



Republic of Kenya

Agricultural Sector Development Support Programme

Programme Document

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Ministry of Agriculture

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ACRONYMS

ADRA	Adventist Development and Relief Agency
AfDB	African Development Bank
AGMARK	Agricultural Market Development Trust
AIDS	acquired immunodeficiency syndrome
AIRC	Agriculture Information Resource Centre
ALEEF	Agriculture and Livestock Enterprise Enhancement Fund
ALEEF	Agriculture and Livestock Enterprise Enhancement Fund
ASAL	arid and semi-arid lands
ASCU	Agricultural Sector Coordination Unit
ASDS	Agricultural Sector Development Strategy 2010–2020
ASPD	Agricultural Sector Development Programme
ASPS	Agriculture Sector Support Programme
ASPSC	Agriculture Sector Programme Steering Committee
ASP-SC	Agriculture Sector Programme Steering Committee
BBS	broad-based survey
BPFA	Beijing Platform for Action
CAADP	Comprehensive Africa Agriculture Development Programme
CAP	Community Action Plan
CBO	community-based organizations
CC	climate change
CCU	County Coordinating Unit
CCU	county coordination unit
CGIAR	Consultative Group for International Agricultural Research
CIG	common interest group
CRC	Convention on the Rights of the Child
DANIDA	Danish International Development Agency
DCU	District Coordination Unit
DCU	district/decentralized coordination unit
DDC	District Development Committee
DFID	Department for International Development
ECA	Eastern and Central Africa
ERS	<i>Economic Recovery Strategy for Wealth and Employment Creation</i>
EU	European Union
FADC	Focal Area Development Committee
FAO	Food and Agriculture Organisation

FY	Financial Year
GDP	Gross Development Product
GHG	Green-house Gases
GIZ	German International Cooperation
GoK	Government of Kenya
HCDA	Horticultural Crops Development Authority
HIV	human immunodeficiency virus
IARC	International Agricultural Research Centre
ICC	Inