
Preparatory activities /Implementation support & Capacity building at County level	1 717 950	43	5	11.6	50 206	2.9
Cereal Productivity enhancement and resilient capacity building	9 791 130	109	0	0	0	0
Post-harvest & Market linkages	3 953 400	82	0	0	0	0
Financial Inclusion	18 542 480	99	0	0	0	0
Programme Management	2 352 970	43	2	4.7	39 443	1.7
<b>Total</b>	<b>36 357 930</b>	<b>376</b>	<b>7</b>	<b>1.9</b>	<b>89 649</b>	<b>0.3</b>

14. As the workplan drives the annual implementation performance of the Programme and based on the average KCEP annual physical implementation rate of 60%, the mission urges the PCU to continuously plan for a realistic workplan with corresponding objective budget estimate to minimize the risk of under-performance at the end of each implementation year. A quarterly workplan review should be established by the PCU to ensure stringent monitoring of the implementation progress and make necessary adjustments in keeping with the pace of planned activities particularly given the expected astronomical increase in the number of partners and service providers to be involved in implementation.

15. In assessing the likelihood of KCEP achieving its objectives, the mission is of the candid view that though progress has been made, the Programme is highly unlikely to achieve its objectives within the current completion date of 20 December 2017 unless no-cost extension is granted to ensure that the original completion date of KCEP is somehow aligned to its CRAL window implementation timeline. This assertion is predicated on the following implementation facts: i) out of the design target of 40,000 farmers under Category 1, only 11 678 farmers were eligible to access the e-voucher packages for the first cropping although farmers in the Eastern Region have just started their planting season while farmers in Western Region are harvesting their first produce. Thus only 29.2% of farmers of the target are somehow benefiting from the full e-voucher package while it is expected that all the 40,000 smallholders are to be reached and supported with input subsidies through the e-voucher scheme for three consecutive cropping seasons under rain-fed farming in the eight targeted counties; ii) these farmers are then expected to fully adopt technological packages introduced by the Programme to ensure incremental production and productivity to cumulatively contribute about 41,000 tons to national grain production but currently this is hard to ascertain as only Western Region farmers are harvesting their maize and beans although field interactions indicated farmers are more than doubling the yield; iii) only 9,189 out of the design target of 60,000 Category 2 farmers have been selected and being trained on various topics but are yet to benefit fully from value addition and agribusiness interventions over the defined timeline; iv) only 202 out of target of 1,332 farmers groups have been formed and trained (only in the Western Region) but are yet to be registered and further strengthened to enable them provide the expected services to their members as well as possibly manage and operate as limited liability companies for warehouse receipts and post-harvest group-owned facilities, etc; v) both the category 1 and 2 farmers are expected to be supported from the Programme interventions with a view of “graduating” them from subsistence into market and commercially-oriented levels. However, at the time of the mission it was clear that the Programme had not developed an operational graduation plan/strategy that will guide the target farmers and implementing partners through a graduation pathway and how such plan/strategy will possibly reinforce the planning and sequencing of interventions (e.g. trainings, capacity building, etc.) and required timeline (beyond the time-bound input subsidies) for a farmer to be have been sufficiently capacitated to be tagged “graduated”; vi) none of the proposed warehouse receipts have neither been



rehabilitated nor established and vii) only six out of target of 25 buyers are in the process of being facilitated to establish input-output contractual linkages with the e-voucher farmers.

16. Several factors have directly and indirectly contributed to this and they include but not limited to i) general delay in meeting effectiveness and disbursement conditions; ii) delays in drafting and signing subsidiary agreements with Equity Bank (Kenya) Limited and Equity Group Foundation, AGMARK, KARLO; legal disqualification of Cereal Growers Association-CGA who were supposed to support mobilization and provide advisory services to farmers under component 1 and prolonged finalization and signing of subsidiary agreement with Eastern Africa Grain Council; iii) lengthy process in selecting, vetting, enrolling and securing the mandatory financial contributions of farmers prior to being eligible for e-voucher packages vis-à-vis the observed high disqualification rates between when farmers are selected and those eligible for final access to e-voucher scheme; iv) general delays in the flow of funds and v) initial planning challenges that the PCU had to face in dealing with effective and efficient Programme implementation arrangements.

Agreed action	Responsibility	Agreed date
Closely monitor the implementation of a realistic AWPB to ensure balance physical progress and budget utilization by components	PCU	Quarterly review and updating of progress
Programme is unlikely to achieve any of its objectives under current pace of implementation and should provide convincing justification for possible no cost-extensions of KCEP interventions for consideration by the donors	SDA/IFAD/EU	By 28 Feb 2017
Develop and rollout a Programme graduation plan/strategy to guide overall implementation of interventions	PCU	By 28 Feb 2017

## C. Outputs and outcomes

### CEREAL AND CLIMATE RESILIENT PRODUCTIVITY ENHANCEMENT COMPONENT

17. The cereal productivity enhancement component aims to improve food security and generate marketable surpluses by increasing grain production and productivity as well as strengthen the resilient capacities of farmers and empower communities to manage and sustain their natural resource base. This will be achieved through the use of yield enhancing technologies and good crop husbandry practices that will be introduced by the Programme. This component is targeting smallholder farmers with a minimum of one acre and are facing challenges in enhancing their cereal production and productivity in the medium to high potential areas under KCEP and those in Arid and Semi-Arid Lands under CRAL Window.

18. The target is to have 150,000 smallholder farmers (95,000 ASAL farmers) adopt improved technological practices/packages which will include both subsistence commercialized farmers and in both categories at least 50% of them are women and youth.

19. The Programme planned and implemented a number of interventions that included selection and training of 10, 319 farmers and 202 farmers groups, training of 721 extension agents on various topics, selection and validation of technological packages to suit various agro-ecologies, setting up of 783 demonstration plots (100 field research trials and 683 at farmers' fields), enrolment of 11,678 farmers for e-voucher packages and distribution of validated crop model inputs and post-harvest items, selection and training of 221 agro-dealers and organization of eight field days. All these interventions were being implemented under KCEP and at the time of the mission, CRAL specific activities were being planned to cover the 2016-2017 implementation period.

20. **Implementing Partners.** The two main partners supporting implementation of activities under this component are **Kenya Agricultural and Livestock Research Organization (KALRO)** focusing on development and dissemination of technical packages for enhancing crop production and productivity and **Agricultural Market Development Trust (AGMARK)** responsible for building capacities of agro-dealers as well as ensuring their quality control in service provisions. Both KALRO and AGMARK have signed Subsidiary Agreements with the Programme which defines the scope of envisaged activities, timeline and expected results as well as roles and responsibilities for each partner. However, the component experienced significant delays due to the legal disqualification by

the State Law Office of two other key partners namely **Cereal Growers Association-CGA** and **International Plant Nutrition Institute-IPNI** who were identified during the design of KCEP. The December 2015 IFAD mission captured this concern particularly on the CGA and proposed that while further due diligence is being taken on CGA, the PCU should simultaneously identify 2-3 competent service providers for consideration in the event of negative outcome from CGA due diligence. Under CRAL Window, the Programme is expected to expand its partnership space to include additional five counties and partners such as Kenya Meteorological Department-KMD, National Drought Management Authority-NDMA and Centre for Training and Integrated Research in ASAL Development-CETRAD. For the additional CRAL Counties, MoUs need to be timely drafted and signed while subsidiary agreements need to be drafted and signed with KMD, NDMA and CETRAD as the PCU has initiated plans at the time of the mission taken into account lessons from KCEP experience.

21. The mission noted that while CGA made progress to change its status into a limited liability society by guarantee, there has not been any further communication from the State Law Office as to whether CGA is now legally eligible to participate in the Programme implementation as foreseen at design. To fill this gap, the PSC advised the PCU to rely on County Agricultural Offices for the mobilization, sensitization and training of farmers. The mission wishes to stress that this should be considered as an interim arrangement and not outright substitution of CGA as this will imply a significant change in the design. However, if by the end of the year CGA fails to communicate to the PCU a legal basis for their possible re-engagement with the Programme, then the PCU should select 2-3 competent service providers taking into account IFAD's communication in June 2016 endorsing the ToR for competitive recruitment of alternative partner(s). Otherwise, the Programme should provide comprehensive cost-effectiveness analysis to rationalize why the Programme should continue with County Agricultural Offices for both IFAD and EU considerations and subsequent justifications for the amendment of the Contribution Agreements. The mission is however concerned of the potential conflict of interest if there is no clearly defined roles and transparent mechanism to differentiate the requirements of an implementing partner as the case might be with County Agricultural offices from that of supervisory/regulatory partner. The Programme needs to consider devising an objective and transparent check and balance process for all contracted service providers and implementing partners to ensure consistent delivery of quality services prior to the start of the cropping season.

22. **Effective Agricultural Services Sub-Component** main outcome is to support farmers to increase production and productivity of selected crop models (combination of cereals and associated pulses) as a result of training, input packages and linkages to agro-dealers as well as targeted advisory services to farmers.

23. *Community mobilisation and selection of beneficiary farmers.* The PCU sensitized key stakeholders in the 16 sub-counties (two per County) out of planned target of 16 fora (representing 100% achievement rate) and resulted in the formation of 60 selection committees at both the ward and sub-county levels out of a target of 103 (representing 58.3% achievement rate). Such fora were used to also distribute beneficiary application forms and sharing of the clear criteria for selection of both farmers (categories 1 and 2) as well as agro-dealers. Based on this output, the PCU was able to organize 219 awareness campaigns to mobilize communities out of a target of 261 (representing 83.9% achievement rate) and distributed about 22,350 beneficiary application forms in both Western and Eastern Regions.

24. The established sub-county and ward selection committees used the PCU criteria to select a total of 19,744 Category 1 farmers out of the target of 17,300 (representing 114% achievement rate) reaching 5,000 farmers in Western Region and 14,744 in Eastern Region. Under Category 2, 9,189 farmers (43.5% from the Western Region and 56.5% from the Eastern Region) have been selected but females constitute 48.8%. Based on lessons learned from the Western Region where many farmers were disqualified in the subsequent Equity Bank Limited led verification processes, the mission noted that the PCU selected farmers above the target in Eastern Region (12,300). Although the mission supports this strategy of a reserve list of farmers, expectations need to be carefully managed by both the PCU and selection committees given the increasing demand for Programme

support as observed during interactions with beneficiaries in Kakamega County. During the reporting period, 60 beneficiaries out of target of 87 had signed beneficiaries' commitment documents with the PCU as confirmation of beneficiaries' interest in the Programme intervention. It is important that the sensitization of communities and beneficiaries are thoroughly done to ensure that the targeted farmers and communities have deeper understanding of the programme interventions and that they can remain committed to programme activities and take full ownership of the results.

25. *Selection, training and support to agro-dealers.* Selection of agro-dealers is undertaken by the sub-county selection committees guided by the Programme pre-determined criteria once agro-dealers have responded to the call for expression of interest in each of the eight counties. During field interactions with some of the selected agro-dealers, they confirmed the wide publicity in their counties but some agro-dealers were reluctant to apply due to bad experience from earlier initiatives. At the time of the mission, a total of 264 out of a target of 300 agro-dealers had been selected by the 16 sub-county committees for further screening by EBL. 190 of them met the EBL screening and verification process and this translate into 63% approval rate (300 planned target) by EBL with Western Region approval rate of 70% (target of 150) compared to 57% rate in Eastern Region (150 target). At the time of the mission, 221 (90 females and 131 males) of these selected agro-dealers had already been trained by AGMARK on business management, stock management and product knowledge. Since there is no established appropriate agro-dealer to farmer ratio or density, the mission is concerned that much efforts are needed from both the PCU and the County Agricultural Offices to widen the scope of the sensitization of agro-dealers to ensure that farmers will have secured and timely access to agro-inputs as the combined KCEP-CRAL targeting of 185,000 smallholder farmers are expected to be served by at least 300 agro-dealers in the 13 target Counties. Importantly, efforts can be directed towards reducing the disqualification rate from the current level of 39% to much lower levels while ensuring an appropriate agro-dealer to farmer ratio or density in the target counties.

26. Once approved, all eligible agro-dealers are trained by EBL on financial and business management before being supplied with Point of Sales (POS) and record books as legitimate agents of EBL for operation of the e-voucher system. So far, the PCU has facilitated the linkages of 140 agro-dealers to bulk input suppliers and distributors in the target counties to ensure regular and secured supply and stocking of the appropriate and required inputs. During interactions with agro-dealers, it was revealed that this arrangement is having a huge positive impact on the agro-dealers and enumerated tangible benefits include i) providing secured and expanded client-base and market share as agro-dealers were guaranteed a minimum number of farmers to be served during the cropping season with the pre-determined inputs including post-harvest items; ii) technological advancement through the use of POS to guarantee highly reliable and real-time payments ensuring instantaneous access to revenue compared to past experience and iii) increased agro-dealers' profit margins unparalleled in their business operations within a season that has in turn deepened their confidence and trust in the Programme.

27. However, the agro-dealers raised the following issues they felt could potentially undermine their business growth or expansion in the near future if not well addressed:

- i) Possible crowding-out by Government input subsidy schemes which seem to rely heavily on public extension systems without close involvement and consultation with the agro-dealers or even through their organized associations either at the national or county levels. Public subsidy schemes are distorting the prevailing market price of inputs (in some instances up to even 50% less the market price) creating a disincentive for agro-dealers to timely stock the required inputs. This increases the risk of untimely access to inputs by farmers during the planting seasons considering that government subsidies are often unplanned, untimely and do not often reach majority of poor smallholder farmers;
- ii) The need for more training and enhanced technical knowledge among agro-dealers to enable them advice farmers and complement information provided by public extension agents. Farmers demand for inputs from agro-dealers has increasingly been accompanied

with demand for technical knowledge and extension advice on better utilization of the inputs. To address this demand, some of the agro-dealers have even set-up demonstration plots while others have employed private extension staff (young agricultural graduates) to provide such demanded advisory services. However, it was clear during the field visits that majority of the agro-dealers lacked the requisite knowledge and skills to effectively meet this increasing demand from farmers. In this regard, the *mission recommends that the PCU should liaise with FAO, relevant NGOs and County Agricultural Offices to possibly avail relevant technical training materials (manuals, videos, posters, etc in relevant local languages) for use by the agro-dealers to properly advice farmers based on demands;*

- iii) Access to finance for start-up and accelerating agro-dealers business seems to be a challenge to many entrepreneurs who are interested in such agribusiness. It was evident from the field that some of the agro-dealers started with savings from either their salaries or pension packages. It was unclear whether there is any specific start-up and accelerator capital dedicated to the agro-dealers as this might be highly attractive agribusiness for young women and men in the country. In the interest of advancing the Programme objectives, National and County agro-dealer associations could possibly advocate with financial institutions particularly those involved in the implementation to develop specific financial products to suit the needs of the programme and
- iv) allocation/assigned number of farmers to be served by each agro-dealer in each county and sub-counties seem to restrict or limit the opportunities that some agro-dealers have to serve more Programme targeted farmers than those assigned to them. While the mission agrees with the Programme intention of ensuring fair spatial distribution of farmers to selected agro-dealers based on the current stocking capacities, the absence of clearly mapped and defined agro-dealer to farmer density/ratio will likely continue to create misunderstanding among the agro-dealers on one hand and at the same time raising fears among farmers of increasing transaction costs in accessing inputs from agro-dealers that might be perceived to be far away from them. *In order to ensure proper planning and achieve appropriate agro-dealer to farmer density/ratio, the mission sees the need for utilizing a possibly participatory barazas that involve farmers and agro-dealers based on the outcome of clear mapping (e.g. GIS, Google Earth, etc. tools) to allocate eligible farmers to selected agro-dealers in the target programme areas.*

28. The mission noted that currently, the Programme does not have any contractual arrangements with the agro-dealers to ensure timely access to inputs by the beneficiaries. For instance, while there was a general agreement between the Programme and agro-dealers on the purchase of approved cereal varieties for farmers in the Eastern Region, it was reported that some of the agro-dealers had sold all their stocked cereal varieties to an NGO without prior consultation with the Programme and some farmers had to be offered substituted crop than what they had been promised at the time of accessing crop input in the Eastern Region. This implies that farmers have limited choice of access to certified seeds. This increases their risks of income and market diversification opportunities should there be continued non-availability of commercial millet and pigeon pea seeds in the Programme areas. As a result, the *mission recommends that the PCU develop contractual modalities with agro-dealers to ensure that Programme beneficiaries have secured and priority access to approved inputs during the cropping season.*

29. In spite of the above concerns, the agro-dealer model presents a remarkable change in the business process and provides tangible evidence that can generate interest from other agro-dealers not yet participating in the Programme. Given the increasing benefits, outcomes and impact of this initiative, it will be extremely important that the Programme closely collaborate with the agro-dealers and their associations to develop case studies, documentaries and lessons learned to share widely on the emerging success of this model. This can form part of the Programme advocacy tools to inform national and county governments' decision making processes particularly on how to engage agro-dealers as key actors in agricultural value chains targeting especially youth agribusiness initiatives.

30. *Training of farmers on improved crop technologies.* Farmers' training in the form of demonstration plots, field days, exchange visits and normal training through ToTs, extension agents or contracted implementing partners is a critical aspect of the adoption of technology being promoted by the Programme.

31. At the time of the mission, the Programme had trained 4,055 category 1 farmers (60% female and 40% male) out of planned target of 5,000 in the Western Region while a total of 6,264 farmers in Eastern Region out of target of 12,300 are being trained in good agricultural practice, record keeping, spacing, intercropping, fertilizer and seed application, integrated pest management, among others. So a total of 10,319 farmers out of a planned target of 17,300 (representing an achievement rate of 60%) are benefiting from the various trainings. Also, 683 out of a planned target of 2,329 demonstration plots have been established at farmers' group levels mainly in the Western Region. These demonstrations are cascaded from KALRO's on-trial demonstrations which are done in close collaboration with the respective County Agricultural Offices. These demonstrations are aimed at increasing farmers' adoption rate of the validated technologies and improving farming practices for enhanced crop production and productivity. An estimated 5,400 farmers (55.4% females and 44.6% males) participated in these demonstrations. In addition, a total of eight out of 25 field days were organized in the Western Region at the time of mission involving 2,751 participants (54% females, 42% males and only 4% young people) who were exposed to crop performance under different treatment, crop varieties, intercropping, chemical weed control, post-harvest management, etc.

32. Many of the beneficiaries the mission interacted with demonstrated some knowledge and skills in the field application of practices they have been trained on. However, the mission observed little or no replication of these improved technological packages and trainings beyond the one acre farm targeted by the Programme nor was it clear how the trained farmers were sharing their acquired knowledge and skills with other farmers in their communities. Furthermore, it was observed that misconceptions exist among some farmers in adopting some of the technical packages. For instance, there is widespread general belief that sorghum is a "poor man's crop" or that use of certain fertilizers could "burn" their crops. These are areas of concern that the Programme together with County Agricultural Offices needs to address by intensifying adoption of technological packages among the target farmers. This can be achieved through carefully planned farmers' exchange visits to more progressive communities to enable sceptical communities to learn and appreciate the importance and impact of overcoming socio-cultural barriers in adoption of appropriate and certified technologies. This approach will most likely dispel such misconceptions among farmers and enhance adoption of improved technologies and practices. As a means in mitigating the potential risks that may arise from wrong application of the technological packages being promoted by the Programme, the mission urges for the timely set-up of the demonstrations at farmers' plots in the Eastern region given that farmers have already started planting.

33. Even though many of the farmers acknowledged that these trainings and technological packages were new, those who have adopted them are seeing direct benefits. There is however a divided view among farmers of the nature of behavioural changes induced by the adoption of the full technological package under the Programme. For example, whereas some farmers in the Eastern Region expressed concern about the high labour intensity especially in counties with labour scarcity, those in the Western Region see an impact of spending more time on their farms as this is considerably reducing some social problems (e.g. idleness, gossips, inter-household conflicts, etc). To enhance technology adoption both among farmers and the general farming community, *the mission recommends that the Programme should conduct a study to assess the effectiveness and outcomes of the various trainings and establish the degree to which farmers are adopting practices beyond the one acre farm under the Programme as it was clear that farmers had other farms that they put under cultivation.*

34. **Selection and validation of crop input packages.** KALRO is the main driver of the crop input package determination. The process involves inventorying of existing technologies and technical packages, followed by soil fertility mapping and soil nutrient requirements complemented by technology trials to determine which ones perform best and are suitable for the different agro-ecological zones and meet market demands.

35. Crop models are then appropriately determined taking into account the cereals and associated pulses combination as proposed in the design document. The standard crop models are i) maize/beans largely promoted in the Western Region; ii) sorghum/green gram and iii) millet/pigeon peas are mostly promoted in the Eastern Region. KALRO conducts on-farm crop varietal validation trials in the Counties and then invites stakeholders to select the varieties by ranking them in terms of degree of preference. The characteristics that are considered in this selection process include yield potential, tolerance to water stress, pest and disease, maturity period, marketability, storability, grain quality and seed availability. From the County selection processes, stakeholder validation workshops were organized separately in Western and Eastern Regions involving KALRO, County Agricultural Officers, Farmers, agro-dealers, seed companies, bulk suppliers and distributors, Programme staff, etc. The outcome of this workshop is the confirmation of the suitability of crop varieties selected, determination of the quantities required and timing, required fertiliser needs for basal and top dressing, estimation of price per unit of these inputs, post-harvest items (10 hermetic bags and 1 tarpaulin for each eligible farmer) as well as the list of qualified agro-dealers for farmers to access these e-voucher package from and estimated price and period of access. The mission noted that there are some indigenous/traditional varieties of cereals that are not being produced commercially apparently due to low demand over the years. The timely estimation of the demand of the inputs (especially crop seeds) is critical to ensure that the seed system works. The Programme, therefore, needs to plan early and determine the required quantities of seeds as this will enable seed companies and distributors to plan in advance and make such required seeds available to the Programme beneficiaries. The table below provides a summary of the selected and validated crop input packages for each County but estimated cost for the e-voucher package is covered under component 3 below.

**Table 3. Prioritized input packages per targeted county**

County	Crop type	Prioritized Varieties	Fertilizer		Remarks
			Basal	Top dressing	
Kitui	Sorghum	Gadam, KARI Mtama1 and Sila	NPK 23:23:0	Foliar feed	
	Millet	Kasati/Kat PM1, Kiraka and Kat PM3	NPK 23:23:0	Foliar feed	Was not planted due to lack of certified seeds
	Green grams	Nylon/N26 and KS 20	NPK 23:23:0		
	Pigeon pea	Mbaazi 1, Kat 60/8 and Peacock	NPK 23:23:0/20:20:0		Was not planted due to lack of certified seeds
Embu	Sorghum	Gadam and Sila	NPK 23:23:0	Foliar feed	
	Millet	Kat PM3, Kat PM1 and Kat PM2	NPK 23:23:0	Foliar feed	Was not planted due to lack of certified seeds
	Green grams	N26, KS20 and N22	NPK 23:23:0		
	Pigeon pea	Mbaazi 1, Kat 60/8 and Mbaazi 2	NPK 23:23:0		Was not planted due to lack of certified seeds
Tharaka Nithi	Sorghum	Gadam, KARI Mtama1 and Sila	NPK 23:23:0 or NPK 17:17:17	Foliar feed	
	Millet	Kat PM1, Kat PM 3 and Kat PM 2	NPK 23:23:0	Foliar feed	Was not planted due to lack of certified seeds
	Green grams	N26, KS20 and N22	NPK 23:23:0		

	Pigeon pea	Mbaazi 1 and Kat 60/8	NPK 23:23:0		Was not planted due to lack of certified seeds
Nakuru	Maize	H6218, H6213	NPK 23:23:0	CAN 26:0:0	
	Bean	Chelalang	NPK 23:23:0		
Nandi	Maize	H6213, H6218	NPK 23:23:0	CAN 26:0:0	
	Bean	Rosecoco (GLP 92)	NPK 23:23:0		
Kakamega	Maize	H6218, H6213	NPK 10:26:10 Mavuno	CAN 26:0:0 Mavuno	Plus Cao, Boron and Sulphur
	Bean	Rosecoco (GLP 92)	NPK 10:26:10 Mavuno		
Trans Nzoia	Maize	H6218, H6213	NPK 10:26:10 P-Mazao	CAN 26:0:0	Cao and Mg
	Bean	Rosecoco (GLP 92)	P-Mazao		
Bungoma	Maize	H6213, WH505	NPK 10:26:10 Mavuno	CAN 26:0:0 Mavuno	Plus Cao, Boron and Sulphur
	Bean	Wairimu, Rosecoco (GLP 92)	NPK 10:26:10 Mavuno		

36. An issue that the mission picked up during the field visit was the choice of fertilizer. It is not clear why Mavuno and calcium ammonium nitrate were selected as the two fertilizers for some of the Counties although it was noted that soil nutrient mapping would have possibly dictated varying soil nutrient deficiencies in each of the agro-ecological zones. It was noted that Mavuno has the observed characteristics of acidifying soils and as such excessive use would have significant detrimental effects in farmers' field and thus the environment. Interactions with some of the County Agricultural Officers confirmed that some Counties have outrightly banned the use of Mavuno and the general recommendation is that Mavuno should be used only in KALRO research demonstrations and not as item for the e-voucher scheme. At the time of the mission, KALRO had been contracted by the Programme to conduct a soil nutrient mapping in order to have sound basis to determine the soil nutrient requirements for the next cropping season. However, there is apparent doubt about the effectiveness and quality of soil nutrient mapping by KALRO, prompting some of the Counties to opt for conducting parallel soil nutrient mapping as back up. *The mission recommends that a validation workshop should be organized where both KALRO and the Counties can jointly present their findings. This will provide a platform for key stakeholders to objectively validate the relevant findings to better inform the appropriate selection and choice of fertilizer for the e-voucher scheme in each agro-ecological zone.* This exercise is extremely important in view of the mitigation measures that the Programme should take in order to comply with safeguards under the Social, Climate and Environmental Assessment Procedure-SECAP as part of the CRAL Window as well as compliance with national and county environmental regulations and procedures.

37. *E-voucher enrolment and distribution of input packages.* Farmers selected by the Sub-county and ward committees are further subjected to screening by Equity Bank Limited to qualify for enrolment in the e-voucher scheme. The mission noted that there is a high dropout/disqualification rate in the vetting process arising from several factors explained further under component 3. For instance, from the total of 19,744 farmers selected, despite being 14% higher than the planned target (17,300), 11, 678 farmers were finally eligible to access the full e-voucher package; representing almost 60% of total selected farmers. This means 40% of farmers selected are disqualified along the way and therefore become ineligible to access the e-voucher package. Thereafter, these eligible farmers are required to open a bank account with EBL and deposit their 10% contributions of the value of the e-voucher package for the first cropping season after which they are issued with customized and ring-fenced debit cards. The cards are segmented into different e-wallets (seeds, fertilizers, hermetic bags & tarpaulins). Based on the validation and valuation of the e-voucher package, the eligible farmers and agro-dealers are informed of the date of the cropping season and sequence of the distribution of the inputs that each farmer needs to collect from their assigned/allocated agro-dealer in their County. Certified crop seeds and basal fertilizers are the first e-wallet to be activated where farmers access the pre-determined quantities with their respective debit

cards and later in the season, the farmers access the second e-wallet comprising top-dressing fertilizers and the post-harvest items (hermetic bags and tarpaulins) prior to harvesting of their produce. Both the farmers and agro-dealers shared with the mission a number of issues that were encountered during the input distribution phases that are further elaborated in component 3 below.

38. For the first cropping season, the Programme distributed a total of 46,310 Kg of certified maize seeds (H6218, H6213 and W505 varieties), 28,188 Kg of certified sorghum seeds (Gadam and Sila varieties), 28,188 Kg of certified green gram seeds (N26 and KS20 varieties), 74,096 Kg of certified beans seeds (Rosecoco, Wairimu and Chelalang varieties), 1,399,200 Kg of fertilizers (75% for basal and 25% for top dressing as well as 7,047 litres of foliar feed for Eastern region as part of top-dressing), 11,678 tarpaulins and 116,780 hermetic bags to 11,678 eligible farmers under category 1. These crop input package is enabling production of maize, sorghum, green grams, and beans on a total of 11, 678 acres (about 4, 671 hectares).

39. The adoption of the above technological packages coupled with ongoing farmers training seems to have immediate outcome and impact in the field. For instance, during field interactions with farmers in the Western Region, several farmers reported that the maize and bean yields increased from 8-10 bags/acre to 20-27 bags/acre for maize (i.e. from 720-900 kg/acre to 1800 – 2,430 kg/acre). This represents two and half times increase in the yield. The key factors that the farmers attributed to this increase in productivity were timely access to inputs and training on good agricultural practices. Additionally, they were trained on postharvest handling, especially hygienic drying using tarpaulin and storage of grain in hermetic bags for household consumption. *The mission recommends that the Programme in collaboration with the County Agricultural Offices to conduct crop yield sampling in order to establish the actual yield increases to enable tracking progress against the Programme target of doubling yields of cereals as well as contribute to national food security target (41,000 ton or about 10% reduction in national grain deficit).*

40. *Crop input price setting mechanism.* The validation of the input crop package forms the basis for estimating each technical item to determine the average cost of the e-voucher package per farmer/acre in each county. The modalities for the pricing involve discussions with farmers, agro-dealers, bulk suppliers and distributors, seed companies and to agree on an estimated e-voucher package costs. These validation meetings which are usually two-three months prior to the start of the expected planting season take into account the prevailing market price at the time. While the mission appreciates the pro-active planning of input cost by the Programme and stakeholders, interactions with agro-dealers during the mission revealed that the estimated price for input cost are taken as fixed and non-negotiable at the time farmers access the e-voucher package even when prevailing market prices may be comparatively lower than the estimated cost. It appears that neither the farmers nor the agro-dealers were fully aware that the estimated e-voucher package cost was indicative, hence e-voucher beneficiaries were expected to access their pre-determined input package at acceptable price margins in view of the prevailing market price for the same input just as non-programme beneficiaries. This invariably made the cost of e-voucher scheme much higher for target farmers compared to non-programme beneficiaries.

41. Furthermore, it was realized during the field visits that some transactions conducted by farmers (cost of transport in accessing each e-wallet) in relation to the e-voucher scheme are not fully captured in the price input setting. As it is expected that with CRAL implementation the e-voucher package will include additional services like crop insurance and agricultural/ploughing services, the mission suggest that the Programme *provides a comprehensive basis for costing the e-voucher package per farmer of all the required transactions and inputs in order to derive the e-vouching costing. Also, the Programme needs to establish a clear basis for defining the e-voucher scheme cost at an acceptable margin that accommodates fluctuations in prevailing input prices given the time-bound subsidy arrangement by the Programme to ensure that farmers are empowered to purchase these inputs well beyond programme support or even with reduced public subsidy interventions.*



42. *Training of extension agents and other service providers* to provide critical advisory and support services to the farmers is a key intervention in the Programme's sustainability arrangements. The Programme conducted an inventory of service providers (both public and private) in all the 16 sub-counties under KCEP before the call for application from which a total of 1,250 service providers applied exceeding the planned target of 1000 applicants. Those who applied were subjected to vetting and selection based on established criteria. At the time of the mission, a total of 71 service providers (30 females and 41 males) out of a planned target of 350 had been trained on community development covering group dynamics and gender mainstreaming. The concentration of the trainings is on the selected extension agents (Training of Trainers) covering topics such as new crop technologies (721 out of planned target of 720; 451 males & 270 females), soil fertility management & diagnostics of nutrient (168 out of planned target of 240) and climate smart good agricultural practices (164 out of planned target of 240; 83 males, 73 females and 8 young people) which are all being delivered by KALRO.

43. The ToTs are expected to provide step-down training to farmers in their respective sub-counties and wards using the training materials provided during their training. The mission is however concerned that there seems to be no effective plans in place to ensure timely coordination of the step-down trainings and it is even unclear the incentive structures in place to motivate these ToTs to continually strengthen the capacities of the target farmers. Since these trainings are currently being conducted by KALRO, there is concern about the general quality of these trainings as it is apparent that KALRO is spreading beyond its core mandate and competency. *The mission therefore recommends that the Programme should assess the effectiveness, relevance and outcome of these trainings done by KALRO and critically consider if KALRO is the best placed institution to be conducting such trainings or whether there are topics that KALRO has right competence and expertise to deliver.*

44. **Supporting demand of inputs and services sub-component** aims at strengthening the capacity of farmers' organization-FOs and undertaking specific studies to inform better planning and targeting of the beneficiaries. This sub-component was expected to be implemented by Cereal Growers Associations (CGA) but their involvement was still uncertain at the time of the mission. So far, the Programme had supported formation of 202 farmers groups out of annual target of 1,092 (representing physical implementation rate of 18.5%) but this represent a Programme achievement rate of 15% against the design target of 1,333 FOs. These FOs are only for the Western Region while identification and formation of FOs in Eastern Region are ongoing. The mission stresses that the timely formation, strengthening and empowerment of the FOs are central to the sustainability of the Programme and therefore, it should be a continuous priority for the Programme to rollout the pending activities especially drafting of bye-laws/constitutions, selection and training of leaders, registration with the appropriate public authorities. This will then provide a para-legal basis for the FOs to operate and run as either cooperatives or recognized organizations that can transact business at all times. Also, it was unclear during the mission the plans to support FOs graduation and integration into County and National Farmers Apex bodies especially given the uncertainty of the involvement of CGA although there are equally relevant farmers apex institutions that could be of relevance to the FOs being formed and strengthened by the Programme.

45. **Community based sustainable resource management and adaptation to Climate change sub-component.** This subcomponent is exclusively financed with grants from the Adaptation of Smallholder Agriculture Programme-ASAP Trust Fund to the tune of US\$10 million. It will strengthen the resilient capacity of targeted smallholder farmers to be complemented with institutional strengthening of public and private agents in order to deliver quality climate adaptation services to boost the production and productivity of cereals as well as adopt climate smart agricultural practices to sustain community's natural resource base. At the time of the mission, the Programme was at the initial stages of planning interventions including expanding programme activities to five targeted ASALs. In this regard, the mission focussed on supporting the planning process by providing guidance on specific areas to consider in the implementation of the ASAP specific interventions.

46. *Building resilience through county planning process.* As the CRAL is largely to be implemented through the county structures, the mission urges the Programme to ensure broader interface with the Planning Department as well as other key agencies beyond agriculture to provide adequate representation in the County Steering Committees or relevant county structures. County Integrated Development Plans-CIDPs are the overall development framework for each county and it is extremely important that Programme interventions are aligned to the priorities of the CIDPs as they have five-year implementation timeline and this will provide opportunities for the Programme to possibly ensure mainstreaming of climate resilience experience during drafting of new or revision of existing CIDPs.

47. As the mission observed that a very high proportion of some county budgets are spent on staffing and high visibility infrastructure, a capacity needs assessment should be commissioned in order to prioritize climate adaptation and NRM capacity building of county, sub-county and ward level staff. This assessment should be extended to National Drought Management Authority, CETRAD and KMS at the county level and identify capacity gaps that could not be possibly filled by the public institutions and what need to be complemented through private sector partners as appropriate.

48. *Selection of sub-counties for CRAL interventions.* The selection criteria established at design was adjusted by the Rome-based Agency Technical Working Group involving the PCU. At the time of the mission the selection was being finalized. While the mission noted that these indicators used for the assessment of vulnerability were wet days and total amount of rainfall, the inverse weight was rather assigned to this indicators to ensure that most vulnerable sub-counties were prioritized taking into account other criteria.

49. The mission observed gaps in the viability of the existing extension arrangements in the counties as it appears that staff are hired based on a range of criteria and not prioritized based on competence/expertise. Given the importance of using the extension (both public and private) network in diffusion of climate smart agriculture and resilient information services/advice, it will be useful for the Programme to develop an integrated extension strategy based on SWOT analysis in each county with clear monitoring plan to track the effectiveness and consistency of key climate adaptation activities. The mission however reviewed the CSA extension materials produced by KALRO and they seem adequate but they were more generic. Close collaboration with key partners in CSA domain will be relevant to share experience but also with the view to adopt coherent and consistent CSA and CA practices for adoption by farmers.

50. *Piloting of County Adaptation Fund-CAF.* Bilaterals such as UK through DfID has experience in piloting and replicating CAF approach in some counties. The mission urges the PCU to liaise with Kitui County Authorities to learn from their experience in order to better understand the opportunities and challenges in replicating this process in some of the counties including Kitui under the CRAL window. This will also provide a basis for the Programme to identify operational synergies between exclusive KCEP Counties (Western Region) and exclusive CRAL Counties (Coastal Region).

Agreed action	Responsibility	Agreed date
Should CGA fail to communicate a legal basis, 2-3 service providers should be competitively selected to substitute CGA otherwise a cost-effective justification should be provided for the continuous engagement of County Agricultural Offices	SDA	By 28 Feb 2017
Liaise closely with key partners (e.g. FAO, relevant NGOs, County Agricultural Offices, etc.) to supply agro-dealers with technical training and advisory materials (e.g. manuals, videos, pamphlets, etc) to use as reference materials in providing better advice to farmers on demand	PCU/Partners/Agro-dealers	By 31 Mar 2017
Mapping of selected agro-dealers to serve as a basis for determining the agro-dealer-farmer density/ratio and confirmed possible in <i>barazas</i> when assigning or allocating agro-dealers to target farmers	PCU/Agro-dealers/Farmers	Prior to start of every cropping season
Establish a contractual modality with selected agro-dealers to	PCU/Agro-dealers	2-3 months prior to

ensure Programme beneficiaries have secured and timely priority access to approved inputs for the e-voucher package		every cropping season
Assess the effectiveness and outcomes of the various farmers trainings to determine the degree of technology adoption	PCU	By 31 Mar 2017
Organize a soil nutrient validation workshop for both KALRO and Counties to share their respective findings in order to have a sound basis in determining appropriate fertilizer needs for the e-voucher packages relevant for each agro-ecology	PCU/KALRO/CAOs/ Relevant stakeholders	By 31 Jan 2017
Undertake a crop yield sampling to establish the actual yield increases and estimate progress in contributing to national grain deficit target or food security	PCU	At end of each crop harvesting season
Re-consider the basis of defining the cost of e-voucher package by factoring in an acceptable margin to offset price fluctuations at the time of input distribution to e-voucher beneficiaries	PCU/key stakeholders	During technology validation and valuation of e-voucher package
Assess the effectiveness and outcomes ToT trainings by KALRO and use the findings to determine if KALRO is best placed to continue with such trainings or not	PCU	By 28 Feb 2017

## POST-PRODUCTION MANAGEMENT AND MARKET LINKAGES COMPONENT

51. The component aims at capitalizing productivity gains arising from investments made under Component 1 and has two sub-components: *2.1 improved on-farm grain management, access to drying, storage and warehouse receipt systems* and *2.2 increasing smallholders' access to markets and value addition, and building up their capacities* to sell their produce at more favourable terms and prices. There are four outcome indicators namely:

- Post-harvest grain losses reduced from 30% to 5% for 80% of targeted smallholder farmers
- Improved grain drying technologies adopted by 150,000 smallholder farmers,
- Improved grain storage technologies adopted by 150,000 smallholder farmers,
- Operational self-sufficiency attained for 60 warehouses

52. Two key partners are envisaged to implement this component; EAGC and AGMARK. The responsibilities of AGMARK being on training of agro-dealers while EAGC responsibilities are to train farmers on post-harvest handling, standards, aggregation, links to markets and warehousing.

53. AGMARK subsidiary agreement was signed on 9 March 2016 and funds advanced for them to commence training of agro-dealers in both eastern and western regions. The subsidiary agreement with EAGC has experienced delays due to changes that were suggested to incorporate the CRAL window. Meanwhile PCU has utilized services of KALRO to train farmers on post-harvest handling. However, the mission observed low implementation progress compared to other two key components during the review period.

54. **Post-harvest management.** The subcomponent comprises of activities aimed at: (1) farmer adoption of improved technologies and practices for on-farm grain management: drying, on-farm storage and shelling/ threshing; and (2) produce bulking at well managed aggregation and storage facilities for easy access to profitable markets. Under this sub-component farmers were to be trained on post-harvest grain and pulses management in order to reduce levels of loss and improve the quality of grain so as to attract good markets. At household level, farmers were to be supported with drying tarpaulins and hermetic bags. In addition farmers were to be linked to aggregation centres which will act as storage facilities and eventually to warehouses for onward linkage to markets. The aggregation facilities were to be equipped with weighing scales, moisture meters, two tarpaulins per centre, pallets and manual sieves.

55. The responsibility for training on post-harvest handling lay with EAGC, but unfortunately by the time of the mission, EAGC was yet to be formally engaged. The programme engaged the services of KALRO which has capacity in training on post-harvest management to train farmers in Western Region. Farmers have also been trained on grain standards.

56. In order to ensure sustainability, the Programme supported 213 training of trainers (ToTs) by on post-harvest management by KARLO which produced brochures and booklets on post-harvest handling and crop protection to be used by the ToTs as reference materials in training farmers. The ToTs were trained on the following topics:

- Post-harvest operations for maize and beans (harvesting, drying, sorting, grading and quality standards, threshing/shelling)
- Testing grain moisture content, storage of shelled maize and beans
- Produce aggregation and warehousing
- Identification of key field pests and diseases and their control methods
- Post-harvest pests and diseases for stored maize

57. Under the post-harvest management the key issues include; access to drying, storage and warehouse receipt systems by farmers. The mission observed that the programme has provided farmers in Western Kenya with 10 hermetic bags each for storage of grain for household food consumption. In total 116, 780 hermetic bags and 11, 678 tarpaulins are being distributed to 11, 678 category 1 farmers (4,631 in Western Region and 7,047 in Eastern Region). However, the mission noted that most farmers produced more than 10 bags per acre as a result of enhanced crop husbandry with thanks to programme interventions. Some farmers in the Western Region got as high as 27 bags of maize per acre, and therefore had to pack the rest of the grain in the conventional polythene bags which increases the risks of post-harvest losses.

58. **Storage facilities** at the household level are non-existent in most of the households, with farmers storing grain in their living rooms. One of the farmers the mission visited had stocked his 27 bags in his living room and relocated to the kitchen. The PCU has however conducted a rapid scoping survey to identify areas that have grain/ pulses aggregation centres. The programme has identified 20 aggregation centres in Western region.

59. Most of the centres belong to NCPB and were used as collection centres. The 2016 target was to 100 village level collection centres and 43 aggregation centres equipped with post-harvest handling facilities covering both Eastern and Western regions. The Programme has established 20 village collection centres and five aggregation centres (11.6% of target). In terms of benefiting farmers, the programme targets to link 4,631 of category 1 farmers in Western Region and 7,047 in Eastern Region to village level collection centres. The Programme is expected to support construction and rehabilitation of farmer group owned or privately owned aggregation centres and to train managers or attendants and provision of post-harvest items such as moisture meter, weighing machine, tarpaulin, sieves and pallets. From the village collection centres, the produce could be linked to Warehouse for warehouse receipting system or sold directly to a miller at a favourable price. It was envisaged that 15 new storage facilities will be constructed and certified, of which 10 will be in Western Region and 5 in Eastern Region. In addition, 35 existing storage facilities requiring rehabilitation were to be identified and rehabilitated. Thirty of the facilities to be rehabilitated were to be in Western and five in Eastern.

60. The programme was also to support certification of 10 existing, privately owned storage facilities. In total 60 facilities were envisaged to be linked to KCEP supported farmers. KCEP was to support the operational costs of the facilities in the first year until they grow volumes to sustain their management costs. In Western Region where the first crop-model has been harvested, the surplus production was being stored using the conventional polythene bags and in most cases stored in the living room or other designated areas within the main house. This was as a result of lack of storage facilities at the household level. In areas where farmer groups had identified collection centres, individual farmers were only allowed to deposit a limited number of bags of their produce due to limited storage capacity. In Lumakanda Ward for example, farmers had leased a shop at Ksh3000 per month to store their grain. In addition they were paying Ksh300 per day for security. However, the store had a capacity of 100 bags so each farmer could only deliver 2 bags. In Lugari Ward, the members of the group had secured a storage facility from one of their members (a category 2 farmer) to store their grain for free for a year. Each one of the members for this group is only allowed to bring 5 bags to the store. In this particular group there is a farmer who harvested 27 bags and therefore will have to identify storage facility for the remaining 22 bags. The collection centres are yet to be supplied with the required facilities. *The mission recommends fast tracking of the refurbishing (including equipping with the required equipment) and commissioning of the identified 20 collection/storage facilities in Western to ease the burden of storage faced by farmers.*

61. The programme is expected to train 346 farmers on collection centre management as part of capacity building to make management of the centres effective and sustainable. By the time of the mission, no farmers had been trained in collection centre management as the centres were not yet operational. *The mission recommends rolling out the training activity on collection centre management after the commissioning of the 20 identified collection centres.*

62. Under this subcomponent the programme was also to establish and certify produce warehousing centres linked to KCEP programme farmers, this again has not been done as EAGC is yet to be brought on board. The target is to establish 16 warehousing facilities. *The mission recommends fast tracking signing of the subsidiary agreement with EAGC and identification of suitable warehouses in both Western and Eastern regions.*

63. **Market Linkages sub-component** aims at supporting smallholders to fetch better price for their produce and increase their share of the final added value for the target commodities. Some of the activities implemented under this sub-component include building capacity of farmers on grain and pulses standards, building business partnerships between lead/bulk buyers and farmer organizations. The table below is a summary of standards that farmers must meet to sell grade 1 of maize to millers.

64. The programme has conducted a rapid scoping survey in collaboration with County staff and identified 78 lead buyers in both eastern and western regions. The buyers are for maize, sorghum, millet, green grams and pigeon peas. Based on these findings the programme is supposed to negotiate and engage 25 interested buyers. At the time of the mission six buyers had shown interest and initiated negotiations with the programme. Discussions with bulk buyers in both Western (NCPB, Amani, Ramillers, Kitale Millers and Cargill) for purchase of maize and with EABL, KPMC, Imara Limited and Sorghum Pioneer Agencies in Eastern region for purchase of sorghum, green grams, millet, and pigeon peas have been initiated by the programme. EABL is only interested in purchasing of sorghum and millet for brewing its Keg beer brand. KPMC and Sorghum Pioneer Agencies are currently agents of EABL but KPMC was exploring other markets in the milling industry. To show their commitment to working with KCEP farmers, EABL and KPMC send their representatives to the mission meeting at Embu Agriculture Training Centre (ATC). The mission finds the programme approach of identifying multiple buyers (although this should be extended to the livestock feed and milling industries) strategically important as this will shield farmers from selling to a monopoly and also forestall potential abandonment with produce as happened with sorghum farmers when Government imposed an excise duty on Keg beer which is manufactured using sorghum.

65. The mission was informed by farmers that millers were offering Ksh2,500.00 per 90kg bag of maize, while NCPB through a government directive have been asked to purchase at Ksh3,000 per bag. Brokers on the other hand are offering Ksh2,200 per bag. The programme has developed a draft “memorandum of agreement” for sale of maize and beans in Western Kenya to be signed between sellers and buyers. The agreement specifies the obligations of each of the parties under the sale agreement. The mission was also informed that buyers were unwilling to sign a commitment on price preferring to purchase at prevailing market prices at the time of purchase. It was also noted that farmers’ willingness and their further sensitization and training on legal requirements would be contributing factors for their engagement in any forward contracts. Millers and NCPB had also insisted on specific quality requirements for maize as per the table below:

**Table 4: Standards, conditions and requirements of maize (Grade 1) for purchase by millers and NCPB**

Specification	Grade 1
Moisture content (max)	13.5%
Foreign matter (max)	0.5%
Inorganic matter (max)	0.25%
Broken grains (max)	2.0%
Pest damaged grains	1.0%
Rotten and diseased grains	2.0%
Discoloured grains	0.5%
Live insect infestation	Nil
Immature/ shriveled grain	1.0%
Aflatoxin	Pppb
Total defective grain	4.0%

66. At the farmers’ level, the determination of other standards is done by physical observation of the grains and physically removing the foreign matters (e.g. inorganic matter, broken grains, pest infested grains, etc) by spreading the grains on the tarpaulins. Manual sieves are also used to remove foreign matters e.g. inorganic, broken and immature/shriveled grains.

67. Farmers demonstrated to the team how they detect moisture content (using salt and grain in glass). While this measure is good in determining presence of moisture, it does not provide the precise moisture content. Establishment and equipping of collection centres will be useful in helping farmers to achieve the necessary standards for the grain. At the moment there are no certified collection centres even though maize is already harvested and being delivered at the collection centres in the Western region.

68. Sorghum Pioneer Agencies has a moisture meter for determining moisture content for sorghum and green grams. The proprietor informed the mission that there is a team of trained field officers who work with groups of farmers to help them in dealing with crop husbandry and post-harvesting handling. Farmers usually deliver their crop to the firm's storage facility at Mukothima from where it is subjected to tests to conform to required standards. For grain that has high moisture content, the farmers are required to dry it before it is accepted. The other standards are met through cleaning and selecting of bad grain. This arrangement could create a disincentive for farmers if their crops are rejected for not meeting these standards after incurring high transaction costs.

69. In the past farmers have been disappointed by the EABL purchase agreement when the brewer failed to purchase the sorghum after introduction of an excise duty by the Government on Keg beer the main beverage which is produced using the sorghum. According to KPMC director, they are exploring alternative markets in order to forestall future eventualities. So far they are in negotiations with flour millers, but millers are however not in a position to offer the price being offered by EABL (Ksh33/kg factory gate) as it is above price of maize per kg (Ksh28/kg). For the sorghum EABL has committed to purchase sorghum at Ksh33 per kilogram at factory gate and Ksh29/kg through agents or collected at farm. In terms of payment EABL has committed to pay within 14 days for sorghum and millet delivery. EABL is also committed to deploy field officers to work with KCEP programme team and county staff. Other conditions set by EABL are that farmers should be in groups and have at least 30 acres of sorghum to qualify for an agreement.

70. **Training of Agro-Dealers.** AGMARK developed and customized six Agro-dealer Training modules in Business Management Skills, and three Technical Trainings. The Business Management Modules include Managing Working Capital, Managing Stocks, Selling and Marketing, Basic Business Record Keeping, Costing and Pricing, and Managing Business Relationships. The technical modules include Fertilizer and soil health management, Seed management and Crop protection chemicals. The mission was informed that AGMARK facilitated three trainings in Western region for 70 Agro dealers on Business management and Technical skills and in total, 221 agro-dealers have been trained. As part of its practical training delivery, AGMARK established 15 demonstration sites linking farmers with agro-dealers. Input suppliers were involved in establishment of some of the demo plots in order to show case their products. The input suppliers involved in the establishment of demo plots included seed companies (Pannar Seed K Ltd, Dryland seeds co; Freshco, Seedco, E A Seeds, Simlaw seeds, Kenya Seed) and fertilizer companies (MEA Ltd, Yara Ltd, IBML, Bayer and Athi River Mining).

71. **Value Chain Financing** (US\$5.7 million) – the manual was developed by the PCU with technical assistance by IFAD consultant. IFAD has granted provisional approval for the manual pending incorporation of climate smart/resilience aspects by the KCEP-CRAL NRM/CC specialist. The manual is yet to be implemented but it is expected to guide support to farmers in establishment of aggregation centres, financing of value addition activities. Under the grants scheme, KCEP will finance up to 20% of the cost of farmer-owned processing facilities (with farmers paying 10% and debt financing through a medium-term loan extended by participating financial institutions for 75-80%). The grants are also expected to support farmers set up farmer owned storage facilities, to be promoted as Limited Liability Companies (LLCs). No survey has been conducted in the target areas to identify how many groups are registered as LLCs or those in a position to be registered as LLCs. Most of the farmer groups supported by KCEP are newly formed with most not even registered with department of social services. Transforming these groups into LLCs may pose a challenge. The mission suggests that the PCU should engage a service of legal advisor/firm to provide comprehensive legal requirements and ramifications to guide the Programme and beneficiaries in addressing any potential legal challenge.

72. The storage facilities will be linked to warehouses to facilitate WRS financing. Each storage facility is expected to serve at least 1,000 farmers and will appoint a manager in consultation with the Programme and will be accountable to the LLC Board. The manager is to be paid from storage fee proceeds. Given the current production levels are at about 22bags per farmer per acre and that 10 bags are for household food consumption, the expected grain to be stored is approximately 12,000 bags per season. With a month storage fee of Ksh10 per bag based on NCPB rates, the expected income per month per storage facility is Ksh120,000.00 per month. If the grain is stored for three months, the storage fee will be Ksh360,000 for the period, which may not be enough to finance labour and security costs per year. *The mission recommends careful review for requirement of farmers to form LLCs to qualify for support to establish storage facilities. The actual financial viability needs to be reviewed to ensure the facilities can operate without external funding after the first year of support.*

73. Private owned facilities will be financed through a Programme matching grant of 10%, the rest being financed by the private entrepreneur, through own or borrowed resources. The matching grants are being used as incentives for investors willing to open new market opportunities for smallholder farmers. The processing facilities envisioned by the programme include; shelling and threshing facilities, milling facilities, and cleaning/ polishing/packing facilities. The contribution by farmers and the private entrepreneurs is important as a way of showing commitment to the investment and also sustainability. The manual envisions a Grants Administrator, but provides for KCEP to take responsibility for the first call as modalities are worked out for recruitment of the Grants Service provider.

74. The mission underscores the importance of these value addition investments in view of the escalated levels of production witnessed in Western Kenya and the lack of equipment for processing of grain to improve quality and reduce post-harvest losses. The mission also wishes to point out that grant schemes implementation and management are a laborious and tedious process that consumes a lot of time and effort. The requirement for farmers to form Limited Liability Companies for financing of storage facilities may provide further delay as most of the groups are new and not even registered. Further requirement that for groups to qualify for the grant facility they must have been in existence for a minimum of one year will lead to limited potential applicants. *In view of this the mission recommends development of a detailed implementation framework with clear milestones and responsibilities for rolling out the grants scheme. This should include specific timelines on what happens when and in line with laid down procurement rules. The programme should also consider open tendering for the loan facilities instead of single sourcing EBL as suggested in the PDR. Further the mission recommends that, a baseline survey be conducted at the County levels to identify groups that have been registered as LLCs or qualify to be registered as such.*

Agreed action	Responsibility	Agreed date
PCU fast tracking of the refurbishing and commissioning of the identified 20 collection/ storage facilities in Western to ease the burden of storage faced by farmers.	PCU/ EAGC	31 Mar 2017
Timely roll out the training activity on collection centre management after the commissioning of the 20 identified collection centres and formal registration of the groups	PCU/EAGC	28 Feb 2017
Expedite signing of the subsidiary agreement with EAGC and identification of suitable warehouses in both Western and Eastern regions.	SDA/EAGC	20 Feb 2017
Carefully review the requirement of farmers to form LLCs to qualify for support to establish storage facilities	PCU/County Staff	28 Feb 2017
Develop a detailed implementation framework for the grant scheme including milestones and responsibilities and consider an open tender for grant scheme	PCU	31 Mar 2017
Conduct a baseline survey at County level to identify groups that have been registered as LLCs or qualify to be registered as such	PCU/County Staff	28 Feb 2017
Speed up the process for the recruitment of the Grants Service Provider to manage the grants scheme.	PCU	31 Mar 2017

## FINANCIAL SERVICES COMPONENT.

75. The Financial Inclusion component aims at supporting farmers with agricultural inputs through an e-voucher platform for increased productivity of target value chains. During the period under



review, the main activities under Component 3 included completion of the Subsidiary Agreements with Equity Bank and Equity Group Foundation which was effectively signed by the PS, National Treasury on 15<sup>th</sup> February 2016. The component also focused on activities geared towards access to agricultural inputs through the e-voucher platform and financial literacy training for Western region farmers.

76. Progress in implementation of e-Voucher in Western: A list of 5,000 farmers in the Western Region (Bungoma, Nakuru, Kakamega, Nandi and Trans Nzoia) was submitted to EBL for enrollment into the e-voucher platform. After screening, the resultant list consisted of 4,979 farmers. However, a total of 4,719 bank accounts were opened for farmers who were issued with debit cards. The 4,719 farmers debit cards were initially loaded with wallets for seeds and fertilizer. However, 4,631 farmers accessed inputs worth Ksh. 95,091,388 as at 28 October 2016 inclusive of post-harvest equipment based on the table below.

**Table 5 summarising beneficiary farmers who accessed e-voucher inputs**

County	No of farmers accessed inputs		No of farmers who did not access inputs		Remarks
	Male	Female	Male	Female	
Nakuru	421	560	1	2	984 farmers accounts were funded; 981 farmers accessed inputs; 3 farmers did not access inputs
Nandi	369	598	3	6	976 farmers accounts were funded; 967 farmers accessed inputs; 9 farmers did not access inputs
Kakamega	347	528	8	11	894 farmers accounts were funded; 875 farmers accessed inputs; 19 farmers did not access inputs
Trans Nzoia	396	516	10	7	929 farmers accounts were funded; 912 farmers accessed inputs; 17 farmers did not access inputs
Bungoma	401	495	14	26	936 farmers' accounts were funded; 896 farmers accessed inputs; 40 farmers did not access inputs
<b>Total</b>	<b>1,934</b>	<b>2,697</b>	<b>36</b>	<b>52</b>	4,719 accounts were opened and funded; 4,631 <sup>7</sup> farmers received inputs; 88 farmers did not access inputs;

77. **Valuation of e-voucher package:** During the reporting period, PCU conducted consultative meetings with bulk suppliers of inputs. The major output of the meetings was the valuation of e-voucher package for each sub-county. The value per sub-county in Western Region is shown in the table below.

**Table 6 summary e-voucher values per selected sub-counties in the Western Region**

County	Sub County	e-Voucher Value (KES) 100%	e-Voucher Value 90% KES)	e-Voucher Value 10% KES)	Number of Farmers	Total e-Voucher Value (KES) 100%	Total e-Voucher Value (KES) 90%
Nandi	Mosop	20,970	18,873	2,097	500	10,485,000	9,436,500
	Chesumei	20,970	18,873	2,097	500	10,485,000	9,436,500
Kakamega	Lugari	21,045	18,940.50	2,104.50	500	10,522,500	9,470,250
	Likuyani	21,045	18,940.50	2,104.50	500	10,522,500	9,470,250
Trans-Nzoia	Cherangany	21,070	18,963	2,107	500	10,535,000	9,481,500
	Kwanza	21,070	18,963	2,107	500	10,535,000	9,481,500
Bungoma	Sirisia	21,495	19,345.5	2,149.50	500	10,747,500	9,672,750
	Tongareni	21,045	18,940.50	2,104.50	500	10,522,500	9,470,250
Nakuru	Njoro	20,450	18,405	2,045	500	10,225,000	9,202,500
	Molo	20,450	18,405	2,045	500	10,225,000	9,202,500
<b>Total</b>			-	-	<b>5,000</b>	<b>104,805,000</b>	<b>94,324,500</b>

<sup>7</sup> Report is based on e-voucher fund utilization report from Equity Bank as at 28 October 2016

78. The data from the above table indicate that there is a significant difference with respect to e-voucher value amongst the sub-counties, with Sirisia sub-county showing higher values than Molo and Njoro sub-counties. This could be explained by the fact that maize varieties validated for Sirisia sub-county are produced and marketed by Western Seed Company which have higher prices than Kenya Seed Company varieties. In addition, transportation costs to Sirisia which is located at the distal end of the Western Region. It cost less to transport farm inputs to Molo and Njoro sub-counties which are located in Nakuru County, where MEA Limited Fertilizer Blending Factory and Warehouse is located.

79. **Enrolment of agro-dealers:** In Western region, 105 agro-dealers were enrolled by EBL as bank agents and issued with POS (Point of Sale) devices for participation in the e-voucher scheme. Farmers accessed and paid for inputs by swiping their debit cards on the POS under the e-voucher system. The agro-dealers are also expected to offer financial services such as savings mobilization and withdrawals to farmers to ensure they meet the mandatory contribution of 40% during the second season. A total of 57 agro-dealers participated in the e-voucher scheme. Some farmers have started mobilizing savings towards the 2<sup>nd</sup> season inputs.

80. *E-Voucher Farmers in Eastern:* A list of 14,744 category 1 farmers was screened by EBL for enrolment. 12,058 farmers passed the IPRS screening and accounts were pre-opened by Equity Bank. A total of 9,430 accounts were opened and farmers enrolled in the e-voucher platform. A total of 6,264 farmers deposited the full amount of 10% contribution by 12 October 2016. A payroll for the 6,464 farmers was prepared and farmers' debit cards loaded by 15 October 2016 while a second payroll for 783 farmers was loaded by 1 November 2016. Inputs supply commenced on 17 October 2016. At the end, a total of 7,047 farmers accessed inputs in the Eastern region and a summary of the e-voucher package values is shown below.

81. **Valuating the e-voucher supported Sorghum/Green Grams Crop Model:** The e-voucher package for the 2016 Eastern short rains implementation has been revised with approval from IFAD due to a shortage of millet and pigeon peas seeds. In Kitui County, the fertilizer wallet is valued at Ksh.8, 170 and it contains the following items: Basal fertilizer for Sorghum at Ksh.3,300; Basal fertilizer for green grams at Ksh. 3,300; Foliar feed (omex) for sorghum only at Ksh. 820 and Pesticide (engeo) at Ksh. 750. In Tharaka Nithi County it is valued at Ksh.8,170 and contains the following items: Basal fertilizer for Sorghum at Ksh.3,300; Basal fertilizer for green grams at Ksh. 3,300; Foliar feed (omex) for sorghum only at Ksh. 820; and Pesticide (engeo) at Ksh. 750. In Embu County, the wallet is valued at Ksh. 7,970. It contains the following items: Basal fertilizer for sorghum at Ksh.3,200; Basal fertilizer for green grams at Ksh.3,200; Foliar Feed (Omex) for sorghum at Ksh.820; and Pesticide (engeo) at Ksh. 750. The total e-voucher package value was estimated at Ksh233.91 million with expected 10% contributions from the farmers as seen in the table below.

**Table 7 summarising e-Voucher Package Value for Eastern Region**

Programme Contribution (90%) - Ksh	Farmers Contribution (10%) – Ksh	Total e-Voucher Package Value (100%) - Ksh	Remarks
126,481,567.50	14,053,507.50	140,535,075.00	For all e-voucher package items including post-harvest items
84,037,567.50	9,337,507.50	93,375,075.00	<ul style="list-style-type: none"> <li>• For seed, fertilizer, foliar feed, pesticide;</li> <li>• Funds disbursed to EBL through direct payment;</li> </ul>
<b>210,519,135.00</b>	<b>23,391,015.00</b>	<b>233,910,150.00</b>	

82. **Enrollment of agro-dealers: Pre-selection of agro dealers** in Eastern has been conducted and a list of 114 agro dealers submitted to EBL for final selection and enrolment. 85 agro-dealers were approved by EBL and registered for supply of inputs and conduct agency banking for provision of financial services to farmers.

83. *The mission recommends EBL to continue to develop and roll out the e-voucher system to other targeted counties, linking the system to an electronic platform for (i) access by subsistence farmers to enhanced agricultural inputs; and (ii) direct payment of agro dealers. The e-platform should*

*be programmed to support payment; monitoring of funds usage; data collection, processing and reporting on physical quantities and prices; etc. Physical quantities of expenditure categories (inputs, seeds, small equipment, etc.) should be disaggregated into the specific types and their unit prices. The data collected should be reported through a dedicated portal on EBL electronic platform and linked to the PCU's M&E system. The support should also be extended to the annual auditing of the e-voucher scheme. Furthermore, the support should provide appropriate back up auditable systems in line with GoK requirements.*

84. **Financial Literacy Training:** Implementation of financial literacy training follows a progression such that for a trainee to have a complete training program, he/she must attend the four training modules (financial services, budgeting, savings and debt management). The training has been conducted for e-voucher beneficiary farmers in Western Region. A total of 4,228 farmers (from the five counties: 21.8% Nandi, 18.7% Bungoma, 19.7% Trans Nzoia, 22.3% Nakuru and 17.5% Kakamega) have completed the four training modules. This translates to 91% completion rate as at 30 October 2016. In Eastern, financial literacy training started but only covered an introduction to financial services. The focus was on debit cards and PIN management, account opening, 10% contribution and agency services provided by the enrolled agro dealers. 10,381 farmers (33.9% Embu, 31.5% Tharaka Nithi and 34.6% Kitui) were trained during account opening/enrolment.

85. **Study on Savings Products:** The study has started with focused on group discussions and interviews conducted in Western Region. The first draft report covering Western Region has been submitted to the PCU for review. The study will be conducted in the Eastern Region for beneficiary farmers who access inputs. The scope of the study was expanded to include a review of financial products for agro dealers.

86. **Study on agricultural micro-insurance.** The ToR for the pre-feasibility study on agricultural micro insurance for the ASALs was planned as one of the start-up activities of KCEP-CRAL. Although the mission noted that the ToR had been drafted and reviewed by IFAD and WFP, there was no indication of any further progress in the finalization of this ToR.

87. **Procurement of Partner Financial Institutions.** The ToR for the procurement of partner financial institutions to implement KCEP-CRAL component 3: financial services have been drafted by PCU and reviewed by IFAD. The PCU should expedite action on the advertisement to ensure timely completion of the procurement of the interested partner financial institutions to implement the planned activities under component 3.

88. *The mission recommends the need to continue to promote financial inclusion of targeted Category I and II smallholders by developing a range of efficient/adapted financial products and services which they can access at affordable prices (taking into consideration the pricing caps recently introduced by GoK). Based on a demand analysis, the range of products and services could include but not limited to the following:*

- *adapted savings products identified through the study commissioned to EB;*
- *working capital loans;*
- *warehouse receipt financing;*
- *premiums for crop micro-insurance (disaggregated into demand-driven appropriate sub products along the value chain)*

89. Build on financial inclusion to provide incentives for investment by Category I and II smallholders towards commercial agriculture through for example Agricultural Value Chain Financing (AgVCF), some of which has been deployed in component 2 (see paragraph 42).

90. **The e-Voucher Procedures, Case Management and Monitoring Manual:** The manual has been developed by the PCU in collaboration with EBL and IFAD consultant. The manual is part of the special covenants under Schedule 2 of KCEP Financing Agreement and has been granted 'no-objection' by IFAD.

91. Build sustainability: The above activities will be sustained with capacity-building of targeted Category I and II smallholder farmers for greater access to financial services. This is to be done through:

- (i) Continuing to deploy all planned modules of the financial literacy training activity to targeted Cat. I smallholders to develop their financial management skills and confidence in using financial tools to improve their livelihoods;
- (ii) Mobilizing savings for self-financing and/or cash collateral towards anticipated larger loans in the future
- (iii) Introduce the use of risk-mitigation instruments, including crop micro-insurance (where demand is established);
- (iv) Building capacity and skills in business development for targeted Cat I & II farmers;
- (v) Facilitating Cats I & II smallholder's engagement in forward contracting with large buyers in order to manage price fluctuations and predict near future revenues/incomes.

92. Some main challenges faced testing/rolling-out the e-voucher scheme:

- Inability of some selected farmers to raise the 10% contribution required to trigger the e-voucher system to access inputs; ID card issues – ID/Nos missing on IPRS, mismatch of ID/No with name on IPRS, lost and/or old generation IDs leading to inability to open bank accounts; farmers forgetting their debit card PINs
- Some target farmer's debit card blocked due to forgotten PIN, requiring replacement of debit cards at a cost of Ksh. 660 to the farmer;
- Some target farmers lost ID cards or used old generation ID Cards which were rejected by EBL for account opening;
- Some target farmers giving up due to delay by Equity Bank to resolve debit card issues especially where the farmer needed to travel a long distance to the nearest Equity Bank local branch;
- The requirement for the Programme to be implemented by partners who were not identified during design and required to be procured, for example, EAGC. The process of identification, preparation of TOR, approval by IFAD prior to initiating the engagement with the service provider and preparation of the draft subsidiary agreement took longer than anticipated;
- Taking into account that KCEP is designed to be implemented by partners, the delayed process of preparation and review of subsidiary agreements by various agencies (State Law Office, National Treasury, Partners, IFAD) before signing of the agreements led to delayed start of implementation;
- Disqualification of some partners such as the International Plant Nutrition Institute (IPNI) and Cereal Growers Association (CGA) leading to change of implementation strategy;
- Failure of the enrolment kit (experienced during the first few days of farmers enrolment to the e-voucher platform by EBL); POS machines not working; debit cards being declined by POS devices; delay by agro dealers to sign 'offer letters' from EBL; inconsistent signatures; agro dealers supplying inputs using borrowed/shared POS; while others issued inputs without swiping; and
- Inadequate logistical arrangements by Equity Bank – time management; lack of alternative arrangements to source power in the field during enrolment; lack of devolved decision making to the branches.

93. Some lessons learnt:

- Mobilization and sensitization of e-voucher participating farmers should start early to allow adequate time for a rigorous and transparent process of farmers' application, screening/vetting of applicants, compilation of the list by ward, sub county, county and submission to EBL;
- Before account opening and enrolment in the e-voucher platform by EBL, the farmers' lists are taken through a comprehensive review and screening process using the Government's Integrated Population Registration System (IPRS) in addition to being subjected to the Equity Bank's conditions for account opening. Therefore, the message at sensitization to potential

beneficiaries needs to be very clear and should comprehensively outline the criteria of eligibility especially the upfront 10% contribution having been deposited in farmers accounts to avoid frustrations and disappointments by all parties – farmers, implementers, stakeholders, etc;

- The mobilization and cordial working relations with the PS SDA and Senior Ministry Officials; County/Sub County agriculture officials; partners; private extension providers; buyers of produce; and involvement of stakeholders in implementation enabled the Programme to achieve the targeted number of farmers;
- Due to the seasonality of agricultural enterprises, there is need for clear and prompt communication, proper planning, coordination and execution of activities culminating in the supply of agricultural inputs through the e-voucher system. A series of activities lead to the eventual supply of inputs; and
- Where the two levels of Governments (National and County) are working together for the mutual benefit of the farmers, implementation is fast tracked.

Agreed action	Responsibility	Agreed date
Update on the savings study/saving mobilization for 40% contribution for next season	EBL/PCU	By March 2017
Update on payments disbursed; physical quantities of each input dispensed; prices charged for each input at agro dealers/POSs	EBL	Continuous
Update on the range of financial products and services being developed for KCEP target beneficiaries	EBL/PCU	Mar 2017
Update on crop insurance education/awareness raising and any lessons learned	PCU/RBA	20 Feb 2017
Launching the Call For Proposals (CFP) for the prefeasibility study for agricultural micro insurance for the ASALs under CRAL	PCU/IFAD	As soon as possible
Report on the progress and lessons on the WFP supported weather index insurance	IFAD/WFP/PCU	By 15 Feb 2017

## D. Programme Implementation Progress

94. **Programme Management Performance.** The performance of the Programme has significantly improved over the last year with set-up of the required implementation arrangements at both the national and count/regional levels to support the delivery of the planned activities. IFAD December 2015 mission raised a number of concerns which at the time of this mission had been largely addressed particularly on the contracting of required implementing partners, launching of procurement, sensitization and selection of farmers, enrolment in e-voucher schemes.

95. **PCU Staffing.** At the time of the mission, the PCU was almost fully staffed following the competitive recruitment of additional staff as envisaged under CRAL. The total number of PCU staff are 32 (12 are females) and distributed across the PCU Nairobi and three Regional Subunit Offices (Nakuru, Siakago and Mombasa although the mission noted the PCU was planning to relocate this office to Kilifi but justification is yet to be communicated to IFAD). There were however, five remaining PCU posts that are yet to be filled with three required at PCU Nairobi (Senior M&E and Knowledge Management Specialist; Procurement Officer and Natural Resource Management and Climate Change Specialist), an evaluation officer for Coastal Region subunit and a programme assistant for Mombasa. The mission noted the initial delays in the recruitment of these staff as a result of misunderstanding of the required HR procedures and guidelines to be used. The final recruitment of the PCU staff was outsourced to a private HR firm from which both Government and IFAD have drawn a lot of lessons to feed into similar future recruitment process. In the course of the mission, IFAD granted non-objection for the appointment of two PCU staff posts subsequent to further clarifications of these pending two posts resulting from a meeting between IFAD and Principal Secretary-SDA on 3 November 2016. These posts are the Senior Monitoring & Evaluation and Knowledge Management

Specialist and Natural Resource Management & Climate Change Specialist and they are expected to take their appointments soon. The mission urges both the Government and IFAD to expedite action in finalizing the recruitment of these remaining three PCU staff especially the Procurement Officer to ensure effective programme implementation. The mission reviewed the organogram and found out that the way it is presented, it does not clearly show how the various positions are related to each other as a result of the consolidation of KCEP and KCEP-CRAL staffing. The mission recommends a *review of the organogram to reflect clearly a well-defined chain of command in the entire PCU*. The mission further noted that the contract of some staff are pending regularisation due to the concern that the line ministry needs further guidance on how to align the contract of these staff to the implementation duration of KCEP and KCEP-CRAL. The mission suggests that the line ministry communicate this issue for IFAD's further advice.

96. **Staff internalization of consolidation of KCEP and KCEP-CRAL.** The mission noted the initial misunderstanding/misperception among the PCU staff of the existence of two separate programmes due to the fact that the initially recruited PCU staff were implementing KCEP while the CRAL Window ensured the recruitment of additional staff. In view of this, there seems to be differential level of internalization of the programme approach and strategies among the PCU staff and this is also reflected in implementing partners at both national and county levels. Although the mission acknowledges some of recently appointed PCU staff have demonstrated steeper learning curve, it is critical that the PCU devise a systematic approach to ensure the conceptualization of full programme is embraced first by all PCU staff and then rolled-out to current and additional key implementing partners at national and county levels as well as target beneficiaries.

97. **Staff Performance appraisal.** As per the Financing Agreement and in line with Government Civil service procedures, all the PCU staff are on performance-based contracts which are subjected to annual appraisal process. At the time of the mission, all staff hired under KCEP will have their performance reviewed by the end of December 2016. Although the format for this performance appraisal system, with recent introduction of an online system (e-appraisal system), is generally accepted in the public service, the mission noted that the current format is not fully adapted to the performance requirements in the Programme and thus appears not to provide a comprehensive review process done by a subcommittee of the Programme Steering Committee. Given that programme performance is a function of the capacity of the PCU, the mission reiterates the importance to use the outcome of this review process to effectively and efficiently manage the programme implementation arrangements. In this context, the mission suggests that the line ministry should consider engaging the possible service of a management development agency in the future to annually review the performance of the PCU Staff with a view to provide clear feedback on areas of improving staff capacity which should feed into the planning and development of staff capacity training plan subject to the approval of the PSC in close consultation with IFAD.

98. **Programme Steering Coordinator.** Since the start of the Programme to date, the PSC has had three meetings (June and December 2015 and June 2016) to discuss key issues on implementation, approve progress reports and workplan & budgets, provide guidance on strategic issues for the improvement of the programme, among other issues. The PSC is composed of relevant stakeholders including representative from Kenya National Association of Farmers' Federation and two County Government representatives but rotated annually among the eight Counties. Under CRAL, the PSC will be expanded to include representative of the Ministry of Environment and Natural Resource as well as Ministry of Devolution. Given its strategic role in the decision making process in the Programme, the EU Delegation has opted to participate in PSC meetings as an observer and occasionally providing external strategic advice in such meetings. During the mission, four members of the PSC joined the field visits with one-pair to Eastern Region and another pair to the Western Region and provided their feedback during the respective debriefing meetings. The mission recommends that the PSC should have an effective monitoring mechanism to track the progress on implementation of key actions and decisions taken during each PSC meeting.

99. **KCEP-CRAL Start-up and launching.** At the time of the mission, the conditions precedent for entry into force had been fulfilled by the Government and PCU had initiated some preparatory

activities notable the recruitment of additional staff, finalizing criteria for selection of eligible sub-counties in ASALs, presentation of CRAL window to the Intergovernmental Thematic Working, preparation of workplan and budget and associated procurement plan. The two-day start-up workshop was jointly planned and organized by IFAD and Government in close consultation with EU Delegation on 30-31 August 2016. It was a well-attended event involving targeted county government representatives, key partners, farmers and their organizations, IFAD staff, EU delegation representative as well as Rome-based agencies (FAO and WFP). *The mission recommends the PCU to share the outcome of the start-up workshop report for review to ensure that lessons learned are taken into account as the PCU plans for the County orientation workshops.* The PCU in close consultation with IFAD and EU are planning to organize the national official launching in the first quarter of 2017 provided the necessary preparatory activities are completed on time.

100. **Partnership.** The Programme has established and built extensive partnership including public, private, civil society organizations at both national and county levels. This partnership space is expected to broaden and deepen through CRAL implementation. The mission noted the emerging challenge that the Programme is facing in managing the myriad of partnerships particularly in effectively monitoring the delivery of the planned activities in line with signed MoUs or agreements. The key partners are AGMARK, KALRO, Equity Bank Limited & Equity Group Foundation as well as County Governments through their Agricultural Officers. There are also a wider range of value chain actors: agro-dealers, input distributors, bulk buyers/aggregators, etc.

101. The Programme could not engage the services of two partners (International Plant Nutrition Institute-IPNI and Cereal Growers Association-CGA) due to legal regulation and this challenge was noted during the IFAD December 2015 mission. The subsidiary agreement with EAGC is also being finalized.

102. According to Programme documents, the key partnership supporting implementation will be under performance based contracts in which their services will be reviewed annually. It appears that the PCU has no staff to coordinate all activities of the partners for the programme but rather dealt with by the different component heads. The mission noted that this review will be due by the end of the year for most partners and therefore *recommends that the Programme should established clear plan and modalities to undertake this review for these key partners in order for the PSC to take timely decisions to avoid any risk of further delaying renewal or amendments.*

103. **Linkages with donor programmes.** The mission noted that there are many ongoing development projects in the counties that the Programme is being implemented but there seems to be no systematic arrangement to building synergies and complementarities. Interactions with both PCU staff and implementing partners indicate a gap in this area. This is mostly relevant for IFAD-financed programmes namely (PROFIT, UTaNRMP, SCDP) and EU-funded Livelihoods Diversification through Sorghum and Green Gram Value Chain Development in Kitui County, Kenya Sorghum Value Chain Development Project (ended December 2015 and Arid and Semi-Arid Lands Agricultural Productivity Research Project) which have useful experience, lessons learned best practices and innovations to share with the programme.

104. The mission is of the view that a “country programme approach” that is being practiced in other IFAD countries could be organized in the context of IFAD and EU-funded projects so that the leadership of these projects could meet occasionally to discuss relevant issues perhaps starting with mapping of interventions sites to see how to enhance synergies and complementarities. Additionally, the consultative process for the development of annual workplan and budget could systematically involve other projects in order to provide early opportunities for linking similar activities particularly in any overlapping counties. The PCU reported that a representative participated in the October 2016 PROFIT AWPB planning workshop. Such an approach will be highly relevant for IFAD to invite all parallel country and regional grant recipients to have critical platform to be periodically sharing lessons and outcomes of grant projects in order to create opportunities for finding areas of linking these grants outcomes to country investment programmes and to also county integrated development plans where applicable.

105. **RBA coordination.** As part of the implementation arrangement, Rome-based Agency Technical Coordination Group has been established and operationalized to support the Programme. The PCU is the secretary and IFAD had chaired the group's 10 meetings since its inception and there has been regular participation of FAO and WFP staff. At the time of the mission, the RBA-TCG had made a lot progress and achievements notably:

- Held regular meetings to agree and take concrete actions and even set-up a sub-committee to respond to specific needs;
- Actively supported and participated in the planning and organization of the KCEP-CRAL start-up workshop in August 2016;
- Planned and made a joint (PCU,FAO &WFP) KCEP-CRAL presentation to the Intergovernmental Thematic Working Group in September 2016 and supported the PCU to respond to the resolutions passed by the Council of Governors on KCEP-CRAL and
- Developed and finalized the county selection criteria that was reviewed by IFAD and used the endorsed criteria to selecting sub-counties based on data and information provided by the target counties.

106. The mission noted that the RBA is finalizing the selection of sub-counties and wards which will be subjected to IFAD's approval before it is presented to the counties at a County Executive Committee meeting. The RBA agreed to do a joint presentation at this CEC taking stock of the progress in addressing the Council of Governors' resolutions on the Programme.

107. **EU Results Oriented Monitoring (ROM).** As part of EU requirement for its funded actions, the first Result-Oriented Monitoring for the Programme was undertaken by an independent consultant from May-June 2016. The general conclusions from this mission was that the Programme has improved on implementation but still face a number of challenges at the time. Both IFAD and PCU had the opportunity to provide feedback before the finalisation of the ROM report although there were few concerns on the consultative process. The ROM scored the Programme on four broad areas (Relevance, Efficiency, Effectiveness and Sustainability) for which a total of 32 indicators were accessed. The Programme scored a total of three red indicators under Efficiency, three green (one each in Relevance, Efficiency and Sustainability and 26 orange indicators (10 under Relevance, six under Efficiency, four under Effectiveness and six under Sustainability). With such a fair scoring, 10 recommendations were provided for which followed up actions have been taken or being taken by both IFAD and the PCU.

108. **IFAD EU Manager.** At the time of the mission, IFAD had successfully appointed and posted an EU-funded Programme Manager to the IFAD Regional Office in Nairobi since June 2016. The EU Manager is effectively supporting the Programme to improve on the implementation after going through a steep learning curve. The Manager has also established closed working relation with the EU delegation and needs to develop a structured approach to interface between the Government/Programme and EU delegation. Although the mission noted that the EU Manager is providing continuous guidance and capacity building to the Programme regarding the EU specific requirements, it might be useful to plan an induction/orientation training for the PCU in light of the newly appointed staff to expose them to the differential requirements envisaged in the Programme by both IFAD and EU.

109. **IFAD Impact Assessment Initiative.** The mission was informed that KCEP-CRAL has been selected by IFAD as a case study on impact assessment initiative as part of the commitments during the IFAD's 10<sup>th</sup> Replenishment. As a result, representatives of the Research Consortium for this initiative presented their initial research proposal during the mission and even joined the mission for the field visits to the Eastern Region. The focus of this initiative will be to carry out a study on the basis risk for the demand and development of weather-index insurance for crop farmers. As part of preparatory activities, the M&E Officer of the Programme participated in an induction workshop in India in early November. Following a meeting with the representatives of the Research Consortium on 9 November 2016, it was concluded that the Research Consortium will share a draft impact assessment plan/strategy with PCU and IFAD for review with clear plan for the two phases of this



initiative. Given the importance of this initiative, the PCU raised the concern that without a formal notification from IFAD, it might pose a challenge for the Government to fully support this initiative.

110. PCU follow up on **“Agreed Actions from the last mission”**: The IFAD December 2016 mission issued a total of 35 agreed actions (eight are for fiduciary issues) of which 23 have been completed, nine are ongoing and three are pending relating to i) conduct of feasibility study for crop insurance before introducing crop insurance e-wallet for e-voucher scheme and the remaining two are predicated on MTR (updating of Costab and relocating budget line for working capital for milling facilities).

111. **Monitoring and evaluation System.** The Programme Implementation Manual (PIM) positions M&E and KM central to the management of KCEP-CRAL towards achieving the programme development goals fitting within the GoK’s agricultural priorities and National Integrated Monitoring and Evaluation System (NIMES). It is envisioned that the programme M&E and KM System will fulfil three main objectives i) guide programme implementation; ii) capitalise and disseminate lessons learned and iii) measure programme impact. The M&E and MIS System underlines the importance of key programme stakeholders - KALRO, EBL, EAGC, AGMARK, GoK State Department of Agriculture - in its roll out.

112. Result based M&E is more pronounced, pegged on the Programme Logframe as the key tool. At this time of programme initiation and early stages, process and context related indicators are tracked and populated in the Logframe for instance on: number of activities and outreach. Simple Excel Sheets are currently being used to record and analyse information which is manually fed into the server. The proposed use of innovations such as **Equitel**, operated by EBL in tracking performance indicators related to financial inclusion will complement this aspect.

113. **The Strategy/Design.** The period under review was largely committed to the design phase of the M&E and KM system based on the PIM guidelines. Information extracted from the Programme Progress Report, October 2016, corroborated with discussions with PCU, this Mission established that:

- An external consultant was commissioned to develop and operationalize the M&E and KM System for the programme into a Manual and Plan which was under trial until end of December 2016. An MIS Administrator and Users’ Guide is also provided for the users as well as a work plan. The system is broad enough to allow flexibility based on lessons from its implementation. A scan of the manual was done and found to highlight these aspects of the system:
  - The objectives for the system clearly cascading the effects of the programme upwards to IFAD RIMS, GoK NIMES and respective County Integrated Monitoring and Evaluation Systems (CIMES) of priority value chains in the target counties, for instance, Maize in Kakamega, Nakuru and Bungoma
  - The Key Performance Indicators and measurements at all levels of the programme Logical Framework
  - The roles and responsibilities of various programme implementation structures in M&E and MIS from the National to the Ward Levels in each target county
  - Information needs for each of the key stakeholder groups, documentation and reporting requirements
  - Data Gathering process/structure, tools/ templates
  - Prerequisite capacities needed for implementation
- The process of creating a central data base for MIS has been initiated; key fields to capture mandatory data created. The link is [www.kcep-mis.co.ke:8080/kcep-mis/](http://www.kcep-mis.co.ke:8080/kcep-mis/).

114. This mission observed that:

- The M&E and MIS System is therefore a policy document in the programme
- The system does not clash with other mainstream systems, rather, it integrates

- Development of the Manual and the Users' Guide to serve as essential reference tools if the programme staff makes use of.
- Systematisation of the M&E System is being done gradually to allow for staff capacity enhancement and trial especially on the Management Information System (MIS). Some parts of it have been tried and adaptations proposed (e.g. on the effectiveness of the tools by the field staff and the electronic capturing and sending of data from the field).
- It was noticed that staff at the county level had challenges connecting and sending information to the server at the PCU. This had been reported to the PCU and at the time of this mission, the M&E Officer was exploring ways in navigating around this challenge and hopefully this would be resolved by the end of the trial period in December 2016.
- The system is specifically envisioned to measure programme implementation processes, outputs, outcomes and impacts. There is a need to ensure it achieves consistency and coherence with the additional RIMS indicators encapsulated under the CRAL Window including:
  - Natural resources
  - Agricultural technologies and production
  - Policy and community programming

115. The current M&E and MIS System focuses on changes in the peoples (farmers) behaviour and environment and is silent on other dimensions of change yet market systems are inclusive of actors. During the mission, agro-dealers reported impressive business expansion and growth for instance. The EBL has equally expanded its customer base. These are additional result areas although they might not have been a priority at the design stage. Nonetheless, it is advisable to broaden the Programme impact by documenting and reporting on unintended benefits.

116. **Supporting Knowledge Management (KM) and visibility.** Several tools guide and standardise programme implementation as well as for managing partnerships:

- The Programme Implementation Manual (PIM)
- M&E and MIS System and accompaniments – MIS Administrator Users' Guide and one year implementation workplan
- Grants Manual (GM)
- Financial Management Manual (FMM)
- Memorandums of Understanding (MOUs) with County Governments, Large Volume Buyers
- Commitment forms with beneficiaries and Agro-dealers
- Subsidiary Agreements for partners and GoK
- Data Gathering tools
- Annual Planning Template
- Report Formats

117. The Mission observed that some key processes need to be documented to standardise procedures for instance, the selection and screening process of beneficiaries in Category 1 & 2. This will be going on until the target outreach is achieved and therefore it is imperative to standardise (with minimum flexibility) to allow for lessons adaptation. *It is recommended that the M&E team identifies other processes and plan to describe them because these comprise important process outputs.* In Western Region, where farmers have started harvesting their first crop have good life stories of the changes they are experiencing and these too need to be documented. The M&E team could explore use of the **Action Learning Case Study (ALCS) Methodology** to collect and document these significant stories before and after the harvest season.

118. Currently, there is little effort to increase visibility of the programme. A few Information, Education and Communication (IEC) materials including T-shirts, caps, bill boards showing direction of office are evident. However, the mission learnt that demonstrations (which were not visited) were clearly marked with logos of all the donors (GoK, IFAD and EU). Additionally, presentations, brochures, among others produced by the Programme and partners should clearly display all donors' logos. Therefore, *the mission recommends that Communication Specialist be hired to work with the*

*M&E team at the PCU to help with packaging of information and share with the programme stakeholders as identified in the M&E and MIS Manual. This will improve disclosure and accountability to the stakeholders as well as visibility to the general public.*

119. The programme does not have a dedicated website. KCEP is however listed as one of the 15 projects being implemented by the line ministry's website. Even from this website, there is clearly no further content for KCEP with the unfortunate situation that one is taken to IFAD website upon clicking KCEP. It is *recommended that the PCU discusses with the SDA to create a portal on the ministry website where programme (both KCEP and its CRAL) information can be populated regularly.*

120. **Supporting structure and staff capacities.** The M&E and KM System is implemented at the following levels, closely linked to the programme implementation structures namely:

**a) At the National level,** the Programme Steering Committee (PSC) and the Secretariat (PCU) assumes the overall co-ordination role and accountability upwards to IFAD and partners as well as downstream to the local partners. The M&E unit is also housed within the Secretariat headed by the Senior Programme Co-ordinator supported by the Programme Co-ordinator and subject matter specialists (Finance, Community Mobilisation, M&E and KM, Value Chain Financing, Value Chain Development) and support staff. A Senior M&E/KM Specialist had been hired and was due to report by January 2017.

- The M&E staff are hired on basis of their qualifications and experience in M&E and Programme Cycles Management (PCM) which is explicitly described in their Job Descriptions. Besides, the GoK staff at County Levels are well versed with M&E since they have the same responsibilities in the County Integrated M&E Systems, on which the Programme M&E System hinges. These have been inducted on their expected roles and responsibilities under the KCEP using the guidelines provided for in the M&E and KM System.
- The PCU is the Central depository place for all programme information (reports) and houses the MIS Server. Members of the PCU were competitively recruited and have vast experience in programme management. The PSC meets twice every year to review progress and plan for the subsequent year.
- The Mission observed that:
  - the PCU plays an important facilitation role of the programme linking with all other actors in the value chain. They also broker information and manage relations among partners. To do this, they team has put up the above mentioned MIS tools, procedures etc. Staff capacity is sufficiently high to deliver. However, they have not been inducted on the M&E and MIS System at the time of the mission though plans were underway to do this by the end of December 2016
  - The national level team PCU and Regional PCU Officers meet once every year to review AWPB progress and plan for the subsequent year. They also participate in the lower level programme co-ordination meetings held quarterly to ensure quality of activities and delivery of outputs
  - Meanwhile, M&E knowledge is wide and the team requires more on MIS and KM aspects
  - The staff under the programme have laptops for information processing and report writing. The only challenge is on movement to the field which to date remains a challenge for the entire programme implementation

**b) At the Sub-regional level** in Western, Eastern and Coast, there is a skeleton staff comprising, the Agribusiness Specialist who heads the Regional PCU Offices supported by an Agronomist, M&E Officer and Accountant to co-ordinate programme implementation and M&E functions in the Programme Counties. At the time of the mission, the team for the Coast had been recruited and was being taken through the induction process at the PCU, Nairobi. At this level also, there is a replica of the PSC bringing together local partners and stakeholders from the participating counties through the County Programme Coordination Committees. The Agribusiness Specialist supervises

the team similar to the national level and the staff at the regions seem versed with programme implementation.

- The mission observed that:
  - Specifically on M&E, this team has been trained (inducted on their roles in M&E and are trying some of the tools for data capturing (manually and electronically) under the pilot window. It is at this level that there are noticeable connectivity challenges to enable them upload information at the Server housed in Nairobi. Movement for the team to supervise programme and M&E activities also a challenge
  - Like the team at the National Level, this team also requires more capacity to manage and systematize the M&E and KM System including MIS. They too have laptops for information processing and report writing and similarly experience challenge on transport to the field.

**c) At the County level,** the implementation of M&E activities relies wholly on the County, Sub-county and Ward staff in the State Department of Agriculture. This structure is borrowed but the working relationship between the county governments is secured through an MoU. The Desk Officer at the County level is in-charge of KCEP-CRAL co-ordination under the supervision of respective Regional Co-ordinators. In most Counties, there is a Sub-county Programme Steering Committee of all stakeholders to co-ordinate different projects (not only KCEP) in the counties, therefore, this is not a creation of KCEP, but KCEP is among the projects supervised.

- The mission observed that:
  - Although Agriculture has been devolved to the counties, the sector is inadequately resourced (personnel and budget) therefore making the departments inactive. The implementation of the sector plans in the County Integrated Development Plans (CIDPs) cannot be realized by the governments without partners like KCEP, some of whom have a budget to compliment operations – allowances and infrastructure (vehicles and computers).
  - In the KCEP target counties, technical capacity– production and post-harvest issues is adequate
  - Yet mobility remains a challenge and this will have a strong bearing towards programme supervision and M&E in particular where timely data is required at different phases of implementation – planting, weeding, harvesting etc.

121. **M&E Planning:** The M&E Cycle is synchronized with the overall PCM every year which begins in November through to June during which plans are derived and budgets assigned. The PDR – Logframe and M&E and KM documents help to extract what to monitor and evaluate within each year is extracted from the master work plan and M&E Plan. Through discussions with the PCU and some of the partners, the mission observed the process is inclusive; partners prepare their AWPB which are consolidated by the CPU.

122. **Baseline survey,** though of primary importance to provide baseline values on the Key Performance Indicators (KPIs) has not been conducted. The procurement process for the external consultant has been initiated but not concluded. Innovatively, the PCU had started gathering key baseline values both from secondary sources and some field interviews. The ASDSP conducted Baseline Surveys in 2013 and this might be relevance to the Programme in the target counties. This should be completed immediately to provide the base values against which programme performance on the key outcome and impact indicators can be measured.

123. **Monitoring of Environmental issues.** At the time of the mission, the Programme had not developed, validated and implementing recommendations from any Environmental and Social Management Plan-ESMP as suggested in the Environmental Impact Assessment Screening process. It was anticipated that the Programme will closely liaise with the National Environment Management Authority-NEMA to assess the requirements for an Environmental Impact Assessments and possible

mitigation measures to be put in place to monitoring the impact of programme interventions given the trend in use of chemical fertilizers. Under CRAL Window, it is imperative that a consolidated Social, Climate and Environmental Management Plan is developed and fully implemented to comply with the SECAP guidelines and procedures although the programme is classified as Category B and the ASAP interventions are expected to have multiple positive impacts on the environment and beneficiaries if the Programme is effectively and efficiently implemented.

124. **Gender and youth focus.** Commendable efforts have been made by the programme to reach small holder house hold farmers in the Eastern and Western regions of the programme areas. The programme has for instance realized and even surpassed the 50% targeted representation of women under the programme. So far, of the total 20,867 beneficiaries enrolled into the programme, 12,431 are women representing 59.6%, while records show youth representation at 8.6% (1,803). Additionally, an estimated 3911 women, and over 120<sup>8</sup> youth have received trainings in diverse areas, including GAPs, new crop technologies, record keeping, and they have also participated in field days. 2,990 demonstration plots have been established in farms that belong to women farmers, while many more, men and women (3,682) from both the Western Region and 10,381 from the Eastern region have been trained in financial literacy with completion status at different levels.

125. Similarly, service providers such as the extension agents have received ToT trainings on GAPs, Group Organization and Development and post-harvest management, over 532 women have benefited from these trainings. With support from the PCU, frontline agriculture staff at County and Sub-county levels continue to sensitize communities on gender issues, this way enhancing the programme ability to realize and sustain the required 50% women and youth representation across programme interventions, including beneficiary enrollment, trainings, as well as programme implementation structures. Importantly, to the largest extent, programme reporting has been engendered across all programme interventions; this is a good strategy towards enhancing the visibility of women and youth in the programme.

126. Programme requires that of the 100,000 smallholder farmers targeted under KCEP, 50% are women, with focus on Female-headed Households (FHH) and youth. FHH are considered to have lower income and higher poverty incidences, lower access to capital assets and lack control over property, particularly land. Specifically the programme identifies youth as those who range between 18 and 35 years of age, are unemployed, underemployed and underpaid, and lack resources to start their own businesses. These youth are seen as often lacking access to land and are not attracted to agricultural production as a livelihood strategy. Awareness and clear understanding on the nature of these specific target populations among women and youth is important as it helps one acknowledge that even within these categories, where strategies and approaches to target them are not explicitly spelt out may lead to greater occurrence of errors of inclusion and exclusion with interventions inadvertently bringing on board women or youth farmers who conventionally may not be categorized as fitting these characteristics. Hence, clear understanding of the target population characteristics by implementers at all levels becomes the first level to ensure a greater gender and youth focus.

127. It is clear for instance that reporting on FHH as operationalized in programme implementation differs from conventional understanding of what comprises a FHH, similarly, while youth, as defined in programme documents lays emphasis on young people within the age bracket of 18-35 years with no access to, nor have control over resources such as land, are unemployed and or underemployed and have limited opportunities, reporting may capture young people by virtue of age without due consideration to their economic situation. Acknowledging the inherent ambiguity in the definition of both FHH and youth in the programme documents, the programme has come up with an operational definition especially for FHH. In the interest of attaining greater gender focus in targeting beneficiaries, ***it is recommended that the operational definition<sup>9</sup> as already being used by the programme be***

<sup>8</sup> Data on youth is not disaggregated in a number of documents. Youth trained may therefore be more than the figure captured

<sup>9</sup> FHH defined to refer to: 1) Households with husband and wife but farming decisions have been delegated to the woman, 2) Households where the woman is single and has her own farm, 3) Widowed Households, and 4) Households of absentee husbands.

***incorporated into the existing implementation guidelines as this will allow implementers to correctly identify intended programme beneficiaries.***

128. Further, it was noted that the process of recruiting beneficiaries into the programme takes place in open *barazas* after sensitization on the programme goals and objectives, and the programme criteria followed by filling and return of application forms by potential beneficiaries, and it is only once the listing of potential beneficiary households has been completed, that numbers for both women and youth are determined. This approach potentially leads to exclusion of target populations such as the youth where there are no specific measures to reach them, and the programme criteria for inclusion such as the "one acre" requirement for enrollment is beyond their reach. For instance, whereas the percentage representation of women is clearly spelt out in the design documents, no specific quota is set aside for the youth although they are a target population under the Programme; this lack of focus on the youth is reflected in the low percentage of the numbers recruited in the programme so far. This trend only continues to further marginalize their participation in the agriculture sector. Being a key aspect of programme intervention and in the interest of enhancing the participation of the youth in programme activities, there may be need for the programme to determine a quota for youth representation in the programme area given their numbers, and equally come up with youth centered participatory processes to effectively bring them on board, either under already spelt out farmer categories in the programme or onto other areas of the cereals /pulses value chains.

129. Therefore, for enhanced participation of the FHH and youth, there is need for additional specific/tailored activities through participatory processes, including use of gender household methodologies that will enhance their inclusion and participation for improved well-being of the HH and its members. To this end, the mission ***suggests the revision of the draft PIM, particularly on the targeting processes in order to capture a clearer step by step targeting methodology for ease of operation and facilitation of inclusion of all gender.*** Further it is recommended that the programme *rolls out the already developed GESI Action plan which also brings on board some of the recommendations proposed in the gender, equity and social inclusion.*

130. **Poverty focus.** According to the 2009 census, poverty in the programme area lies between 38% and 68% in the Western and Eastern regions of the programme respectively. Through Geographical targeting, KCEP currently operates in 8 counties selected on the basis of their poverty index, 16 sub-counties and selected wards within the sub-counties. The selection process for the counties and the sub-counties as guided by poverty criteria is clearly defined in the programme documents. At sub-county level, the programme is expected to reach selected wards, although provision is made for staggered expansion, in which case secondary criteria of concentration of small scale cereal farmers, intervention of other similar projects, agro-ecological and economic potential for impact, population density and ease of access to facilitate programme logistics and to maximize impact are applied. Programme expansion shows that in the Eastern, the estimated total number of HH to be targeted are 42,500, while in the Western, 57,500 HH will be targeted. Determination of beneficiary expansion numbers at the county and sub-county levels are determined at PCU, while, expansion to ward level is determined by the sub-county selection committees. Expansion of beneficiary numbers is shared equally across counties as poverty variation within some of the sub-counties is fairly insignificant and is similar in some of the other sub-counties.

131. This notwithstanding, preparation of a beneficiary expansion plan which explains rationale and defines numbers of expansion down to the ward level enhances preparedness among implementers especially at county, sub-county and ward levels. As a management tool, this provides a platform for creating awareness on programme activities, and can be used to guide information sharing for greater coordination among different players operating in the programme area.

132. Further, whereas it is acknowledged that programme design focus is not on the very vulnerable populations, in the interest of reaching the most disadvantaged and vulnerable communities in the Programme areas, innovative approaches that promote social inclusion such as sensitizing benefiting groups to "adopt extremely poor HHs " by supporting and mentoring them in GAPs, and or even having the Programme lower the "one acre" requirement may be pursued, this may indeed be one of the measures that can demonstrate successful graduation of beneficiary groups.

133. On overall, emerging trends from Programme interventions reveal that to the largest extent, they are well targeted for reducing poverty and improving livelihoods among small holder farmers in the programme area. Firstly, programme beneficiaries as revealed in the GESI study display majority of the poverty characteristics among smallholder HH farmers as identified at programme design. This demonstrates that targeting of beneficiaries has largely reached the intended categories of small holder households in the programme areas. For instance, some of the characteristics of poverty at design included "low productivity: 5 -12 bags (of 90 kg) per acre for maize and 1-6 bags per acre for pulse", in just one season, farmers in the western region are reporting producing 27 bags of maize per acre and therefore in the short term this evidence demonstrates that small holder farmers through project interventions are showing potential for addressing poverty. Another key characteristic of poverty among small holder farmers is average land size for production shown to be between 0.5 to 2 acres of maize in monoculture and in rotation with pulses of land. The GESI study revealed that farmers currently benefiting under programme interventions lie within this range, with an average of 3.0 acres in the western region. Other characteristics of poverty that are in line with those identified during programme design as revealed under the study include low household incomes, use of unpaid family labour, with women providing most of this labour, and high post-harvest losses. From the one season harvest among farmers in the western region, evidence for increased income and household food security was demonstrated. All farmers within the groups had already set aside adequate quantities for household consumption also started saving money in their accounts. As a result of group organization, farmers are also now using common labour from group members, thus going beyond family labour, thus certainly shortening time period taken on the farm.

134. Further, with programme interventions, there seemed to be more awareness on how to manage post-harvest losses, another key characteristic of poverty reduction. Overall, if sustained, these subsistence farmers have shown potential for graduating to commercial agriculture over the projected three seasons under the programme. This evidence shows that the programme targeting has prioritized the productive poor farmers who are able to increase yields, although sustainability of crop productivity remains difficult.

135. To this end, the need to sustain gains made beyond the one season become very critical. In line with the programme priorities, implementation efforts toward building the capacity of farmers groups as platforms for sustainability need to be enhanced. This will build on already ongoing initiatives by group members many of whom the mission observed have already started income generating activities in their groups. Almost all the farmer groups the mission interacted with indicated they are yet to have their groups registered, although they are now in the preparatory stages of registration. Groups remain critical in ensuring sustainability of initiatives beyond programme life. In line with recommendations provided under the GESI study, specific trainings to groups need to incorporate a package of relevant topics from the existing group organization training module alongside training on agricultural practices (if not already taking place). This approach will lay a good foundation for sustainability of programme initiatives.

136. **Effectiveness of targeting strategy.** Targeting under the programme is undertaken at two levels thus geographical targeting for participating sub-counties, and community based targeting for identification and enrolling potential beneficiaries. The Community based targeting approach to reach beneficiaries involves several steps that include Community mobilization and sensitization at ward level on program goals and objectives, including on the eligibility criteria for selection of e-voucher beneficiaries, distribution of farmers application forms both for category 1 and category 2 farmers, followed by pre-select/sorting the applicants, community validation and prioritization of beneficiaries based on a validated selection criteria.

137. The mission observed that through this process, the programme has so far reached a total of 20 867 beneficiaries (11,678 Cat 1 and 9,189 Cat 2). High drop-out rates emanating from various factors have been experienced with almost 50% potential beneficiaries failing to make to the enrolment stage of the e-voucher package. Whereas it is expected that demand for the e-voucher will ensure the programme is able to reach targeted numbers, there is a need to review the current programme targeting strategy to address process related challenges that contribute to i) the delay in

undertaking the targeting process, ii) apparent beneficiary dropout rate, iii) potential errors of inclusion and exclusion that may be occurring along the stages of the process and iv) the process of targeting category 2 beneficiaries which evidently has been slow. Interactions with the farmers revealed that not many of them were willing to be targeted under category 2 due to the perceived higher benefits for category 1 farmers than category 2. To this end, a total of 9,189 beneficiaries have so far been registered out of the expected annual target of 40,000 under category 2 at the time of the mission as can be seen in the table below of approach on the phasing of the beneficiaries.

### Programme phasing

Beneficiary typology	Region	Targeting			Financials				
		Total	Annual Targets	# Pre-selected	# vouchered	# got seeds/in puts	Total e-Voucher Value (KES) 90%	% (targeting) achievement	
								Annual	Overall
Cat 1	Western	20,000	5,000	5,300	4,631	4,631	84,037,568	93	23
	Eastern	20,000	12,300	14,744	7,047	7,047	126,481,568	57	35
	<b>Total</b>	<b>40 000</b>	<b>17 300</b>	<b>20 044</b>	<b>11 678</b>	<b>11 678</b>	<b>210 519 136</b>	<b>68</b>	<b>29</b>
Cat 2	Western	45,000	25,000	4,000	Ongoing			16	9
	Eastern	15,000	15,000	5,189	Ongoing			35	35
	<b>Total</b>	<b>60 000</b>	<b>40 000</b>	<b>9 189</b>					
Agro-dealers	Western	150	150	114	NA	NA	NA	76	76
	Eastern	150	150	105	NA	NA	NA	70	70
	<b>Total</b>	<b>300</b>	<b>300</b>	<b>219</b>				<b>73</b>	<b>73</b>

138. From the above and in order to address some of the challenges that have been experienced in the process it is recommended to:

- Consider development of a harmonized targeting tool (questionnaire) to be used for targeting category 1 and category 2 farmers during one selection process rather than having two distinct timings for selecting each category of beneficiaries. For instance, a quick review of the current selection template shows that information collected is a build up from category 1 to 2 but can therefore be easily harmonized as this will allow the Programme to roll out activities under both categories at the same time for greater efficiency gains;
- To enhance objectivity of the process, by having the harmonized tool that is weighted for purposes of ranking beneficiaries along the targeting criteria which should then be presented in community *barazas* for further validation before it is forwarded to the Ward Selection Committee;
- To reduce errors that occur during beneficiary data collection and entry processes, by possibly rolling out an electronic targeting process under the programme. This will likely reduce the lengthy time being taking under manual data collection and entry. Since the M&E system is going to web-based/online, the PCU could further explore the feasibility on integrating the harmonized targeting tool within the ODK software and
- Further, as the targeting process is central to undertaking all other programme processes and activities, through the electronic platform, the Programme should explore feasibility on continuously enrolling the as opposed to “an event” that only occurs before each season.

#### Targeted beneficiaries and numbers reached

Target group/Category (KCEP)		Targeted	Reached	Percentage
Category 1	Men	20,000	4676	23.4%
	Women	20,000	7002	35%
	Youth	-	1803 <sup>10</sup>	
Category 2	Men	30,000	3760	12.5%
	Women	30,000	5429	18.1%
	Youth	-	-	
		100,000	20,867	20.9%

<sup>10</sup> This figure on youth is not included in the total number of beneficiaries to avoid double counting.



139. **Knowledge Management and Visibility.** The PCU display appropriately IFAD and the European Union logos in all their documentation including the demonstration plots which were established using the funds from EU. Use of State Department of Agriculture Public Relation Officer in its communication. However, the mission noted some of the implementing partners are not consistently using EU, IFAD and GoK logos on their materials and documents that the Programme had supported.

140. The mission noted that Programme has generated a lot of knowledge products in the form of training manuals, publications, reports, videos, pamphlets, leaflets, banners, posters, etc on various interventions. However, there is no mechanism to systematically distil, document, disseminate and share emerging lessons, innovations, best practices and experience from the programme. The worth of knowledge and information captured by key implementing partners e.g. KALRO, AGMARK and Equity Bank Limited need to be documented and widely share with key audience.

141. The PCU currently uses the following approaches:

- **After action reviews;** which involve head of components/Units to de-brief the entire PCU members after conducting an activity highlighting what happened, challenges faced, lesson learnt and possible solution to improve the implementation in future
- Focus group discussion by PCU with farmer groups conducted by the programme have identified the challenges and possible solutions for mitigation the challenges and best practices;
- Identification of information from M&E quarterly/semi/annual reports from key implementing partners;
- PCU quarterly planning and review meetings - Shared knowledge on implementation in Western region which helped in mitigating the same in Eastern and Coast region in future;
- M&E field visits – Identified challenges in project implementation e.g late input access, card declines, malpractices by agro dealers, performance of crop varieties
- Regional programme planning meetings with partners e.g KALRO, EAGC, Equity to harmonize plans and timelines for activities
- Stakeholder meetings e.g County and sub county programme coordinating committees - Involved the implementing partners who contribute in ways that can improve project performance.

Agreed action	Responsibility	Agreed date
The current PCU organigram should be reviewed and updated to clearly reflect well-define chain of command and reporting as a result of the recruitment of additional staff under CRAL Window	PCU/IFAD	As soon as possible
Finalize and communicate to IFAD the performance appraisal assessment of the eligible PCU staff for 2016 and share a staff capacity development for IFAD's review	PCU/SDA	By mid-Feb 2017
Finalize and share the KCEP-CRAL start-up workshop report	PCU	As soon as possible
Timely plan to review the performance assessment of KALRO, AGMARK, Equity Bank Limited and Equity Group Foundation after one year of implementation as stipulated in signed subsidiary agreements and share the outcome with IFAD for review	PCU/SDA	A month after annual contract period
Organize a refresher or induction training for PCU following appointment of new staff to enable them better understand IFAD and EU requirements	PCU/IFAD	By 28 Feb 2017
Communicate to selection of KCEP-CRAL for IFAD's impact assessment initiative and research consortium to share draft impact assessment plan	IFAD/ICRAF	31 Dec 2016
Explore the option of using an electronic targeting process to be aligned with ODK software as part of the M&E system to replace the current manual data collection and entry	PCU	31 Mar 2017
Finalize and fully operationalize the M&E and MIS System	PCU and M&E service provider	30 Jan 2017
Finalise collection of baseline values on Key Performance Indicators	PCU	28 Feb 2017
Select and incorporate CRAL Window Indicators into the current M&E and MIS Systems	PCU/MEO	28 Feb 2017
Discuss with EBL and agree on how to access data on transactions by farmers enrolled under the e-voucher assess the farmers degree of bankability	PCU/EBL	28 Feb 2017
Draft ToR for the baseline survey for CRAL Window	PCU	mid-Feb 2017
Liaise with NEMA to develop and implement the Social, Environmental and Climate Management Plan to comply with national regulations and procedures as well as SECAP guidelines	PCU/NEMA	By 28 Feb 2017
Incorporate the FHH operational definition as already being used into the PIM	PCU	immediate
Define an elaborate youth and women centred participatory processes to effectively engage them in programme activities	PCU	Mid-Feb 2017
Revise the current PIM capture a clearer stepwise targeting methodology for ease of operation and facilitation of inclusion of FHH and Youth	PCU	28 Feb 2017
Validate and rollout the GESI action plan for enhanced gender and inclusivity focus	PCU	31 Mar 2017
Consider adopting a mentoring approach as a means to reach out to the very vulnerable and extremely poor households so that they can benefit from GAPs, trainings, etc as a measure to demonstrate successful graduation	PCU	Prior to every cropping season
Continue to strengthen the capacities of established farmers groups in effective organizational, technical and management capacities as well as in inclusive governance	PCU/County Staff	Continuous
A dedicated website should be developed for the Programme to enhance the visibility of the programme outcomes, results and impacts	PCU	By 28 Feb 2017

## E. Fiduciary aspects

142. **Financial Management.** The financial management the Programme has improved since the last mission. The mission noted six key issues that need improvement to enhance the financial management performance: (i) after almost two years, transactions posting and financial reporting is still manual. The SAGE accounting software inherited from SHOMAP is not yet fully operational. The software appears to be inadequate and not sufficiently responsive to the full Programme needs. It has serious limitations in automatically generating withdrawal applications, reports by component, by categories and by donors; (ii) at the PCU level, duties are well segregated between the Financial and Administrative Manager-FAM, the senior accountant and the Admin/ finance assistant; however, at the subunits level, there is one accountant who handles funds. There is a need to find means in facilitating proper segregation of duties; (iii) The EU funds and the government contributions are mixed on one operational account and it is difficult to trace the usage of funds; (iv) the Programme Implementation Manual needs to be updated include the requirements under CRAL Window which

needs the approval from the PSC prior to IFAD's non-objection; (v) Funds transferred to partners are treated as expenditure instead of being advances to be accounted for and (vi) the filing system needs to be reorganised to allow the easy retrieval of documents.

143. In view of the preceding and taking into consideration the size and the complexity of the Programme, the mission recommends to the PCU (i) to consider the option of either enhancing the full functionality of the current accounting system to meet the incremental fiduciary requirements of EU, IFAD and ASAP or procuring a full-fledged accounting software that will help in properly managing the Programme through CRAL Window; (ii) opening one separate bank account for government funds for both KCEP and CRAL; (iii) for proper segregation of duties at the sub-unit levels, some accounting duties should be given to the Programme Assistant after a short training by the FAM and the Senior Accountant; (iv) to install shelves in the office of Senior Accountant for proper filing and (v) to update and validate the Programme Implementation Manual after getting the necessary approval from PSC and IFAD.

144. **Review of Internal control.** In the absence of reliable software and with inadequate segregation of duties at the level of the subunits, the internal control audit missions should be intensified by the auditors from the line ministry. At the time of the mission, the line ministry internal auditor had conducted only one mission and the recommendations were concerning the management of imprest by the accountant due to the limited number of accounts staff at the sub-units and the payment of vouchers that were not properly filed. This is largely insufficient and the mission recommends that such internal audit reviews should be conducted on semi-annual basis, at the least.

145. **Administration.** An issue that needs attention especially in management of funds is the existence of the positions of Senior Programme Coordinator-SPC and the Programme Coordinator-PC who was overall managing KCEP until its consolidation with the KCEP-CRAL. Some documents have not been updated to reflect the current change in leadership upon the appointment of the SPC. To avoid confusion and contradicting orders, it should be clearly noted that the approval of documents and the overall management of the KCEP-CRAL fall within the function of the SPC; the Programme Coordinator should be acting or signing only in the absence of the SPC.

146. **Gratuity and salary increment.** The PCU submitted a non-objection request for 6% salary increment and for the payment of gratuities following approval by PSC. In this regards, the mission reviewed the Costab and the contracts of the staff. The conclusion is that employees have right to gratuities because it has been budgeted and included in the Costab as well as clearly indicated in their contracts. However, the proposal for annual salary increment is an option that can be jointly decided by the Government and IFAD bearing in mind that the Costab did not provide budget for any Staff salary increment. The Programme staff salaries in the Costab are fixed for the entire period of the project.

147. **Review of the Statements of Expenditure (SoEs).** The mission-reviewed expenditures presented in WA 8 and 10 for justification of the initial advance. It was found that all expenditure items were eligible and in line with supporting documents. It was also found that all expenditure items are below the ceiling of USD 40,000 as stipulated in the Letter to the Borrower. The mission recommends the consistent use of the contract monitoring form and also ensures that payment vouchers are consistently stamped with "PAID" and "POSTED".

148. **Review of the last supervision mission recommendations:** five agreed actions out of eight have been implemented and three are still being implemented which are (i) the operationalisation of the accounting software, (ii) the audit of e-vouchers system and iii) the validation of Programme Implementation Manual

149. **Disbursement.** As at 30 October 2016, the actual total disbursement reflected in the IFAD records amounted to EUR 3.78 million, representing 24% of the total EU Grant (KCEP) of EUR 15.65 million; on IFAD loan (CRAL), an amount of SDR 361.732 representing 0.82% of the total amount of SDR 43.85 million has been disbursed to the Programme special account but is yet to get to the Programme operational account. The Government disbursed to the Programme EUR 1.35 million representing 56.3% of the total counterpart funds for KCEP of EUR 2.4 million; beneficiaries

contribution is estimated at EUR 98,000 representing 2.7% of the total estimated contribution of EUR 3.56 million under KCEP. IFAD had disbursed to FAO an amount of USD 858,590 representing 42.9 % of the total grant of USD 2 million. The contribution of the Equity Bank stands at USD 1.15 million representing 36% of its estimated contribution of USD 3.1 million under KCEP. No disbursement has been made from IFAD ASAP Trust grant of SDR 7.1 million.

150. The cumulative total expenditures available for the KCEP-CRAL (both original KCEP and additional funds under KCEP-CRAL) are estimated at USD 7.054 million representing 7% of the total amount of the financiers that are currently on board estimated at USD 106 million. Expenditures on the total EU grant were estimated at EUR 3.78 million (equivalent to USD 4.42 million) at the time of the mission.

151. **Contracts with implementation partners.** So far, four services providers have been contracted by the Programme. These partners include AGMARK, KALRO and Equity Bank (Kenya) Limited & Equity Group Foundation. Equity Bank manages a significant amount of funds for the e-voucher system. The Programme should consistently monitor the performance of all the implementing partners. They should account for funds they received before getting a subsequent disbursement. **It has been agreed that Equity Bank (Kenya) Limited will be providing formal report on monthly basis, the accounts will be reconciled at the end of the season and the balance returned to the Programme or rolled out to the subsequent season. Likewise, Equity Bank (Kenya) Limited contribution to the Programme will be formally submitted to the Programme on quarterly basis as stipulated the current Subsidiary Agreement.**

152. **Designated Account and Programme accounts.** The mission reviewed the status of the designated account and found out that all the funds disbursed by IFAD to this account have been transferred to the Operational accounts. All the nine Withdrawal Applications submitted by the Programme to justify expenditures have been received by IFAD with the exception of withdrawal application number 10 of EUR 232,217 that is yet to be submitted to IFAD at the time of the mission. It should be noted that all the funds received through the special account (EUR 3,043,374) have been justified with zero balance in both the special and operational accounts. This situation constitutes a handicap to the implementation of the programme activities; due to the lack of liquidity, only few activities are being implemented with currently available Government funds. Figures show that the Programme met the requirements of 70% at WA 8 submitted in August 2016 but could not be funded at that time because IFAD also was waiting for the EUR 4.2 million disbursement from EU that has been received by IFAD on 31 October 2016.

153. The Programme is operating with a revolving initial deposit. Since the start up, the Programme presented 10 withdrawal applications: one initial WA for disbursement of funds; eight WAs for recovering the advances and one WA for direct payment to Equity Bank. As of 30 October 2016, the expenditures by category of expenses on the original EU are presented in the table below.

**Table 8: Status of expenditure by category for original EU grants as of 30 October 2016 (EUR)**

Category No	Category description	Approved allocation	Current allocation	Disbursement	Percentage
I	Works	470000	470000	0,00	0
II	Equipments and Materials	1 580 000	1 580 000	144 702,80	9%
III	Consultancies	3 770 000	3 770 000	290 342,91	8%
IV	Grants and Subsidies	6 140 000	6 140 000	2 304 442,32	38%
V	Salaries and Allowances	2 120 000	2 120 000	933 861,04	44%
VI	Operating Costs	240 000	240 000	169 944,81	71%
99	Unallocated	1 330 000	1 330 000	0,00	0%
	<b>Total</b>	<b>15 650 000</b>	<b>15 650 000</b>	<b>3 789 049</b>	<b>24%</b>

154. From the above table, the operating cost percentage is quite high only after two year of operations partly due to the fact that the Programme currently relies on rented or borrowed vehicles from other ministries which require high maintenance costs as well as the increased frequency of monitoring of different partners and field activities. ***It has been agreed that the Programme will carefully monitor expenditures under this category to ensure proper and correct posting of operating costs that are clearly covered by counterpart funds from those that are eligible under the EU funding.***

155. **Counterpart funds.** As of 30 October 2016, the contribution of the Government amounts to EUR 1.35 million representing 56.3 % of the total GoK contribution to KCEP (EUR 2.4 million in total). Except only for the starting year (2015) where there was delay in the disbursements, GoK has provided its contributions to the Programme regularly in 2016. The mission commends the government for the funds so far disbursed to the programme and expects the funds for the starting of CRAL activities would be available to the programme on time.

156. **Contribution of beneficiaries.** As of 30 October 2016, the contribution of beneficiaries as recorded in the Programme books amounted to EUR 98,000, which represents 2.7% of the total estimated contribution of EUR 3.56 million for KCEP. The PCU should consistently record the contribution of beneficiaries in the books of accounts. In most of cases, it would not be difficult to record as it represents 10% of the package given to the farmers and this information could be extracted from the EBL reports on the e-voucher scheme.

157. **Compliance with financing covenants.** The mission reviewed the compliance with the Grant and Loan agreement covenants and found out that there is a number of covenants for CRAL that are yet to be implemented and that some of KCEP covenants are still pending such as: the accounting software that is not fully operational and the auditor for electronic voucher that is not yet recruited. The Programme should also continue to follow up for the timely auditing of the Programme.

158. **Audit.** The 2014/2015 audit for KCEP was conducted by the Kenya National Audit Office (KENAO). The qualified audit report was submitted to IFAD before the deadline of 31 December 2015. The bases for the qualification were the low absorption of funds because only 13% of funds that were disbursed to the Programme by IFAD were utilised. The compensation of employees represented 74% of the total expenditures and that the Government did not provide counterpart funds on time. At the time of the mission, all of these issues have been resolved.

159. Beside the above qualification, the mission reviewed the audit report in terms of the disclosure requirements by IFAD and found out that the format used by KENAO does not give opinions on the statement of expenditures, on the reconciliation of the special account and does not certify expenditures by categories and by components as it is specified in the Letter to the Borrower. These documents have been included in the current financial statements by the PCU. ***The mission recommends that the PCU should engage with KENAO to extend the scope of the audit in order to have these aspects covered in the coming audit period.***

160. **Audit of the electronic voucher system.** E-voucher is being implemented by Equity Bank (Kenya) Limited and it had received more than EUR 2 million to carry out the planned activities at the time of the mission. The Financing Agreement requires that the independent qualified auditors should annually audit these funds. The first audit is due on 31 March 2017; one year after transfer of funds to Equity Bank (Kenya) Ltd. The Programme notified the KENAO on the urgency of the audit, however, KENAO had not responded at the time of the mission. Furthermore, the auditor should also review the accuracy of the contribution of the Equity Bank (Kenya) Limited and Equity Bank Foundation that seems to be overstated. ***The mission recommends that the PCU and KENAO should agree and take appropriate measures to ensure that this audit is conducted on time.***

Agreed action	Responsibility	Agreed date
To open a separate bank account for Government Counterpart funds	PCU/SDA	As soon as possible
Reconciling Equity Bank e-voucher funds at the end of each cropping season and subjecting the subsequent disbursement to the full accounting of the previous disbursement	PCU& Equity Bank (Kenya) Limited	Continuous
Organize basic training in financial management to the Programme Assistants at the PCU Subunits to help in the segregation of duties at the three subunits	SPC/FAM/Pas	31 Jan 2017
Explore the option of ensuring the full functionality of current accounting system to meet the donors' FM requirements, if not then procure and fully operationalize a new highly responsive accounting software through the CRAL Window	PCU & IFAD	28 Feb 2017
Update and Finalize the PIM for approvals by PSC and IFAD	PCU	31 Jan 2017
Review the organogram to ensure clear reporting lines	PCU	31 March 2017
Timely prepare to conduct audit for the e-voucher system	PCU/KENAO	31 March 2017
Monitor expenditures to keep operating cost within acceptable budget ceilings	PCU	continuous

161. **Procurement.** The overall performance has improved since the last mission. The mission reviewed the Programme procurement cycle on a sample basis and noted that generally there was compliance with the prescribed IFAD and National Procurement Guidelines. The procurement environment of Programme involves multiple players which will require proper management and rigorous monitoring of the procurement process to address delays that are being experienced resulting in low disbursements.

162. **Procurement Staffing.** The mission noted that the substantive Procurement Specialist resigned and the recruitment of the new Procurement staff is being initiated after IFAD granted the non-objection to the ToR/Advertisement in August 2016. The absence of the substantive Procurement Specialist in the programme is seriously affecting the implementation rhythm. The mission acknowledges the effort by the line ministry to provide interim arrangements with provision of staff to support the PCU on procurement issues pending the full recruitment of the Procurement Specialist. The mission stresses the importance to timely initiate and complete this recruitment in order to minimize the any further performance risk by the Programme.

163. **Procurement planning.** The mission noted that a procurement plan for the year 2016/2017 has been prepared in line with the AWPB. Although the plan has been prepared using the current format, the plan bears the following weaknesses:

- i) Lacks adequate data required for it to effectively guide and facilitate program implementation;
- ii) Indicative procurement activity times for some contracts have not been carefully determined;
- iii) Procurement/Selection methods, particularly for consultants should be carefully and correctly determined.
- iv) Some categories of procurements such a non-consultancy services and capacity building activities have not been included in the plan and;
- v) Adequate descriptions have not been provided to link the plan to the AWPB. The mission has provided support in these areas.

164. *The mission recommends that the Senior Programme Coordinator to monitor the plan and contract performance on a regular basis with formal reviews done on a monthly basis.*

165. Generally, there are delays in the completion of procurement process at all levels including delays in reviewing and granting of non-objections. The prolonged delays increase the risk of bids expiring that will need corrective actions as per national procurement procedures and guidelines. *It is therefore recommended that effective mechanisms should be put in place at level of the Programme and IFAD to address backlog of procurement issues.*

166. **Evaluation bids.** The mission noted some instances, where a wrong evaluation criterion is used for evaluating bids for goods and non – consultancy services. An example is the procurement of Security and Guard services (non-consultancy services) for KCEP, Nakuru sub branch for KES

1,148,400.00 through the quotation method. The criterion used is a merit point system, a criterion not applicable to the procurement of goods and non – consultancy services.

167. For selection and employment of consultants (firms) the mission observed that the selection method commonly used by the programme is the Least Cost Selection (LCS) method. Whereas, LCS may be suitable in some cases, the mission wishes to advise that given incremental need for consultancy contracts that involve inputs and outputs, the Quality, Cost Based Selection (QCBS) method should be used to ensure the selection of quality service providers.

168. Another issue observed by the mission in the evaluation of proposals is that, the consultants who participated in the process are not informed of the technical evaluation results. Regarding the procurement of goods and non-consultancy services, the lowest evaluated bids should be subjected to Post Qualification evaluation using predetermined criteria included in the bidding documents. The mission noted that notification of awards is sent to the lowest evaluated bidders without having carried out post qualification evaluation.

169. **Procurement of Vehicles.** The mission noted with great concern the delay in procurement of three vehicles through ICB with support UNOPS. From the time of the launch of this process in 2015, the vehicles had still not been delivered to the PCU at the time of the mission. The Programme does not have any official vehicle for its operation but rather relies on borrowed or hired vehicles of which many of them are too old and therefore increasing the maintenance and service cost for the Programme in using these borrowed vehicles for its daily operations. The mission urges the Programme to carefully assess the cost-benefit of using the ICB for such limited quantities of goods and use this analysis as basis to propose alternative options for goods of similar nature to avoid further procurement delays and ensuring these options are in compliance with national procurement regulations and deemed appropriate by the donors.

170. **Contract management.** The mission noted that the PCU had a dedicated Staff for procurement thereby ensuring timely performance of procurement related functions. However, the mission observed that there are emerging challenges related to contract management although PCU has set up a process for the contract monitoring of the M&E/MIS. In view of this, the mission suggests that each end user should prepare a Contract Implementation Plan (CIP) for each performance based contract to be consistently used as a key management tool.

171. **Fixed Asset register.** There exists an asset register, but it is not regularly updated to reflect the assets in the programme. The register also lacks vital information and details required for its purpose. Also, all the programme assets should be properly and clearly tagged or labelled and recorded consistently in the asset register.

172. **Record keeping and Archiving.** The mission observed that although the procurement documentation may be available in the programme, retrieval is difficult and takes considerable effort and time because, the documentation and information are scattered in various files kept in different locations. Notably the purpose of good filing is to serve as the basis for any audit and proper procurement management. The effectiveness and efficiency of the procurement arrangements in the Programme is largely dependent on the full disclosure of all required process and timely access to information and documentation throughout the implementation period. *The mission recommends that PCU should have a consistent and coherent operational filing system (both electronic and manual) as part of the Financing Agreements and these documents should be easily retrieval and available even after ten years of Programme closure.* This is extremely important and relevant for EU random verification missions.

Agreed action	Responsibility	Agreed date
Reconstruct and update the draft Procurement Plan.	PCU	31 Dec 2016
Effectively monitor the procurement process and flag excessive delays to ensure timely action to minimize implementation	PCU/SDA/IFAD	Continuous
Improve & update the existing Register of Contracts and share with IFAD on monthly basis	PCU	20 Feb 2017
Prepare Contract Implementation Plan (CIP) for each performance based contract	PCU	Immediate
Tag/label programme assets and record and update them regularly in the asset	PCU	31 Mar 2017

register		
Develop an effective operational filing system (both electronic and manual)	PCU	immediate

## F. Sustainability

173. **Institutional (including service providers).** The Programme is strengthening the capacity of many public and private institutions from national to the sub-county levels to ensure that the most competent service provider is contract to lead in the matching service provisions along each segment of the cereal value chains that the Programme is supporting. So far 721 extension agents have been identified, selected and are being trained in various topics to provide required advisory services and capacity building to beneficiaries in the target counties. KALRO has a strong network of research stations across the country and many are located in the Programme counties to conduct site specific research work as demanded by the Programme. Equity Bank Limited has also network of branches in the all the sub-counties to ensure that e-voucher implementation progresses and dedicated staff are available for case management. 221 agro-dealers have been selected and trained and equipped with facilities to provide timely inputs and often provide advisory services to Programme beneficiaries in the targeted sub-counties. However, the need to liaise with agro-dealers association to advocate for supportive policies is an area needing close follow up. The Programme is also identifying and facilitating linkages between agro-dealers and bulk suppliers and distributors; farmers with buyers and aggregators as currently six out of 25 buyers are being linked to farmers; commercial seed companies are also being linked to agro-dealers. Also, AGMARK is providing relevant training and backstopping to the selected agro-dealers to ensure that they provide targeted services to the Programme beneficiaries. However, the mission noted ongoing delay in contracting Eastern Africa Grain Council-EAGC to provide capacity building to farmers and their groups on value addition opportunities as well as train other relevant service providers. Moreover, the legal disqualification of the Cereal Growers Association-CGA has seriously affected implementation as they were identified at design as a critical partner to support farmers mobilization, training and advisory services but the Programme is working in the interim with County Agricultural Offices to fill this gap. Although there seems to be some existing platform or mechanism to gather all the relevant service providers in in the counties the mission visited, the varying approaches for County Assemblies endorsement of such platforms appear to be weakening the legitimacy of some of these platforms. This intend is making it difficult for some of the counties to effectively and efficiently discuss and share critical issues that might be affecting their service delivery given the decentralization agenda of the Government in order to anticipate the best way in addressing any perceived service delivery gap.

174. **Social (empowerment of local institutions).** While about 202 farmers organization are being formed and strengthened, their actual empowerment will be manifested once the Programme facilitate their registration with the appropriate government authorities to enable being engaged in contractual relations with input-output markets. During the field mission, there was a general sense among the farmers that they are not willing to commit to any potential produce buyers until they are assured of higher farmgate prices regardless of whether a buyer was ready to provide continuous technical support or not to boost production and productivity. For instance, maize farmers in the Western Region were ready to sell their produce to the National Cereal Produce Board based on a government guarantee price of KES 3000/bag compared to others offering between KES 2200-2800/bag of maize. Also, in the Eastern Region where East Africa Breweries Limited had committed to buying a specific variety of Sorghum if farmers will produce them, the farmers indicated that they are likely to sell their produce at the time of harvest to any buyer who will offer a higher price.

175. The most tangible empowering intervention of the Programme is the issuance of customized debit cards to farmers as for most of them, this was the first time in their lives to use debit cards to access e-voucher packages based on the specified e-wallet. Their confidence and self-esteem had been elevated and this is underpinned by training on financial literacy. Each farmer that was successfully enrolled in the e-voucher scheme is automatically issued a debit card to conduct their independent transactions at their own convenience. However, the mandatory cash contribution of 10% for the first cropping season led to exclusions of many farmers that were selected and there is a



concern that more could be excluded in subsequent seasons as their cash contributions will increase to 40% and 70% especially if they do not get the expected production after adopting all the technological packages being promoted by the Programme. The mission appreciates the effort from both the Programme and County Agricultural Staff in sensitizing farmers to already allocate five bags of their produce as savings toward their second crop season cash contribution of 40% as observed during the field visit in Western Region although there were few farmers who had different understanding.

176. The mission noted that there seems to be little evidence of dedicated support to youth-based associations or groups and even from the 202 farmers organizations formed, young people appear to be absent in management and decision making structures.

177. **Technical.** A number of technical manuals and tools have been developed with the support of the Programme for the appropriate value chain actors. For instances, 721 extension agents have been trained on post-harvest management, soil fertility, good agricultural practices, etc and they seem to be prepared in providing the required step-down training to farmers in the various counties and they were supplied with training reference materials. However, the absence of coordinated approach for this step-down training including an effective follow up monitoring process might increase the tendency of have varied and dispersed outcome.

178. The process of selecting, validating, packaging and disseminating the crop input is highly participatory and rigorous. Farmers are adequately informed and consulted on the required training in the use of such validated technologies. During the field visits, farmers were able to demonstrate their knowledge and skills in seed and fertilizer application, observe the standard spacing, etc and many of them acknowledged nearly all the technologies promoted by the Programme were new to them. The mission was however concerned about the use of Mavuno fertilizer in which excessive use can acidify soils and even some counties have banned it and therefore, the Programme needs to continuously sensitize farmers on the detrimental effects of the wrong application of such acidifying fertilizers e.g. Mavunu. Moreover, agro-dealers have become a critical one-stop point for farmers who demand technical advisory services from agro-dealers upon purchasing an input. Some of the agro-dealers have acknowledged that they have some gaps and would appreciate further support in enhancing their technical knowledge in order to serve their client better. Materials such as technical manuals, videos, posters, leaflets, etc in different languages could be very useful for the agro-dealers.

179. Agricultural Officers at County, Sub-county and ward levels are deployed to provide immediate technical advisory and extension services to farmers as part of the devolution plan. However, many of them are constrained by many factors and it is estimated that the extension-farmer ratio is over 1:1000 which is extremely high in the country compared to the FAO recommended 1:400 ratio. Their capacities are often out-stretched coupled of with low/no resource allocations as these could directly impact on the quality of the service they are expected to render. The IFAD grant to FAO is expected to provide targeted and relevant complementary technical capacity building to the Agricultural Offices in the Counties and FAO has posted Agricultural Field offices in this regard. Also, in a group discussion with stakeholders, it became apparent that some produce buyers were ready to deploy their technical staff to provide on-farm training and backstopping to farmers who are cultivating specific varieties that such buyers were interested in. While the mission is in support of all these technical support services, there seems to be lack of clear coordination among these actors to effectively plan, sequence and monitor the delivery of these services perhaps to the same farmers in the county with the aim to maximize efficient use of scarce resources.

180. **Climate Change and Environment.** Most of the climate adaptation approaches are explicitly embedded in the design and implementation of the CRAL window for which the Programme was at the initial stages of planning including preparing MoUs to be signed with County Governments as well as Subsidiary Agreements to be signed with KMD, CETRAD and NDMA. At the time of the mission, there was no evidence of the Programme engaging with NEMA for environmental monitoring based on a developed ESMP. However, the cereal varieties and associated pulses being promoted by the Programme are selected taking into account, the high-yielding potential, disease and pest resistance and water stress tolerance. Extension agents are being trained on climate smart good agricultural

practices and they expected to provide step-down training to farmers. Both FAO and WFP have good experience in climate smart agriculture, conservation agriculture and resilient capacity building and they are expected to support and guide the implementation of these approaches in overlapping counties. The crop models (sorghum/green grams, maize/beans, millet/pigeon peas) are being promoted with the aim of improving soil fertility of farmers' field and invariably reduce dependency on the use of inorganic fertilizers of which excessive use of some have detrimental effects on the environment.

181. **Exit strategy.** With clear value chain approach, the Programme is making considerable efforts to ensure that key actors are fully involved in each segment of the cereals and associated value chains. A network of service providers including extension agents are being facilitated and supported to provide relevant support and advisory services to the target beneficiaries in each county. But such networks need to be closely monitored to effectively evaluate their sustainability of their services to farmers. The key driver is the strengthening of capacity of farmers and their organizations to input linkages with agro-dealer networks and out-linkages to identified and emerging buyers including Government produce buying agency. There is therefore emerging incentive for farmers to adopt technologies and innovations being promoted by the programme given the demand for farmers produce. Training in financial literacy and entrepreneurship and subsequent provision of debit cards to farmers are promising immediate outcomes that is changing the business mind-set of the target beneficiaries with the hope that they could further access adapted financial products with these participating financial institutions, e.g. Equity Bank Limited. Counties are also prioritizing agricultural value chains in their respective County Integrated Development Plans-CIDPS which will provide further opportunities in allocating resources (if fully mobilized) to replicate and scale up some of the emerging innovations, technologies and best practices from the Programme as currently the Programme is collaborating with agricultural offices in the target counties. The absence of a "graduation" strategy/plan is limiting the scope of the Programme in supporting the various value chain actors especially farmers to foresee the level of efforts they require to successfully go through agricultural commercialization pathways from their subsistence level.

Agreed action	Responsibility	Agreed date
Continuously sensitize farmers and support them in raising funds to contribute timely to their increasing cost of the e-voucher package	PCU/County Agricultural Offices	continuous
Provide awareness and appropriate education materials to improve agro-dealers and beneficiaries on safe use of agro-chemicals	PCU/CAO	Every cropping season
Develop a strategy to effectively coordinate public and private extension service deliveries including the ToTs to ensure consistency and coherence in technical practices for beneficiaries adoption	PCU/Buyers/Extension agents	Before start of planting season
Liaise with FAO and WFP to learn and possibly adapt their training materials and tools on CSA, CA and resilient capacity building	RBA-TCG	Quarterly
Identify programme focal points and beneficiaries representative to play active role in county structures responsible for drafting and monitoring of County Integrated Development Plans	PCU/Beneficiaries	Continuous
Develop and operationalize a clear "graduation" strategy/plan for the key value chain actors guide them in navigating through agricultural commercialization pathway	PCU	By 31 Mar 2017

## G. Impact

182. **Physical and financial assets.** The most tangible physical asset that farmers are realising relate to access to certified crop varieties through the e-voucher packages, including inorganic fertilizers, tarpaulins and hermetic bags. Many of the farmers acknowledged that it was their first time in using these assets. In addition, almost 11,700 farmers have been issued with debit cards thereby expanding their financial asset base. As part of the e-voucher packages, these farmers have been able to mobilise their internal resources to contribute to the 10% co-financing of the e-voucher cost for the first cropping season and there were indications from the field that some farmers have starting saving gradually to meet the 40% co-financing contributions for the second cropping season. Agro-

dealers have also realized some physical assets through issuance of customised POS that are enabling them to have real time financial transactions and thus immediate cash flow.

183. **Food security.** The Programme approach is anticipated to boost cereal production and productivity to contribute directly to food security as well as improve household nutrition. For instance, the crop model (sorghum/green grams, maize/beans) are being promoted to ensure that farmers and their households have access to diversified food sources especially from the portion of their produced that they have to consume. Also, post-harvest items (10 hermetic and 1 tarpaulin) distributed to each farmer are explicitly intended to be used to improve drying of harvested produce and better storage of household food supplies in order to minimize post-harvest losses. Farmers in the Western Region expressed deep appreciation of the relevance of these post-harvest items. Some agro-dealers confirmed that there is growing demand for especially the hermetic bags. At the time of the mission, farmers in the Western Region were harvesting their maize and bean crops and many reported more than doubling of their maize yield thanks to the improved crop technologies introduced by the Programme. For instance, some farmers indicated they were now getting between 20-27 bags/acre for maize compared to 8-10 bags/acre in previous season. Most of these farmers confirmed that on average, 10 bags (900kg) of maize will be sufficient for their household consumption from one cropping season to another and this was the basis for the distribution of 10 hermetic bags per farmer. So clearly, if this reported yield in maize is valid for the rest of the farmers, then it shows that on average, farmers will consume 43% of their produce with thanks to Programme support compared to a situation without Programme support where what they produce will barely sustain them throughout the year and this will become even serious if post-harvest losses are factored into the equation.

184. The mission however observed a great concern regarding household dietary diversity as currently maize is the main staple food. Diversification into sorghum and millet food diets are not as popular as maize and there seems to be low consumer preference with food prepared with sorghum and millet including other pulses. The Programme is making efforts to promote nutritional educations during field days where different food dishes are prepared and displayed for public assessment. More of such events should be organized but targeted in communities that have high incidence of malnutrition or with low dietary diversity base. The Programme could adopt some innovative approaches like the IFAD Recipe for Change<sup>11</sup> where celebrity chefs are used to promote traditional indigenous dishes, the “Ark of Tasting” promoted by Slow Food International and it has documented dishes in Kenya<sup>12</sup>, Farm Africa is promoting diversified options for the consumption of millet, green gram and millet, among other partners.

185. **Empowerment.** Community empowerment is about enabling individuals and communities to increase and gain control over the factors and decisions that shape their lives. It is a process that builds communities capacities for increasing their assets to gain access and/or a voice to drive social change. Programme interventions have been targeted toward improving living conditions of beneficiary households by removing them from poverty, improving assets ownership and on the overall, attaining food security at the household level as well as contributing to national food security. While minimal programme activities had been implemented in the Eastern Region, the mission observed that significant achievements on household food security have been realized in the Western Region.

186. Smallholder farmers reported of doubling produce during one season in which the programme has supported farmers with inputs through the e-voucher system, trainings on Good Agricultural Practices (GAPs) and other services provided by service providers.

*Richard Ameta, one of the farmers belonging to upendo farmers group, reported to have increased maize yield on his one acre farm from 12 bags to 27 bags, recording a 125% increase in one season, the story is similar to all other members in his group. Additionally, the group has already started rearing chicken; Richard Ameta proudly showed the 70 chicken to the mission members, clearly these are aspects of how the Programme is empowering some communities they are working with.*

<sup>11</sup> <https://www.ifad.org/topic/r4c/overview>

<sup>12</sup> <http://www.fondazioneSlowFood.com/en/nazioni-arca/kenya-en/>

187. Further, beyond groups formed under category 1, farmers have now formed marketing groups that bring together membership from two primary groups and aggregating their produce in collecting centers. Together, farmers are now able to negotiate prices for their produce. The Muungano group that the mission visited had already negotiated prices for their produce with the National Cereals and Produce Board, and were in the process of signing an MOU with the organization. Across the Western Region, 202 marketing groups, that have brought together 4,631 farmers, have been organized. As the groups are yet to be formally registered (processes on-going), raw data provided on group membership shows interim officials for the Western Region groups with a high representation of men elected as chairpersons, while women are the majority as secretaries to the groups. Formation of groups in the Eastern Region is on-going.

188. Capacity building, especially in GAPs and Financial literacy has been another area of support that has been offered to the farmers. A total of 10,319 farmers (4,055 in Western Region and 6,264 in Eastern Region) have received trainings from ToTs trained by KALRO, who offer trainings on GAPs and 4,228 farmers from Western Region have completed four training modules on financial literacy from the Equity Group Foundation. Many of the farmers who interacted with the mission reported sharing skills they have learnt with neighbours. It was also noted from the Muungano group that a majority of farmers in the group are now embracing a saving culture. To ensure that communities continue on this path of empowerment, the mission sees the need for the programme to broaden the focus of trainings that groups are currently accessing to include areas that address group and organizational growth which has been initiated in Western Region with the initial training of ToTs on group dynamics. This will likely ensure that communities continue to sustain gains realized under the programme even after closure of the Programme.

189. **Increase in income.** Given the growing market for the cereals, it was self-evidential that farmers especially those in Western Region where selling to a buyer with the highest farmgate price for their maize due to the reported increased in crop production. The actual increase in income will be determined after the yield sampling including data on the quantities or proportions of farmers produced that are marketed during this first cropping season. There is general sense among farmers that the yield they are expected to obtain with the Programme support will be higher compared to their previous experience without the Programme. Agro-dealers are benefiting substantially from the e-voucher package thanks to the secured client based and some of them reported that they were generating unprecedented revenues and profit margin in the range of 15-40%. There are also indications that Equity Bank Limited is increasing its market base through the e-voucher scheme due to payment of certain fees although this needs to be fully ascertained.

190. **Quality of Natural asset improvement and climate resilience.** Farmers and other stakeholders seem to be generally happy with crop varieties being promoted by the Programme as they adapted to the different agro-ecologies and there is participatory varietal/technology selection process involving farmers. Beside the concern in the use of Mavuno (brand of fertilizer) and farmers' general acknowledgement of the intensive labour requirements for the agricultural practices, there is indication of improving natural asset base of the farmers. However, the impact of climate change, especially drought and infrequent rainfall is affecting some of the farmers as reported in the Western Region where delayed and untimely curtailment in the rains severely affected the cultivation of beans. CRAL Window is expected to strengthen the climate resilience of farmers through introduction of CSA, CA, weather-index crop insurance and access to climate and weather information in order to better support smallholder farmers' decision making process. The development and implementation of the ESMP will be relevant in providing a basis to regularly monitor and assess the improvements in natural resource base of farmers and their resilient capacity.

191. **Policy and institutions.** At the national level, there seems to be clear sectoral objectives and targets to be achieved as enshrined in Agricultural Sector Development Policy and targets are monitored annually. Each project under line ministry is therefore expected to contribute to achievement of these national targets. For instance, KCEP is expected to support the achievement of national food security with grain production target of 41,000 tons or 10% national food deficit and with CRAL implementation, these targets are expected to increase.

192. The mission noted that Government is finalizing the National Cereal Development Policy/Strategy and IFAD coordinated with EU Delegation to provide extensive comments on earlier draft document. The completion and implementation of this policy document will provide the much needed enabling environment to support the transformation of the cereal sectors through a public-private partners arrangements although IFAD emphasized the importance of ensuring that smallholder farmers are given priority as the Programme is focusing on graduating subsistence farmers into market and commercialized farmers with a target of 185, 000 in 13 selected counties.

193. There is growing political will and renewed focus by the Government to provide agribusiness and entrepreneurial opportunities in agriculture and values with purpose to address the increasing youth unemployment rate in the country. As a result, the line Ministry has drafted a **National Youth Agribusiness Strategy 2016-2021** together with an implementation plan which was validated at a Government- donor's meeting in November 2016. Once adopted, this Youth Strategy will provide further opportunities for the Programme to pay more attentions to the young people being targeted in the programme interventions as a means to supporting and contributing to the objectives and targets of the line Ministry priorities on youth agro-empowerment.

194. As part of the devolution process, **County Governments** are playing a critical role in the ownership of development interventions in their counties. The main development framework is the **CIDPs** with an average five-year implementation timeline. Although 50% of County budget comes from the national government, it is unclear how the County governments are mobilizing the remaining 50% of resources to finance their administration and development priorities. During the county visits, the mission noted that in some counties, there appears to be no clearly structured and effective county development arrangements to be consistently and coherently coordinating development interventions in their counties. Some have ad-hoc informal structures and deliberate on development coordination issues as and when needed. This is particularly important as the Programme is expected to work through county structures to ensure effective and efficient implementation. A growing concern that the mission noted is the unstructured and uncoordinated subsidized input distributions partly due to the lack of effective county coordination arrangements as observed in the field. This is emerging as a worrying issue for the agro-dealers who are being crowded-out in the input market by often sporadic introduction of public input subsidy schemes without consultations with them. Also, some of the agricultural officers lamented that they become "sales agents" during such public input distribution while their core functions are neglected.

195. As the Programme has successfully introduced the e-voucher scheme, lessons and best practices can be documented to support both national and county governments to replicate and scale up this innovation in order to improve efficiency in the input subsidy schemes in the country.

## I. Conclusion

196. The mission noted the substantial progress in Programme implementation in the past year with notable achievements in improved production based on the different crop-models being promoted in Western (maize/beans) and Eastern Regions (sorghum/green grams) through the e-voucher schemes for which 11,678 farmers (6% young people, 38% female and 56% male) are benefiting from 176.8 tons certified assorted seeds (26.0% maize, 16.0% sorghum, 16.0% green grams and 42.0% beans), 1,399.2 tons of inorganic fertilizers (75% for basal and 25% top dressing), and post-harvest items (116,780 hermetic bags and 11,678 tarpaulins); formed and strengthening 202 farmers groups; trained 10,319 farmers on good agricultural practices, 4,228 on financial literacy, trained 213 ToTs on post-harvest management; established 783 demonstrations; organized eight field days; trained 721 extension agents (37% female) and 221 agro-dealers (41% female) on various topics; identifying and discussions with over 70 buyers to support the marketing of farmers produce in the target countries and forged partnership with public-private implementers through signing of MoUs and Subsidiary Agreements with AGMARK, KALRO, Equity Bank Limited and Equity Group Foundation. These technological packages coupled with the various trainings has enabled the smallholders to cultivate maize-beans in Western Region and sorghum-green grams in Eastern Region on a total of 11,678 acres (4,671 ha) of farmlands. The farmers in Western Region are reporting increased productivity

(e.g. from 8-12 bags/acre to 20-27 bags/acre for maize) and there is ready market for the increased production.

197. The mission noted several challenges also facing the Programme for which it seems unlikely that the objectives will be met by the 31 December 2017 when KCEP is originally expected to be completed due to the fact that i) only 29% out of target 40,000 farmers under Category 1 have been able to access the full package of the e-voucher scheme for the first of three cropping seasons; ii) only 15% out of target 60,000 farmers under Category 2 have been selected but yet to be fully supported with required interventions regarding value chain financing and warehouse receipts for two years; iii) only 15% out of the target 1,333 farmers groups have been established but are yet to be registered and strengthened to play critical role in value chain interventions; iv) only six out of target of 25 buyers are being facilitated to establish contractual relationship with farmers as currently only farmers in Western Region are harvesting their produce while farmers in the Eastern Region are planting their crops and v) the Post-harvest and market linkages component is seriously lagging far behind in implementation compared to other components and it is the main component to drive the sustainability of the Programme.

198. On **Financial Management** issues, the mission commends the Government for having disbursed 56% of its counterpart contribution. The mission stresses that the Programme needs to ensure the full functionality of the accounting system, open a separate operating account for counterpart funds under both KCEP and CRAL; liaise with KENAO to ensure timely conduct of 2015/2016 audit by broadening the scope of such audit to comply with the covenants of the Financing Agreement and also conduct audit for the e-voucher scheme; undertake a quarterly internal audit reviews and expedite action in fulfilling the disbursement conditions for both the IFAD loan and ASAP grant to ensure timely flow of funds other than from the EU grant for continuous implementation of field activities.

199. The mission recommends the finalizing of the recruitment of the Procurement Specialist giving the increment challenges to procurement; completion of staff performance appraisal assessments for eligible staff; revision the procurement plan based on the right template and ensure alignment to AWPB; set-up consistent and coherent contract management arrangements to effectively monitor and manage all contracts; regularly update the fixed asset register by correctly tagging/labelling all Programme assets and establish a coherent and consistent operational filing system to improve the effectiveness and efficiency of record keeping and archiving of Programme information and documents.

200. The mission further recommends that the Programme should roll-out the MIS and M&E system including training of the relevant staff and implementing staff to ensure consistent and coherent monitoring of programme outcomes and impact based on clearly disaggregated information and data; provide a dedicated website to enhance the visibility and communication of the Programme. The performance of key partners should be reviewed as stipulated in the currently signed subsidiary agreements on annual basis, finalize and timely sign the subsidiary agreement with Eastern Africa Grain Council as the main implementing partner for the post-harvest and market linkages component. Finally, as the further engagement of Cereal Growers Association in the programme implementation still remain uncertain, it is extremely important to finalize the process for the replacement of CGA including a strong justification on the use of county agricultural offices taking into account cost-effective options and minimising the potential risk of conflict of interest.

## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Kenya	Project ID	1651 [1100001651]	Loan/DSF/Grant/ASAP FI No.	2000001121, 2000001122
Project	Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window			Top-up Loan/DSF/Grant/ASAP FI No.	2000001522
Date of Update	12-May-2016				
Supervising Inst.	IFAD				
No. of Supervisions	No. of Implementation Support/Follow-up missions	1			
Last Supervision	Last Implementation Support/Follow-up mission				

USD million Disb. rate %

Approval	22-Apr-2015			Total financing	116.01	
Agreement	26-Aug-2015	Effectiveness lag		IFAD Total	71.78	
Entry into force	26-Aug-2015	PAR value		IFAD loan	61.78	0.8
First disbursement				DSF grant		
MTR		Last amendment				
Original completion	30-Sep-2022	Last audit		ASAP grant	10.00	0
Current completion	30-Sep-2022			Domestic Total	32.55	
Current closing	31-Mar-2023			Beneficiaries	29.14	0
No. of extensions	0			National Govern	1.55	0
				Dom. Fin. Inst.	1.86	0
				External Co-financing Total	11.69	
				European Union	11.69	0

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	4	2	2. Performance of M&E	4	4
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	4	3
4. Compliance with financing covenants	4	4	4. Gender focus	4	4
5. Compliance with procurement	4	4	5. Poverty focus	4	4
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
Capacity building for climate-resilient productivity Enhancement and NRM	4		1. Institution building (organizations, etc.)	4	4
Post-production management and market linkages	4		2. Empowerment	4	4
Financial Services	4		3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	NR
			6. Potential for scaling up and replication	4	4
B.5 Justification of ratings					

The PCU staff have been recruited (except the procurement officer) and three regional PCU offices have been set-up, start-up workshop was organized in August 2016, the RBA Technical Coordination Group has been set-up and fully operational, RBA-TCG revised the targeting criteria and resulted in the selection of 28 sub-counties in the eight targeted ASALs, the PUC is drafting of MoUs for eight ASAL Counties and Subsidiary Agreement to engage Kenya Meteorological Department, National Drought Management Authority and Centre for Training and Research in ASAL Development; sensitization of beneficiaries and other stakeholders are ongoing ; county structures are being set-up and PCU is drafting of numerous ToRs for procurement of goods and services. IFAD has disbursed almost US\$0.5 million from its loan for start-up activities while there is no further disbursement yet from ASAP, Domestic and EU additional contributions although the 18-month workplan and budget have been prepared and approved. The current SAGE Pastel software need to be fully operationalized with incremental training of the relevant finance staff in order to further improve financial management efficiency. The KCEP PIM needs to be updated to include the requirements under CRAL Window.

## Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall <b>implementation progress</b> (Sections B1 and B2)	4	4

Rationale for implementation progress rating. Programme is still at the initial stages of implementation with PCU staff planning and setting up structures at all levels, sensitization and mobilization of key partners while drawing broader lessons from the implementation of KCEP.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating. Sensitization of potential beneficiaries and mobilisation of key partners have started well taken into account lessons from KCEP. The commitment from PCU and progress on preparatory works are indications the programme will likely achieve its development objectives with the right leadership support from both national and county governments with full disbursement.

### C.6 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	Disbursement for start-up activities need careful monitoring to ensure that PCU pro-actively plan to request for findings from both the IFAD loan and ASAP grant to speed up implementation of field activities. Recruitment of a substantive Procurement Officer should be timely completed to avoid challenges faced under KCEP. The in-country flow of funds needs to improve and PCU should have an effective budget monitoring and forecasting system to ensure adequate liquidity particularly during the critical stages of the cropping season.
Project implementation progress	Programme implementation is picking up with development of number of manuals and tools as well as setting up of county and community structures to support programme implementation. As the PCU is adequately staffed now including the set-up of three Regional Offices (Nakuru, Embu and Mombasa), training of staff needs to be expedited. Lessons from KCEP implementation are being incorporated in the planning of activities with the critical one relating to timely engagement of the right partnerships for effective mobilisation of farmers in the target counties.
Outputs and outcomes	CRAL interventions are at the start-up phase although the PCU is stepping up its planning to be fully integrated in KCEP.
Sustainability	Signing of subsidiary agreements with implementing partners and MoUs with counties needs to be fast-tracked for CRAL Window as well as finalization of countersignature for East Africa Grain Council. CRAL will introduce Climate-Smart and Conservation Agriculture and good agricultural practices that are expected to strengthen beneficiaries' resilient capacities. Inclusion of ag-insurance in the e-voucher scheme is expected to expand farmers' livelihood diversification options in difficult seasons and this will be complemented with the implementation of County Adaptation Fund under CRAL. Devolution of services through the counties needs to be closely monitored to ensure that any potential risks are timely mitigated particularly on extension service provisions.

## Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Subsidiary agreements with implementing partners and MoUs with counties not yet signed for CRAL	Finalize and sign subsidiary agreements with implementing partners and eight county governments	Jan-March 2017	In progress
To update PIM to incorporate CRAL Window requirements	Finalize updated PIM to capture CRAL additional requirements	Feb 2017	In progress
ToRs for CRAL baseline and ag-insurance feasibility studies to be drafted for IFAD's review and approval	Submit drafted ToRs for timely IFAD review and approval	By mid-March 2017	In progress



Finalize the recruitment of Procurement Officer to improve procurement effectiveness	Expedite the recruitment process of Procurement Officer through a Private HR firm	By 28 Feb 2017	In progress
Fully operationalize the SAGE Pastel accounting system to meet donors' reporting requirements	Finalize the complete operationalization of the accounting system and train staff accordingly	By mid-Feb 2017	pending

**Additional observations**

## H. Template 23: Grant Status Report for Kenya Cereal Enhancement Programme (EU Grant)

### A. Grant Basic Data

<b>Grant Title: Kenya Cereal Enhancement Programme-KCEP</b>		<b>Grant No.</b>	<b>2000000263</b>	<b>Window</b>	<b>Country</b>
		<b>IFAD Grant Manager</b>		<b>Moses Abukari</b>	
<b>Grant Recipient:</b>	<b>Government of Kenya (National Treasury)</b>		<b>Recipient Contact</b>		
Date of Update					
Date of Approval	19/12/2013	Original Closing date	20/06/2018	Last Amendment	March 2016
Date of Effectiveness	03/04/2014	Extended Closing date	N/A	Last Audit	December 2016
		No. of extensions	N/A	Last Steering Committee attended	N/A
				Last Supervision /implementation support	November 2016
	<b>USD</b>		<b>USD</b>	<b>Disbursement</b>	<b>Percentage</b>
Total financing	38,660,235	European Commission	21,530,957	IFAD Grant	N/A
IFAD grant	N/A	Beneficiaries	4,902,447	EC	32
Recipient	3,295,558	Domestic Financial Inst and Private Sector	8,931,273		

**Target group:** The primary target group are 100,000 smallholders whose livelihoods revolve around maize, sorghum and millet (40,000 subsistence farmers who are supported in graduating to commercial agriculture and 60,000 smallholder farmers engaged in developing farming as a business) in the eight targeted counties. Secondary beneficiaries are value chain actors (agro-dealers, private extension services, buyers, processors and leading farmers providing support services to smallholders).

**Benefiting Countries:** Kenya

**Benefiting Investment Projects:** Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)

#### Grant Goal and Objectives

The goal is to increase incomes and reduce poverty among rural households. The overall development objectives are i) to contribute to national food security by increasing production of cereal staples, ii) increase income of smallholders in medium and high potential production areas of targeted crops and iii) support smallholder farmers in graduating from subsistence to commercial agriculture.

### B. Grant management and performance

Indicator	Last	Current
<b>Performance of grant recipient</b>		<b>4</b>
The executing agency of this EU grant contribution is the Ministry of Agriculture, Livestock and Fisheries. It has set-up the Programme Steering Committee which meets frequently, PCU is in place and started field implementation effectively early 2015 with performance-based contracts for the PCU staff. Many partners have been mobilized requiring the signing of MoUs and Subsidiary Agreements. The Recipient has disbursed 56% from its required contributions to the Programme. However, the Procurement Officer needs to timely recruited and in-country flow of funds need improvement.		
<b>Coherence between AWPB and implementation</b>		<b>4</b>
Since the start of implementation in Feb 2015, from the cumulative total planned activities of 326 (110 in 2015 and 216 in 2016) with cumulative total budget of EUR10.05 million, 195 activities have cumulatively been completed representing physical implementation rate of 60% which corresponds to cumulative budget utilisation of 63% (EUR6.33 million). From the 2016 AWPB, the overall physical implementation rate was 47% corresponding to budget utilisation of 67%. However, there is marked differential achievements among the key components. Programme Management component had high implementation rate of 73% with highest budget utilisation rate of 91%, followed by Cereal Productivity Enhancement Component with highest implementation rate of 77% but moderately low budget utilization rate of 48%; Financial Inclusions component had relatively low implementation rate of 58% but high budget utilisation rate of 85% and Post-harvest & Market Linkages had the lowest implementation rate of 14% and insignificant budget utilisation rate of about 1%.		
<b>Acceptable disbursement rate</b>		<b>3</b>
Comments (300 words maximum) The cumulative programme disbursement rate is 21% (US\$8.114 million excluding IFAD's management fees). Disbursement rate from EU contribution to the Programme is 32%; Government of Kenya disbursement is 56%; Equity Bank disbursement is 36% while beneficiaries		

contributions amount to about US\$100 000 which seems to be underestimated.

**Quality and timeliness of financial reports**

4

Financial statements and audit report for 2016 were received on time and reviewed by FMD. However, there were not disclosed opinions on SOEs and designated account. The audit of the e-voucher account needs to be timely conducted by Kenya National Audit Office.

**Quality and timeliness of technical reports**

4

The PCU has been providing timely progress reports and other relevant technical reports. However, disaggregation of data and information on gender and youth need to be consistent.

**C. Assessment of Implementation Progress**

Indicator	Last	Current
<b>Relevance to IFAD target group</b>		4
<i>The Programme has enrolled about 12,000 smallholders through an e-voucher platform and this enabled them to access a total of 177 tons of assorted certified seeds of maize, beans, sorghum and green grams and 1,400 tons of inorganic fertilizers for cultivation of cereals on about 12,000 acres of land during the last cropping season. These farmers also accessed post-harvest items comprising about 12,000 tarpaulins and 117,000 hermetic bags. 202 farmers groups have been formed and their capacities being strengthened, over 10,300 farmers have been trained in good agricultural practices while over 4,200 of them have been trained in financial literacy. Beneficiaries are generally improving their farming practices as a result of the various programme support. However, the beneficiaries had initially challenge in timely mobilizing their counterpart contributions for the e-voucher scheme but this will likely minimize after they harvesting their first year crop thanks with new technologies and the need to fine-tune the pricing mechanism of the e-voucher vis-à-vis prevailing market price of inputs.</i>		
<b>Gender focus</b>		4
<i>Women and youth are being targeting in almost all programme interventions. Among the 12,000 e-voucher farmers 38% are women, 56% are male while on 6% are young people. However, the programme needs to ensure consistency and coherence in reporting on gender and youth disaggregated in all programme supported activities.</i>		
<b>Environment and climate focus */</b>		4
<i>While no environmental monitoring has been instituted yet, the training of farmers on good agricultural practices are raising much awareness among the beneficiaries of the importance of protecting their environment. ASAP will support the promoting of climate-smart agriculture and conservation agriculture to ensure that farmers build their resilient capacities.</i>		
<b>Innovation</b>		4
<i>The most prominent innovation is the development of an e-voucher scheme involving co-financing from Equity Bank Limited. Farmers have been issued with programme customized credit cards which are segmented into different e-wallets (seeds, fertilizers and post-harvest items). Agro-dealers have been recruited as Bank agents and issued with point of sales devices. Eligible farmers' access validated technological packages with their credit cards. Field report indicates that farmers adopting these technological packages are having increased yields in their crops but yield sampling will confirm this outcome.</i>		
<b>Knowledge Sharing and Management</b>		4
<i>While there is no dedicated website, the programme is documenting and sharing experiences and lessons more widely. Demonstrations plots are established to provide opportunity for beneficiaries and other stakeholders to learn new technologies coupled with field days. Many validation workshops are regularly organized, a number of studies have been conducted to guide programme implementation while manuals have been developed. The PCU has set-up an M&amp;E system together with Management Information system which is being rolled out. The PCU organizes regular review meetings with PCU staff including those from regional offices and separate ones with key partners.</i>		
<b>Linkages (to investment portfolio and other development initiatives)</b>		4
<i>The grant is fully embedded in the investment programmes as there is one PCU managing the programme.</i>		
<b>Scaling up</b>		4
<i>The programme is already being scaled up through the KCEP-CRAL following the approval of an IFAD loan (US\$61 million); ASAP Grant of US\$10 million and additional EU grant contributions of US\$11 million. The total programme financing therefore increased by a factor of 3.1 from initial KCEP financing. Also, the geographical scope has expanded from eight counties in KCEP to additional eight counties in the Arid and Semi-Arid Lands but with three overlapping counties bringing the total targeted counties to 13. More partners are being mobilized both that the national and county levels to support with implementation and also to leverage financing from domestic financial institutions as well as other private sector actors.</i>		
<b>Overall implementation progress</b> (summarise overall assessment, including areas of strength and weakness and likelihood of achieving overall objectives)		4
<i>Overall implementation picked up fully in 2016 after a very slow start in 2015. The completion of recruitment of key staff was instrumental including the finalisation of partnership agreements. Sensitization and mobilisation of beneficiaries for the e-voucher scheme remains a lengthy process particularly as there is observed high disqualification rate. The achievement of the programme objectives remains doubtful within the current completion date as achievements of key targets are behind. The post-harvest &amp; market linkage component is seriously lacking in implementation progress due to challenges in finalising the subsidiary agreement with Eastern Africa Grain Council. With the promising results from first batch of e-voucher farmers, the Government should consider requesting for a no-cost extension to consolidate the gains from these emerging outcomes.</i>		
<b>Effectiveness at completion</b> (to be filled in only for the last year of grant status reporting)		
<i>Comments (500 words maximum)</i>		

N/A

**D. Supervision / implementation support arrangements**

<b>Description of IFAD's supervision / implementation support arrangements</b>
<i>IFAD has been providing continuous implementation support through the ICO and this is being reinforced with the appointment and posting to IRON the EU-funded Regional Programme Manager. Supervision missions are organized as per a full investment programme.</i>

**E. Follow-up Action**

Recommended action	Responsibility	Status/timing
Request for no-cost extension of the current completion date	GoK/IFAD	By 31 March 2017
Finalise the recruitment of the procurement officer	MoALF	By 28 Feb 2017
Timely conduct audit of e-voucher account	MoALF/KENAO/Equity Bank	By mid-April 2017

**Note:**

\*/ Assessment of performance against this criterion in the GSRs will be reported for the first time in 2013/14 portfolio review cycle.



## Appendix 2: Updated Combined KCEP and KCEP-CRAL logical framework: Progress against objectives, outcomes and outputs– updated on 31 December 2016

RESULTS HIERARCHY	INDICATORS	TARGET	BASELINE	PROGRESS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Goal: Income Increased, and poverty and food insecurity of targeted rural smallholder households sustainably reduced</b>	<ul style="list-style-type: none"> <li>185,000 smallholder's farmers targeted from the Programme support, of which 120,000 are in ASAL target counties</li> <li>150,000 smallholder farmers taken out of poverty &amp; food secure with improved nutritional status out of which 95,000 in ASAL target counties<sup>13</sup></li> <li>national grain deficit reduced by 41,000T equivalent to 10% national deficit</li> </ul>	<ul style="list-style-type: none"> <li>185,000 smallholder's farmers (120,000 ASAL target).</li> <li>150,000 smallholder farmers (95,000 ASAL target)</li> <li>41,000T equivalent to 10% national deficit</li> </ul>	•	<ul style="list-style-type: none"> <li>20,868 smallholder farmers being support (none in ASAL yet)</li> </ul>	<ul style="list-style-type: none"> <li>National (KIHBS) household income and expenditure surveys.</li> <li>RIMS impact surveys</li> <li>Baseline, mid-term and final food security &amp; nutrition assessments</li> <li>Livelihood and Ecosystem Resilience Assessment tools</li> </ul>	<ul style="list-style-type: none"> <li>Stable political/macroeconomic environment</li> <li>Successful public private partnership with FIs</li> </ul>
<b>Objective:</b> <i>i) Graduation of smallholder farmers to commercial farmers</i> <i>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<sup>14</sup></i>	<ul style="list-style-type: none"> <li>150,000 smallholder farmers graduate to market-oriented commercial farming, of which 95,000 in the ASALs: <ul style="list-style-type: none"> <li>Using improved inputs/ agricultural practices autonomously</li> <li>Engaged in commercial contracts</li> <li>Selling grains at price 30% higher than farm gate price</li> <li>Engaged in financial services (investments loans)</li> </ul> </li> <li>95,000 smallholder farmers in the ASALs are coping with effects of climate change</li> <li>8 county governments implementing 100 ward level sustainable NRM and climate change resilience community plans</li> </ul>	<ul style="list-style-type: none"> <li>150,000 smallholder farmers (95,000 ASAL target)</li> <li>95,000 ASAL smallholder farmers</li> <li>100 ward level NRM/CC plans</li> </ul>			<ul style="list-style-type: none"> <li>Household income &amp; expenditure surveys</li> <li>Food security and nutrition assessments</li> <li>RIMS impact surveys (baseline and end-term)</li> <li>Programme M&amp;E database</li> <li>Programme evaluation report</li> </ul>	<ul style="list-style-type: none"> <li>Successful public-private-partnership</li> </ul>

<sup>13</sup> 80% of the targeted farmers

<sup>14</sup> For the purpose of this programme, a working definition of a climate resilient community will be "A community where programme beneficiaries are engaging in climate resilient agricultural practices, are engaged in natural resource management, benefit from climate related extension messages and climate information and have contributed to ward level community resilience plans."

REPUBLIC OF KENYA

Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)

Supervision mission: 31 October – 11 November 2016

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

RESULTS HIERARCHY	INDICATORS	TARGET	BASELINE	PROGRESS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Outcome 1:</b> 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	<ul style="list-style-type: none"> <li>Productivity increase in Medium-High Potential (MHP) areas 100% for maize and sorghum, 75% for millet and pulses (beans, pigeon peas, cowpeas and green grams)</li> <li>Productivity increase in the ASALs 80% for maize and sorghum, 50% for millet and pulses (beans, cowpeas, green grams and pigeon peas)</li> <li>80,000ha under GAP/CA producing targeted cereals and pulses</li> <li>90% of participating farmers reporting yield increase</li> <li>80% of participating farmers reporting adopting recommended technologies/packages</li> <li>Improved vegetation index in Programme area</li> </ul>	<ul style="list-style-type: none"> <li>100% yield increases for maize and sorghum and 75% for millet and pulses in MHP</li> <li>80% yield increases for maize &amp; sorghum and 50% for millet &amp; pulses in ASALs</li> <li>80,000 ha of land under GAP/CA</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Food security and nutrition assessments</li> <li>Remote -sensing survey</li> <li>Project activity report</li> <li>Randomized control Trial</li> <li>Household income expenditure surveys from RIMS impact survey questionnaire (baseline/final)</li> </ul>	<ul style="list-style-type: none"> <li>National and County government adoption of CA policy for inclusion PPP in extension services</li> </ul>
<b>Output 1.1:</b> Targeted smallholder adopt climate resilient improved farming practices including GAP/CA and access to improved agricultural services and inputs	<ul style="list-style-type: none"> <li>150,000 smallholder farmers adopted improved inputs/ agricultural practices autonomously</li> <li>95,000 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</li> <li>Capacity of 300 agro-dealers strengthened for agricultural services</li> <li>250 extension service providers and 360 agro-dealers capacity for provision of GAP/CA extension services and inputs strengthened</li> </ul>	<ul style="list-style-type: none"> <li>150,000 smallholder farmers</li> <li>95,000 smallholder farmers in ASALs</li> <li>300 agro-dealers</li> <li>250 extension agents and 300 agro-dealers</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>11,678 smallholder farmers</li> <li>221 (138 males and 83 females)</li> </ul>	<ul style="list-style-type: none"> <li>Programme M&amp;E</li> <li>Participating bank data base/records</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Private sector willingness to provide market-led incentives in adoption of CA</li> </ul>

REPUBLIC OF KENYA

Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)

Supervision mission: 31 October – 11 November 2016

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

RESULTS HIERARCHY	INDICATORS	TARGET	BASELINE	PROGRESS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Output 1.2:</b> 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	<ul style="list-style-type: none"> <li>Capacity of 5,000 farmer groups<sup>15</sup> in organizational management strengthened</li> <li>8 county sustainable NRM and climate change adaptation plans developed (with 100 ward level community resilience NRM plans), and county/community officials trained</li> <li>USD 7.5m ASAP Programme resources invested in watershed scale community assets with productive benefits up to 80,000ha<sup>16</sup></li> <li>8 County Adaptation Funds operational with ward plans and associated NRM activities funded on 80,000 ha with productive benefits</li> <li>8 county climate information services functional and providing regular climatic information to ward groups to refine farm /agronomic plans</li> </ul>	<ul style="list-style-type: none"> <li>5,000 FOs</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>202 FOs</li> </ul>	<ul style="list-style-type: none"> <li>Registers of farmers organizations</li> <li>Programme M&amp;E participating bank data base/records</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	
<b>Outcome 2:</b> Post-harvest management of smallholder farmers in targeted VCs improved	<ul style="list-style-type: none"> <li>Post-harvest grain losses reduced for 80% of targeted smallholder farmers</li> <li>Improved grain drying technologies adopted by smallholder farmers,</li> <li>Improved grain storage technologies adopted by smallholder farmers</li> <li>Operational self-sufficiency attained for warehouses</li> </ul>	<ul style="list-style-type: none"> <li>5%</li> <li>150,000 smallholder farmers</li> <li>150,000 smallholder farmers</li> <li>60 warehouses</li> </ul>	<ul style="list-style-type: none"> <li>30%</li> </ul>	<ul style="list-style-type: none"> <li>11,678 farmers</li> <li>11,678 farmers</li> </ul>	<ul style="list-style-type: none"> <li>Programme M&amp;E</li> <li>Participating bank data base/records</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Bill on WRS is passed into law to provide effective regulatory framework</li> </ul>

<sup>15</sup> 150,000 smallholder farmers organized in groups of about 30 members

<sup>16</sup> Related to RIMS 1.1.7

REPUBLIC OF KENYA

Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)

Supervision mission: 31 October – 11 November 2016

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

RESULTS HIERARCHY	INDICATORS	TARGET	BASELINE	PROGRESS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Output 2.1:</b> Targeted smallholder farmers adopt improved post-harvest management of grains	<ul style="list-style-type: none"> <li>150,00 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</li> <li>250 threshing/shelling service providers trained and their capacity to provide services to smallholder farmers enhanced</li> <li>137 warehouses certified and offering WRS services</li> <li>312 collection centres operational</li> </ul>	•	•	<ul style="list-style-type: none"> <li>20,868 smallholder farmers</li> <li>19 collection centres set-up</li> </ul>	<ul style="list-style-type: none"> <li>Programme M&amp;E participating bank data base/records</li> <li>Programme baseline, mid and end-term evaluations</li> <li>Household surveys on levels of production and income generated from sales of agricultural produce</li> </ul>	•
<b>Output 2.2:</b> Market access for participating smallholder farmers improved	<ul style="list-style-type: none"> <li>95,000 smallholder farmers in ASALs organized in groups with established linkages with bulk buyers</li> <li>250 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</li> <li>100 road spot improvements completed linking production clusters to grain aggregation centres</li> <li>At least 150,000 smallholder farmers trained in business partnership</li> <li>60 initiatives of commercial partnership implemented</li> <li>20 spot improvement of access roads completed</li> </ul>	•	•		<ul style="list-style-type: none"> <li>Programme M&amp;E participating bank data base/records</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Bill on WRS is passed into law to provide effective regulatory framework</li> </ul>



REPUBLIC OF KENYA

Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)

Supervision mission: 31 October – 11 November 2016

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

RESULTS HIERARCHY	INDICATORS	TARGET	BASELINE	PROGRESS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Outcome 3:</b> Financial inclusion of targeted smallholder farmers improved	<ul style="list-style-type: none"> <li>140,000 smallholder farmers of which 120,000 in ASALs access financial services<sup>17</sup></li> <li>Total amount of savings by target group (by gender)</li> <li>Number and type of new products implemented by partner FIs</li> </ul>	<ul style="list-style-type: none"> <li>140,000 smallholder farmers</li> </ul>		<ul style="list-style-type: none"> <li>11,678 e-voucher farmers</li> </ul>	<ul style="list-style-type: none"> <li>Programme M&amp;E participating financial institutions data,</li> <li>Base records and reports</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Partner financial institutions mobilize sufficient resources for programme goals</li> </ul>
<b>Output 3.1:</b> E-voucher financing system for smallholder farmers and use of financial tools and services	<ul style="list-style-type: none"> <li>140,000 smallholder farmers of which 120,000 in ASALs access e-voucher scheme</li> <li>140,000 smallholder farmers of which 120,000 from the ASALs trained on financial literacy and have accessed e-voucher inputs subsidy</li> <li>360 agro-dealers trained and accredited as agents by participating financial institutions</li> <li>200 entrepreneurs trained in advanced financial training</li> <li>Targeted farmers access certified WRS</li> </ul>	<ul style="list-style-type: none"> <li>140,000 smallholder farmers</li> <li>140,000 smallholder farmers</li> <li>360 agro-dealers</li> <li>200 entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>11,678 e-voucher farmers</li> <li>4,228 (1,692 males and 2,536 females)</li> <li>221 (138 males and 83 females)</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Programme M&amp;E participating financial institutions data,</li> <li>Base records and reports</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Sufficient number of agro-dealers to ensure proximity and competitive services</li> <li></li> </ul>
<b>Outputs 3.2:</b> Financial services to other key players /access to value chain financing improved	<ul style="list-style-type: none"> <li>360 agro-dealers, 2,000 agricultural services providers, and 100 value addition enterprises access value chain financing</li> <li>100 value chain financing ventures initiated</li> </ul>	<ul style="list-style-type: none"> <li>100 initiatives</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Programme M&amp;E participating financial institutions data,</li> <li>Base records and reports</li> <li>Programme baseline, mid and end-term evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Interest of private sector in value chains maintained</li> </ul>

<sup>17</sup> All targeted smallholder farmers accessing the e-voucher scheme (140,000) have access to financial services



### Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
Programme Implementation	Closely monitor the implementation of a realistic AWPB to ensure balance physical progress and budget utilization by components	Quarterly review and updating of progress	PCU	
	Programme is unlikely to achieve any of its objectives under current pace of implementation and should provide convincing justification for possible no cost-extensions of KCEP interventions for consideration by the donors	By 28 February 2017	SDA/IFAD/EU	
	Develop and rollout a Programme graduation plan/strategy to guide overall implementation of interventions	By 28 February 2017	PCU	
	The current PCU organigram should be reviewed and updated to clearly reflect well-define chain of command and reporting as a result of the recruitment of additional staff under CRAL Window	As soon as possible	PCU/IFAD	
	Finalize and communicate to IFAD the performance appraisal assessment of the eligible PCU staff for 2016 and share a staff capacity development for IFAD's review	By mid-February 2017	PCU/SDA	
	Finalize and share the KCEP-CRAL start-up workshop report	As soon as possible	PCU	
	Timely plan to review the performance assessment of KALRO, AGMARK, Equity Bank Limited and Equity Group Foundation after one year of implementation as stipulated in signed subsidiary agreements and share the outcome with IFAD for review	A month after annual contract period	PCU/SDA	
	Organize a refresher or induction training for PCU following appointment of new staff to enable them better understand IFAD and EU requirements	By 28 February 2017	PCU/IFAD	
	Communicate to selection of KCEP-CRAL for IFAD's impact assessment initiative and research consortium to share draft impact assessment plan	31 December 2016	IFAD/ICRAF	
	Explore the option of using an electronic targeting process to be aligned with ODK software as part of the M&E system to replace the current manual data collection and entry	31 March 2017	PCU	
	Finalize and fully operationalize the M&E and MIS System	30 January 2017	PCU and M&E service provider	
	Finalize collection of baseline values on Key Performance Indicators	28 February 2017	PCU	
	Select and incorporate CRAL Window Indicators into the current M&E and MIS Systems	28 February 2017	PCU/MEO	
	Discuss with EBL and agree on how to access data on transactions by farmers enrolled under the e-voucher assess the farmers degree of bankability	28 February 2017	PCU/EBL	
	Draft ToR for the baseline survey for CRAL Window	mid-February 2017	PCU	
	Liaise with NEMA to develop and implement the Social, Environmental and Climate Management Plan to comply with national regulations and procedures as well as SECAP guidelines	By 28 February 2017	PCU/NEMA	

<b>Outputs and outcomes</b>	Incorporate the FHH operational definition as already being used into the PIM	immediate	PCU
	Define an elaborate youth and women centred participatory processes to effectively engage them in programme activities	Mid-February 2017	PCU
	Revise the current PIM capture a clearer stepwise targeting methodology for ease of operation and facilitation of inclusion of FHH and Youth	28 February 2017	PCU
	Validate and rollout the GESI action plan for enhanced gender and inclusivity focus	31 March 2017	PCU
	Consider adopting a mentoring approach as a means to reach out to the very vulnerable and extremely poor households so that they can benefit from GAPs, trainings, etc as a measure to demonstrate successful graduation	Prior to every cropping season	PCU
	Continue to strengthen the capacities of established farmers groups in effective organizational, technical and management capacities as well as in inclusive governance	Continuous	PCU/County Staff
	A dedicated website should be developed for the Programme to enhance the visibility of the programme outcomes, results and impacts	By 28 February 2017	PCU
	Should CGA fail to communicate a legal basis, 2-3 service providers should be competitively selected to substitute CGA otherwise a cost-effective justification should be provided for the continuous engagement of County Agricultural Offices	By 28 February 2017	SDA
	Liaise closely with key partners (e.g. FAO, relevant NGOs, County Agricultural Offices, etc.) to supply agro-dealers with technical training and advisory materials (e.g. manuals, videos, pamphlets, etc) to use as reference materials in providing better advice to farmers on demand	By 31 March 2017	PCU/Partners/Agro-dealers
	Mapping of selected agro-dealers to serve as a basis for determining the agro-dealer-farmer density/ratio and confirmed possible in <i>barazas</i> when assigning or allocating agro-dealers to target farmers	Prior to start of every cropping season	PCU/Agro-dealers/Farmers
	Establish a contractual modality with selected agro-dealers to ensure Programme beneficiaries have secured and timely priority access to approved inputs for the e-voucher package	2-3 months prior to every cropping season	PCU/Agro-dealers
	Assess the effectiveness and outcomes of the various farmers trainings to determine the degree of technology adoption	By 31 March 2017	PCU
	Organize a soil nutrient validation workshop for both KALRO and Counties to share their respective findings in order to have a sound basis in determining appropriate fertilizer needs for the e-voucher packages relevant for each agro-ecology	By 31 January 2017	PCU/KALRO/CAOs/ Relevant stakeholders
	Undertake a crop yield sampling to establish the actual yield increases and estimate progress in contributing to national grain deficit target or food security	At end of each crop harvesting season	PCU
	Re-consider the basis of defining the cost of e-voucher package by factoring in an acceptable margin to offset price fluctuations at the time of input distribution to e-voucher beneficiaries	During technology validation and valuation of e-voucher package	PCU/key stakeholders
	Assess the effectiveness and outcomes ToT trainings by KALRO and use the findings to determine if KALRO is best placed to continue with such trainings or not	By 28 February 2017	PCU
	PCU fast tracking of the refurbishing and commissioning of the identified 20 collection/storage facilities in Western to ease the burden of storage faced by farmers.	31 March 2017	PCU/ EAGC

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Appendix 3: Summary of key actions to be taken within agreed timeframes

<b>Sustainability</b>	Timely roll out the training activity on collection centre management after the commissioning of the 20 identified collection centres and formal registration of the groups	28 February 2017	PCU/EAGC
	Expedite signing of the subsidiary agreement with EAGC and identification of suitable warehouses in both Western and Eastern regions.	20 February 2017	SDA/EAGC
	Carefully review the requirement of farmers to form LLCs to qualify for support to establish storage facilities	28 February 2017	PCU/County Staff
	Develop a detailed implementation framework for the grant scheme including milestones and responsibilities and consider an open tender for grant scheme	31 March 2017	PCU
	Conduct a baseline survey at County level to identify groups that have been registered as LLCs or qualify to be registered as such	28 February 2017	PCU/County Staff
	Speed up the process for the recruitment of the Grants Service Provider to manage the grants scheme.	By 31 March 2017	PCU
	Update on the savings study/saving mobilization for 40% contribution for next season	By March 2017	EBL/PCU
	Update on payments disbursed; physical quantities of each input dispensed; prices charged for each input at agro dealers/POSS	Continuous	EBL
	Update on the range of financial products and services being developed for KCEP target beneficiaries	March 2017	PCU/EBL
	Update on crop insurance education/awareness raising and any lessons learned	20 February 2017	PCU/RBA
	Launching the Call For Proposals (CFP) for the prefeasibility study for agricultural micro insurance for the ASALs under CRAL	As soon as possible	IFAD/PCU
	Report on the progress and lessons on the WFP supported weather index insurance	15 February 2017	IFAD/WFP/PCU
	Continuously sensitize farmers and support them in raising funds to contribute timely to their increasing cost of the e-voucher package	continuous	PCU/County Agricultural Offices
	Provide awareness and appropriate education materials to improve agro-dealers and beneficiaries on safe use of agro-chemicals	Every cropping season	PCU/CAO
	Develop a strategy to effectively coordinate public and private extension service deliveries including the ToTs to ensure consistency and coherence in technical practices for beneficiaries adoption	Before start of planting season	PCU/Buyers/Extension agents
	Liaise with FAO and WFP to learn and possibly adapt their training materials and tools on CSA, CA and resilient capacity building	Quarterly	RBA-TCG
	Identify programme focal points and beneficiaries representative to play active role in county structures responsible for drafting and monitoring of County Integrated Development Plans	Continuous	PCU/Beneficiaries
	Develop and operationalize a clear “graduation” strategy/plan for the key value chain actors guide them in navigating through agricultural commercialization pathway	By 31 Mar 2017	PCU
	To open a separate bank account for Government Counterpart funds	As soon as possible	PCU/SDA
	Reconciling Equity Bank e-voucher funds at the end of each cropping season and subjecting the subsequent disbursement to the full accounting of the previous disbursement	Continuous	PCU& Equity Bank (Kenya) Limited

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Appendix 3: Summary of key actions to be taken within agreed timeframes

<b>Fiduciary Aspects</b>	Organize basic training in financial management to the Programme Assistants at the PCU Subunits to help in the segregation of duties at the three subunits	31 January 2017	SPC/FAM/Pas
	Explore the option of ensuring the full functionality of current accounting system to meet the donors' FM requirements, if not then procure and fully operationalize a new highly responsive accounting software through the CRAL Window	28 February 2017	PCU & IFAD
	Update and Finalize the PIM for approvals by PSC and IFAD	31 January 2017	PCU
	Review the organogram to ensure clear reporting lines	31 March 2017	PCU
	Timely prepare to conduct audit for the e-voucher system	31 March 2017	PCU/KENAO
	Monitor expenditures to keep operating cost within acceptable budget ceilings	continuous	PCU
	Reconstruct and update the draft Procurement Plan.	31 Dec 2016	PCU
	Effectively monitor the procurement process and flag excessive delays to ensure timely action to minimize implementation	Continuous	PCU/SDA/IFAD
	Improve & update the existing Register of Contracts and share with IFAD on monthly basis	20 February 2017	PCU
	Prepare Contract Implementation Plan (CIP) for each performance based contract	Immediate	PCU
	Tag/label programme assets and record and update them regularly in the asset register	31 March 2017	PCU
	Develop an effective operational filing system (both electronic and manual)	immediate	PCU

## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component/Outputs			Period: 1 Jan 2015 to 31 Oct 2016			Cumulative Actual	Appraisal Target	%
	Indicator	Unit	AWP&B (planned) 2016	Actual	%			
Preparatory and implementation support activities								
PCU and stakeholders ready for programme implementation roll-out	Intergovernmental Thematic Group on Agriculture (National) to be sensitized on programme	No.	1	1	100	2	2	100
	Programme launch materials to be prepared	No	1	1	100	1	1	100
	County officers sensitization meeting held	No	1	1	100	2	2	100
	KCEP National launch to be conducted	No	1	1	100	1	1	100
	Implementation partners identified and commissioned	No.	5	3	60	3	5	50
	Preparation and approval of TORs for service provider for component 2	No.	1	0	0	0	1	0
	MoUs with counties signed	No.	8	8	100	8	8	100
	Programme sub-counties to be selected	No.	16	16	100	16	16	100
	Service provider for scoping study to be selected	No.	1	1	100	1	1	100
Component 1: Cereal productivity enhancement								
Sub-component 1.1: Supporting Effective supply of services and inputs	Category 1 smallholder farmers issued with input packages	No.	17,300	11,678	67.5	11,678	40000	29.2
	Category 2 smallholder farmers mobilized and selected	No.					60000	
	No of Agro-dealers selected and trained	No.	300	221	73.4	221	300	73.4
	No. of farmers trained in crop production practices and technologies (RIMS 1)	No.	17,300	4,055	23.4	4,055	40,000	10.1
	No. of farmers accessing facilitated advisory services (RIMS 1)	No.	17,300	4,055	23.4	4,055	40,000	10.1
	No of staff of service providers (public, private and farmer led) trained (RIMS 1)	No.	1,440	909	63.1	909	2,160	42.1
Sub-component 1.2: Supporting Demand of Services and Inputs	No. of farmers groups in organizational management trained	No	692	0	0	0	1,333	0
	No. of crop production groups trained (RIMS 1)	No	692	202	29.2	202	1,333	15.2
	No. of crop production groups formed (RIMS 1)	No	692	202	29.2	202	1,333	15.2
	No. of formed crop production groups with women in leadership positions (RIMS 1)	No	346	94	27.2	94	667	14.1
Component 2: Post-Harvest management & market linkages								
Sub-component 2.1: Post-harvest management	Subsistence farmers trained on post-harvest grain management	No.	17,300	0	0	0	40,000	0
	No. of farmers trained on post-production and marketing (RIMS 1)	No.	17,300	0	0	0	40,000	0

Component/Outputs	Indicator	Unit	Period: 1 Jan 2015 to 31 Oct 2016			Cumulative Actual	Appraisal Target	%
			AWP&B (planned) 2016	Actual	%			
	No of warehouses certified and offering WRS services	No.	23	0	0	0	60	0
	No. of marketing groups formed	No	692	202	27.2	202	1,333	15.2
	No. of farmers in marketing groups formed	No	17,300	4,631	26.8	4,631	40,000	11.6
	No of collection centres operational	No	47	19	40.4	19	100	19.0
	No. of storage facilities constructed/rehabilitated (RIMS 1)	No.	17	0	0	0	25	0
	No. of storage facilities constructed (Embu, Nakuru and Kitui) (CIMES)	No.	4	0	0	0	6	0
<b>Sub-component 2.2: Market linkages and value addition</b>	No. of beneficiaries trained in business partnership	No.	17,300	0	0	0	40,000	0
	No. of initiatives of commercial partnership implemented	No.	25	0	0	0	60	0
	No. of access roads improvement completed	No.	0	0	0	0	20	0
	No of roads constructed/rehabilitated (RIMS 1)	No.	0	0	0	0	20	0
<b>Component 3: Financial inclusion</b>								
<b>Sub-component 3.1: Financial Inclusion</b>	No. of e-vouchers used by target groups	No.	17,300	11,678	67.5	11,678	40,000	29.2
	No. of HH using certified warehouse receipting system	No.	17,300	0	0	0	62,500	0
	No. of category 1 HH trained in financial literacy	No.	17,300	4,228	24.4	4,228	40,000	10.6
	People trained in financial services (RIMS 1)	No.	17,300	4,228	24.4	4,228	40,000	10.6
	Entrepreneurs trained in advanced financial training	No.	118	0	0	0	200	0
	Financial institutions participating in the programme (RIMS 1)	No.	1	1	100	1	1	100
	No. of active voluntary savers (RIMS 1)	No.	17,300	0	0	0	40,000	0
<b>Sub-component 3.2: Value Chain Financing</b>	No. of value chain financing ventures completed	No.	25	0	0	0	100	0
	No. of forward contracts signed	No	25	0	0	0	100	0
<b>Programme Management</b>								
Effective programme management	Staff recruitment for vacant positions planned	No.					1	
	PCU retreat with MOA to be held	No.					1	
	Programme Start up workshop planned	No.	0	0	0	1	1	100
	A Financial Management Manual to be prepared	No.	0	0	0	1	1	100
	Project Implementation Manual to be prepared	No.	0	0	0	1	1	100
	Accounting Software to be procured	No.	0	0	0	1	1	100



Component/Outputs	Indicator	Unit	Period: 1 Jan 2015 to 31 Oct 2016			Cumulative Actual	Appraisal Target	%
			AWP&B (planned) 2016	Actual	%			
	Annual AWPB planning meetings to be held	No.	1	1	100	2	4	50
	Project Steering Committee Meetings held	No.	2	2	100	3	8	37.5
Monitoring & Evaluation and Knowledge Management institutionalized	Service provider for setting up M&E system to be selected	No.	1	1	100	1	1	100
	Baseline/RIMS survey contracted	No.	1	0	0	0	1	0

## Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier as at 30 October 2016**

Financiers	Approved allocation (USD '000)	Current allocation (USD'000)	Disbursement (USD '000)	Percentage
IFAD LOAN NO 2000001121	61 776	61 776	496	0.80%
EU GRANT NO 2000000623	33 334	33 334	4 206	12.60%
IFAD ASAP GRANT NO 2000001122	10000	10000	0	0.00%
IFAD Grant	2000	2000	859	42.95%
Government of Kenya	4 545	4 545	1 350	29.70%
Beneficiaries	36 090	36 090	98	0.27%
Financial Institutions	5 456	5 456	1 150	21.08%
Private Sector		4 012	0	0.00%
<b>Total</b>	<b>153 201</b>	<b>157 213</b>	<b>8 159</b>	<b>5.19%</b>

**Table 5B: Financial performance by financier by component (USD '000) as at 30 October 2016**

	EU GRANT NO 2000000623			IFAD LOAN NO 2000001121			IFADA ASAP GRANT NO 2000001122			IFAD Country grant			Government of Kenya			Financial Institutions			Private Sector			Beneficiaries			Total		
	Allocati on	Curre nt	%	Allocatio n	Cur rent	%	Allocation	Cur rent	%	Alloca tion	Cur rent	%	Allocatio n	Cu rrent	%	Allocatio n	Current	%	Alloca tion	Cu rrent	%	Allocati on	Curre nt	%	Allocation	Curre nt	%
Components																											
Preparatory activities/Implementa tion Support and Capacity building at County-Level	1 428	52	4	5 124						2000	859	43	605	17	2,8				193,7						9 350,9	928	10%
Capacity building for Climate-resilient productivity enhancement and NRM	2 636	621	24				10 000						590	27	4,5				61,3						13 287,0	648	5%
Post-Production and Market linkages	2 746	10		6 721									1573		0,0	-			39,4						11 079,9	10	0%
Financial Services	8 432	2 124	25	40 532									1146	237	20,7	3 193	1 296,1	40,6	3718,1			3 955	98	2,5	60 975,8	3 755	6%
Progamme	2 129	1 614	76	9 400									631	100	15,8										12 160,3	1 714	14%

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[illegible]

NB: For EU GRANT NO 200000062, some expenses have been pre-financed with the government funds.

**Table 5 C1: EU GRANT NO 2000000623 Disbursement status in EUR as of 30<sup>th</sup> October 2016.**

Category description	Approved allocation	Current allocation	Disbursement	Balance	Percentage
Initial allocation			-54 245	54 245	0
Works	470000	470000	0,00	470 000	0
Equipments and Materials	1 580 000	1 580 000	144 702,80	1 435 297	9%
Consultancies	3 770 000	3 770 000	290 342,91	3 479 657	8%
Grants and Subsidies	6 140 000	6 140 000	2 304 442,32	3 835 558	38%
Salaries and Allowances	2 120 000	2 120 000	933 861,04	1 186 139	44%
Operating Costs	240 000	240 000	169 944,81	70 055	71%
Unallocated	1 330 000	1 330 000	0,00	1 330 000	0%
<b>Total</b>	<b>15 650 000</b>	<b>15 650 000</b>	<b>3 789 049</b>	<b>11 860 951</b>	<b>24%</b>

**Table 5 C2: IFAD LOAN NO 2000001121 Disbursement status in SDR as of 30<sup>th</sup> October 2016.**

Category Description	Approved allocation	Current allocation	Disbursed	Available Balance	Percentage
Initial Deposit		0,00	361 752,66	-361 752,66	0,00%
Works	2 630 000	2 630 000	0	2 630 000	0,00%
Consultancies	5 490 000	5 490 000	0	5 490 000	0,00%
Equipment and materials	2 210 000	2 210 000	0	2 210 000	0,00%
Grant and subsidies	23 180 000	23 180 000	0	23 180 000	0,00%
Operating costs	1 690 000	1 690 000	0	1 690 000	0,00%
Salaries and allowances	4 260 000	4 260 000	0	4 260 000	0,00%
Unallocated	4 390 000	4 390 000	0	4 390 000	0,00%

<b>Total</b>	<b>43 850 000,00</b>	<b>43 850 000,00</b>	<b>361 752,66</b>	<b>43 488 247,34</b>	<b>0,82%</b>
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**Table 5 C3: IFAD ASAP GRANT NO 2000001122 disbursement status in in SDR as of 30<sup>th</sup> October 2016.**

Category Description	Approved allocation	Current allocation	Disbursed	Available Balance	Percentage
CONSULTANCIES	3 760 000	3 760 000	0	3 760 000	0,00%
EQUIPMENT AND MATERIALS	330 000	330 000	0	330 000	0,00%
GRANTS AND SUBSIDIES	2 300 000	2 300 000	0	2 300 000	0,00%
UNALLOCATED	710 000	710 000	0	710 000	0,00%
<b>Total</b>	<b>7 100 000,00</b>	<b>7 100 000,00</b>	<b>0,00</b>	<b>7 100 000,00</b>	<b>0,00%</b>

**Table 5 C3: IFAD Country Grant disbursement status in USD as of 30<sup>th</sup> October 2016.**

Category Description	Approved allocation	Current allocation	Disbursed	Available Balance	Percentage
Initial Advance			858 590	-858590	0%
Equipment and Materials	61 000	61 000	0	61000	0%
Salaries and allowances	1 752 000	1 752 000	0	1752000	0%
Vehicles	187 000	187 000	0	187000	0%
<b>TOTAL</b>	<b>2 000 000</b>	<b>2 000 000</b>	<b>858 590</b>	<b>1141410</b>	<b>43%</b>

## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action		
Due Date	Compliance Status/Date	Remarks		
Schedule 3(1)	Audit of the electronic voucher system: 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	Not complied for	The audit report for e-voucher is due on 31st December 2016 and the auditor has not been recruited and the KENAO didn't confirm that they will carry out that audit.
Schedule 3(2)	Accounting software: 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	Within year 1 of implementation	Complied	Sage Pastel accounting software was inherited from the closed SHOMAP project but it is not yet fully operational
Schedule 3(3)	Programme Implementation Manual(PIM):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, 2015	Not Complied	A draft PIM developed but not yet approved by the steering committee and IFAD Non Objection on the document is not yet delivered.
Schedule 3(4)	Memorandum of Understanding (MOU): 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	complied	Draft MOUs have been developed, and signed.
Schedule 3(5)	Subsidiary Agreements: 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.

Section	Covenant	Target/Action		
Schedule 3(6)	Operation of the Electronic Voucher System: 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		
E-voucher system	Complied	The E-voucher system is now operational.		
Section 2	Designated Account: 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 MoALF development account for funding activities for the benefit of PCU	Before commencement	Complied	Bank Account for the Grant denominated in EUR opened and maintained with CBK.
Section 2	Counterpart funds: 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	There has been a delay in releasing counterpart funds for the first year of the programme but currently the contribution of the government is estimated at 56,3% of the expected KCEP contribution at it stands at 29,7 % of the total KCEP CRAL contribution
Section 5	Use of proceeds: 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	Annual Work Plans & Budgets (AWPB): 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	Programme Accounts: The Lead Programme Agency shall open and thereafter maintain in a commercial bank, a current account denominated in Kenya Shillings for	30 days after effective date	Complied	Bank accounts for the Grant proceeds opened and maintained with the Equity Bank, Kenya

Section	Covenant	Target/Action		
	receiving Grant proceeds.			
Section 4.02	Progress Reports: 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	Financial Statements: 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	Complied	The qualified audit report has been submitted to IFAD before the deadline.

## Appendix 7: Knowledge management: Learning and Innovation

### Learning

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Given the wide scope of the both KCEP and KCEP-CRAL geographical coverage, diversity of different agro-ecological zones, involvement of different value chain actors from technology generation to marketing combined with myriads of implementing partners and service providers, the PCU (both National and Regional levels) are learning and incorporating lessons to improve on the phasing of implementation modalities and approach of the programme. Western Region was the initiation of the programme field implementation which provided a lot of learning experience for the PCU in re-strategizing during the preparation, planning and implementation of intervention in the Eastern Region. Below are some highlights of lessons from the PCU :

- Inputs should be delivered in good time to allow for early planting. Late planting leads to susceptibility to pests and diseases e.g. grain borer and head smut as experienced in the demo plots done by KALRO.
- It is important to conduct validation of technologies and meet inputs suppliers early to make adequate arrangements for supply of non-commercialized certified seeds (e.g. sorghum, millet, pigeon peas) well in advance before the onset of the season.
- Monitoring of inputs supply at agro-dealers location should be conducted to ensure that farmers access the recommended inputs (type, quantities) at the prevailing market prices and utilization in compliance with recommended GAPs.
- Early start of mobilization of target beneficiaries for enrolment and farmers contribution is crucial due to the lengthy selection process. Also due to the high rate of disqualification, mobilization of farmers should be the above the planned target to avoid having high dropout of farmers and a reserved list of farmers should be used as buffer in order to meet annual and design target for the e-voucher scheme.
- Importance of clarity and adequate feedback mechanisms regarding farmers and agro dealer lists, card declines (reason for declines as recorded by the POS), agro dealer issues, etc.

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### Innovation: Describe any interesting innovation noted during supervision

**Monitoring of input use using e-voucher farmers:** The use of electronic voucher platform in itself is an innovation since it is an improvement of the paper vouchers in managing public input subsidies. Eligible farmers are issued credit/debit cards which is segmented into different e-wallets (certified crop seeds, fertilizers and post-harvest items). Farmers accessed their pre-determined input requirements from selected agro-dealers who are issued with Point of Sales and input registrar to serve as banking agents of Equity Bank Limited. There are rigorous selection, screening, vetting and verification processes involving county government, community members, PCU Staff and Equity Bank representatives. The Governments Integrated Population Registration System (IPRS) is used for verification and re-validation of selected and eligible farmers to eliminate any double registration or other potential discrepancies. The e-voucher scheme is enable smallholders to access inputs easily from recognized agro-dealers who get paid in real-time while farmers are transacting with their credit-cards. Access to transacted information/data becomes available through farmers e-voucher accounts or at the agro-dealer levels.





Equity Bank Staff demonstrating how the debit cards works during a Field Day in Nakuru County: Photo by M. Abukari



A group of maize farmers explaining the impact of e-voucher input on 1 acre farm and displaying their respective debit cards in Njoro sub-county, Nakuru County: Photo by M. Abukari

**Mobilization farmers using bulk sms for field days and other activities:** Mobilization of farmers to attend programme field days had been a challenge in terms of attendance and reach-out. The PCU came up with a strategy of using bulk Short Message Service (SMS) which could reach up to 5,000 farmers. This was facilitated by negotiation a partnership with a mobile service provider in the country as all the target beneficiaries of the Programme have access to mobile phones. With the start of the bulk SMS usage, the PCU was able to improve field day attendance by 200%.



Various maize trials in KALRO research station during a Field Day in Nakuru County: Photo by M. Abukari



Display of various cereal and pulse dishes during a Field Day in Nakuru County: Photo by M. Abukari



Agro-dealers displaying various ag-inputs during a Field Day in Nakuru County: Photo by M. Abukari

**Use social media platform for information sharing and feedback:** Eastern Region is quite vast and communication poses a major challenge. To address this, the PCU resorted to social media platform and formed a communication group using WhatsApp application that brings together the Regional PCU office, County Directors of Agriculture (CDAs), Sub County Agriculture Officers (SCAOs), Ward Agriculture Officers (WAOs) and this has greatly helped in the flow of information and faster feedback of implementation of on-going activities. It has also enhanced inter-county competition since all counties would like to post positive achievements from their areas.

**Set-up of RBA-PCU platform to support implementation:** A Rome-based Agency Technical Coordination Group (RBA-TCG) had been set-up and fully operationalise with rotating chairmanship among the RBA while the PCU of KCEP-CRAL serves as the permanent secretary. The RBA-TCG has been meeting regularly to discuss and decide on a number of issues. For instance, FAO, WFP and PCU made a joint presentation of KCEP-CRAL to Intergovernmental Thematic Working Group on Agriculture and provided joint response to a number of resolutions passed by the Council of Governors. A sub-committee involving FAO, WFP and PCU adapted the targeting criteria which was used to finally select 28 sub-counties from the eight target counties for KCEP-CRAL implementation.

## Annexes

### Annex 1 List of people met during the mission

Annex 1: List of people attending the mission.

List 1: KCEP-CRAL IFAD SUPERVISION MISSION ON 31/10/2016 (AIRC)				
#	Name of the Participant	Organization	Deployment	Purpose
1	Esther Magambo	KCEP-CRAL	SPC	Presentation of the Mission Objective and Debriefing
2	Maryanne W. Njogu	KCEP-CRAL	PC	
3	Nyakundi Mogere	KCEP-CRAL	FAM	
4	Zaweria Thuku	KCEP-CRAL	FSS	
5	Raymond Chelule	KCEP-CRAL	PME	
6	Pamela Kimkung	KCEP-CRAL	CMT&G	
7	Patrick Musalia	KCEP-CRAL	S/Accountant	
8	Rufus Maina	KCEP-CRAL	ACC-CR	
9	Githinji Thiong'o	KCEP-CRAL	Agronomist	
10	Esther Mwikali	KCEP-CRAL	AGBS-CR	
11	Eric Patrick	IFAD	Rome	
12	Martha Wamedi	KCEP-CRAL	Admin/Fin Assistant-PCU	
13	Bramuel Songa	KCEP-CRAL	PRA	
14	Dorcus M. Kyalo	KCEP-CRAL	PRA	
15	David Sioi	KCEP-CRAL	CVE	
16	Joseph Okello	KCEP-CRAL	Proc	
17	Kiprotich Chomboi	KCEP-CRAL	VCDS	
18	Moses Abukari	IFAD	Regional Program Manager	
19	Mary Mburu	IFAD	National Consultant	
20	Stephanie Biteyo	IFAD	National Consultant	
21	Hani Elsapani	IFAD	Country Director	
22	Francis Nthuku	National Consultant	Consultant	
23	Ezekiel Ijala	IFAD Consultant		
24	James Mbwika	IFAD Consultant	Consultant	
25	Judith Oduol	ICRAF	Agricultural Economist	
List 2: IFAD SUPERVISION MISSION MEETING WITH KCEP-CRAL PARTNER ON 1/11/2016 (AIRC)				
#	Name of the Participant	Organization	Deployment	Purpose
1	Michael Marshall	ICRAF	Nairobi	KCEP-CRAL PARTNERS PRESENTATION
2	Raymond Chelule	KCEP-CRAL	PME	
3	Judith Oduol	ICRAF	Nairobi	
4	James Mbwika	IFAD	Consultant	

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5	Nyakundi Mogere	KCEP-CRAL	FAM
6	Stefanie Biteyo	IFAD	Consultant
7	Mary Mburu	IFAD	Consultant
8	Francis Nthuku	IFAD	Consultant
9	Ezekiel Ijala	IFAD	Consultant
10	Eric Partrick	IFAD	-
11	Esther Mwikali	KCEP-CRAL	ABO-CR
12	Patrick Musalia	KCEP-CRAL	S/Accountant
13	Kiprotich Chomboi	KCEP-CRAL	VCDS
14	Zaweria Thuku	KCEP-CRAL	FSS
15	Maryanne W. Njogu	KCEP-CRAL	PC
16	Esther Magambo	KCEP-CRAL	SPC
17	Hani Elsapani	IFAD	Country Director
18	Moses Abukari	IFAD	RPM
19	Michael Marshall	ICRAF	Climate Scientist
20	Mary Mburu	IFAD	Consultant Agronomist
21	Tedson Nyongesa	AGMARK	Desk Office Project Manager
22	Steven Ngwalla	AGMARK	Director of Training
23	James Mutonyi	AGMARK	Managing Director
24	Esther Muiruri	Equity Bank	General Manager
25	Jane Guandam	EGF	Accountant
26	Edith Kamau	Equity Group Foundation	Program Manager
27	Isaac Ruto	Equity Bank	Agribusiness Manager
28	Mathew Ngunga	Equity Bank	General Manager Monitoring and Evaluation
29	Dorcas Kyalo	KCEP-CRAL	PRA
30	Anthony O. Esilaba	KALRO	SPRO
31	Joseph M. Miriti	KALRO	SRO
32	Michael Okori	KALRO	PRO
33	Dave Nyongesa	KALRO	GC-PRO
34	Cyrus Githunguri	KALRO	SPRO
35	Irene Gitari	KALRO	Accountant
<b>LIST 3: MEETING WITH EASTERN REGION STAKEHOLDERS AT ATC EMBU ON 2/11/2016</b>			
<b>#</b>	<b>Name of the Participant</b>	<b>Organization</b>	<b>Purpose</b>
1	Patrick Gicheru	KALRO Embu	IFAD MISSION

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2	Julius Gikonyo	AGRIC-Mbeere North	MEETING WITH PROGRAMME STAKEHOLDERS	
3	Peter Mala	EAML		
4	Irene Machua	KCEP-CRAL		
5	Andrea Ferrero	EU		
6	Eric Patrick	IFAD		
7	Stefanie Birengo	IFAD		
8	Francis Thuku	IFAD		
9	James Mbwika	IFAD		
10	Moses Abukari	IFAD		
11	Esther Magambo	KCEP-CRAL		
12	Maryanne W Njogu	KCEP-CRAL		
13	Kiprotich Chomboi	KCEP-CRAL		
14	Kiva Julius M	KCEP-CRAL		
15	Daniel Mwanga	FAO		
16	Alfred Micheni	KALRO		
17	Moses Kimanthi	BAYER EA		
18	Daniel M. Njenga	KCEP-CRAL		
19	Rachael Mwaniki	KCEP-CRAL		
20	Pamela Kimkung	KCEP-CRAL		
21	Titus Kisenga	KPMC		
22	Geoffrey Muriithi	KPMC		
23	Paul Kiige	Agriculture		
24	Patrick R. Hinga	KCEP-CRAL		
25	Francis Nyaga	Embu County		
26	Daphne Muchai	KENAFF HQ		
27	Mary Mburu	IFAD		
28	Nyakundi Mogere	KCEP-CRAL		
List 4: FIELD VISIT TO THARAKA NITHI COUNTY ON 3/11/2016				
#	Name of the Participant	Organization	Deployment	Purpose
1	Francis N Thuku	IFAD		IFAD Mission Meeting with Farmers and Agro-Dealer from Eastern Region
2	Stefanie Birengo	IFAD		
3	Mary Mburu	IFAD		
4	Eric Patrick	IFAD		
5	Andrea Ferrero	EU		
6	Moses Abukari	IFAD		

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7	Judith Oduol	ICRAF		
8	James Mbwika	IFAD		
9	Kiprotich Chomboi	KCEP-CRAL		
10	Nyakundi Mogere	KCEP-CRAL		
11	Patrick R. Hinga	KCEP-CRAL		
12	Daphne Muchai	KENAFF HQ		
13	Githinji Mwai	MOA T/Nithi		
14	Pamela Kimkung	KCEP-CRAL		
15	Maryanne W Njogu	KCEP-CRAL		
16	Esther Magambo	KCEP-CRAL		
17	D. M. Mululu	CDA-T/Nithi		
18	Hon. Kenneth Mburia	TNIC		
19	Daniel M. Njenga	KCEP-CRAL		
20	Harun Njeru Mbogoh	MOA		
21	Francis N Waiharo	MOALF		
22	Stephen Mworio	MOALF		
23	Kiva Julius	KCEP-CRAL		
24	Ambrose Ngetich	FAO		
25	Nicholas Karani N	Equity-Nkubu		
26	Isaac Ruto	Equity-Nkubu		
27	Paul K. Nteere	MOALF		
28	John N. Kangai	MOALF		
29	Silas K. Marete	MOALF		
List 5:- PCU EASTERN VISIT ON ON 4/11/2016				
#	Name of the Participant	Organization	Deployment	Purpose
1	Francis N Thuku	IFAD		Debriefing on Eastern Region Missin Visit
2	Stefanie Birengo	IFAD		
3	Mary Mburu	IFAD		
4	Eric Patrick	IFAD		
5	Andrea Ferrero	EU		
6	Moses Abukari	IFAD		
7	Judith Oduol	ICRAF		
8	James Mbwika	IFAD		
9	Kiprotich Chomboi	KCEP-CRAL		
10	Nyakundi Mogere	KCEP-CRAL		

11	Patrick R. Hinga	KCEP-CRAL		
12	Daphne Muchai	KENAFF HQ		
13	Pamela Kimkung	KCEP-CRAL		
14	Maryanne W Njogu	KCEP-CRAL		
15	Esther Magambo	KCEP-CRAL		
16	Daniel M. Njenga	KCEP-CRAL		
17	Kiva Julius	KCEP-CRAL		
<b>List 6:- IFAD MISSION FIELD VISIT TO LUGARI SUB-COUNTY IN KAKAMEGA COUNTY ON 7/11/2016</b>				
#	Name of the Participant	Organization	Deployment	Purpose
1	Mary Mburu	IFAD		
2	Moses Abukari	IFAD	RPM	
3	Stefanie Bitengo	IFAD	Consultant	
4	James Mbawika	IFAD	Consultant	
5	Francis N Thuku	IFAD	Consultant	
6	Esther Magambo	KCEP-CRAL	SPC	
7	Maryanne W Njogu	KCEP-CRAL	PC	
8	Patrick Ndungu	KCEP-CRAL	M&E-WR	
9	Jonathan Agwo	IFAD		
10	Beth Ndungu	Treasury		
11	Martha Sila	KCEP-CRAL	Agronomist	
12	Zaweria Thuku	KCEP-CRAL	FSS	
13	Millicent Bunde	MOA	Desk Officer	TO MEET COUNTY STAFF, FARMER AND AGRO-DEALER
14	Milton Muchima	MOA	SCCDO	
15	Mary Muchelasia	FARMER	Sub County Committee	
16	Hudson Lomosi	FARMER	SCC Chair	
17	J. Bwanjala	MOA	SCADO	
18	Raymond Chelule	KCEP-CRAL	PME	
19	David Sioi	KCEP-CRAL	CVE	
20	Kiprotich Chomboi	KCEP-CRAL	VCDS	
21	Philomena Chege	MOALF	DDA/APW	
22	Johnston Imbira	MOALF	CDA	
23	Protas Nwasoga	MOA	SAAO	
24	J Bwanjila	MOA	SCADO	
25	Jacob Maiyo	MOA	SSS	
26	Wepukhulu	MOA	SCAO	

27	R. Nyatugi	MOA	MOA	
28	Dickson Wasiwa			
29	Robai Inzilia			
List 7:- IFAD MISSION DEBRIEFING WESTERN REGION ON 8/11/2016 (NAKURU)				
#	Name of the Participant	Organization	Deployment	Purpose
1	Patrick Ndungu	KCEP-CRAL	M&E-WR	VISIT TO PCU WESTERN OFFICE AND DEBRIEFING
2	Martha M. Sila	KCEP-CRAL	Agronomist	
3	Kiprotich Chomboi	KCEP-CRAL	VCDS	
4	Moses Abukari	IFAD	RPM	
5	Jonathan Agwe	IFAD		
6	Stefanie Biteyo	IFAD	Consultant	
7	James Mbwika	IFAD	Consultant	
8	Mary Mburu	IFAD	Consultant	
9	Francis Thuku	IFAD	Consultant	
10	Beth Ndungu	Treasury	PSC	
11	Carol Kamau	KCEP-CRAL	AGBS-WR	
12	Zaweria Thuku	KCEP-CRAL	FSS	
13	Raymond Chelule	KCEP-CRAL	PM&E	
14	Gibson Muriithi	KCEP-CRAL	ACC-WR	
15	Esther Magambo	KCEP-CRAL	SPC	
16	Maryanne W Njogu	KCEP-CRAL	PC	
17	Philomena Chege	MOALF/APW	DDA	
18	David Sitei	KCEP-CRAL		
19	Ezekiel Ijala	IFAD	Consultant	
List 8:- IFAD MISSION PRE-WRAP UP MEETING WITH PCU ON 10/11/2016 (PCU NAIROBI OFFICE)				
#	Name of the Participant	Organization	Deployment	Purpose
1	Kiprotich Chomboi	KCEP-CRAL	VCDS	TECHNICAL DEBRIEFING TO SHARE PRELIMINARY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS WITH PCU FOR FURTHER FEEDBACK
2	Jonathan Agwe	IFAD	Senior Technical Adviser	
3	Stefanie Biteyo	IFAD	Consultant	
4	Moses Abukari	IFAD	RPM	
5	James Mbwika	IFAD	Consultant	
6	Mary Mburu	IFAD	Consultant	
7	Francis Thuku	IFAD	Consultant	
8	Zaweria Thuku	KCEP-CRAL	FSS	
9	Raymond Chelule	KCEP-CRAL	PM&E	
10	Esther Magambo	KCEP-CRAL	SPC	
11	Maryanne W Njogu	KCEP-CRAL	PC	

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12	Andrea Ferrero	EU Delegation		
13	Alessio Colussi	FAO	Head of Crop & Agribusiness section	
14	Nyakundi Mogere	KCEP-CRAL	FAM	
15	Raymond Chelule	KCEP-CRAL	PME	
16	Pamela Kimkung	KCEP-CRAL	CMT&G	
17	Patrick Musalia	KCEP-CRAL	S/Accountant	
18	Githinji Thiong'o	KCEP-CRAL	Agronomist	
19	Esther Mwikali	KCEP-CRAL	AGBS-CR	
20	Martha Wamede	KCEP-CRAL	Admin/Fin Assistant-PCU	
21	Dorcus M. Kyalo	KCEP-CRAL	PRA	
22	David Sitori	KCEP-CRAL	CVE	
List 9:- IFAD MISSION WRAP-UP MEETING WITH MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES ON 11/11/2016 (BOARD ROOM, KILIMO, NAIROBI)				
#	Name of the Participant	Organization	Deployment	Purpose
1	Philomena Chege	MOALF	DDA/APCU	FINAL WRAP-UP MEETING WITH MOALF REPRESENTATIVE TO DISCUSS AND AGREE ON MISSION OUTCOMES, CONCLUSIONS AND RECOMMENDATIONS
2	Esther Magambo	KCEP-CRAL	SPC	
3	Judith Oduol	ICRAF	Agric Economist	
4	Moses Abukari	IFAD	RPM	
5	Jonathan Agwe	IFAD	Senior Technical Advisor	
6	Stefanie Biteyo	IFAD	Consultant	
7	James Mbwika	IFAD	Consultant	
8	Mary Mburu	IFAD	Consultant	
9	Francis Thuku	IFAD	Consultant	
10	Zaweria Thuku	KCEP-CRAL	FSS	
11	Maryanne W Njogu	KCEP-CRAL	PC	
12	Sarah Janzen	Montana State Univ/USA	Asst. Prof of Economics	
13	Nyakundi Mogere	KCEP-CRAL	FAM	



**Annex 2.1: Checklist for basic information that should be contained in an individual procurement file for each Procurement**

a.	The authorized requisition, including specification of goods, works or services required.
b.	The procurement plan, including the justification for use of method other than open tendering or request for proposal.
c.	A copy of an invitation to pre-qualify or call for expression of interest notice and any prequalification documents.
d.	All applications to pre-qualify or expression of interest received and the evaluation of pre-qualifications or comparison of expression of interest.
e.	Invitation to bid notice or any shortlist or lists of pre-qualified bidders.
f.	The bidding documents, request for proposal or other solicitation documents issued, including any pre-bid meetings.
g.	The record of solicitation documents issued, bids received and all bids and proposals opened.
h.	All bids, proposals or quotations received other than bids or proposals returned unopened to bidders.
i.	Copies of clarifications requested and received.
j.	The evaluation report, including any individual score sheets or other documentation.
k.	Records of any negotiations.
l.	Any notice of proposal award.
m.	Any notice of bid acceptance.
n.	A copy of the contract or purchase order documentation.
o.	Copies of letters rejecting or debriefing unsuccessful bidders.
p.	A copy of any published notice of contract award.
q.	Copies of all contract variations and modifications.
r.	All documentation on correspondences relating to contract administration.
s.	Copies of all documentation demonstrating performance of contract, such as inspection reports, delivery documentation and interim certificates.
t.	Any documentation relating to cancellation of a procurement process or termination of a contract.
u.	Information related to all applications for review.
v.	All approvals from the Accounting officer and IFAD No Objections.
w.	Professional opinion of the Procurement Specialist.

**Annex 3.2: Indicative checklist for a good evaluation report:**

The Evaluation Committee is required to prepare an evaluation report signed by all persons who were involved in the evaluation. It should include the following information as minimum:

	Remarks
Background to the bidding process	
The invitation document for the procurement requirement that has been evaluated;	
Bid issues, extensions and response to clarifications received from bidders;	
Bid closure and opening;	
A summary of tenders received and opening including the prices read out for each tender;	
Composition of the committee; (including the designation of committee members;	
The results of the preliminary examination of bids;	
Adjustments and corrections;	
The results of the detailed technical and financial evaluation comparison;	
Details of any non-material deviations, errors or omissions accepted, clarified or corrected and where relevant, the way in which the deviations or omissions have been quantified and taken into account in the financial evaluation;	
The reasons any tenders were declared non-responsive and were rejected;	
The evaluated price of each tender, showing any corrections or adjustments to the tender price and the conversion to a common currency;	
The ranking of the tenders, according to their evaluated price;	

Copies of the minutes of the best evaluated bid for each lot where applicable;	
The results of any post qualification;	
State any disagreements, including reasons, the discussions held on the issue and the names of those holding alternative views;	
A recommendation to award the contract or contracts to the best evaluated tender or a combination of tenders or other appropriate recommendations such as cancellation of the procurement process.	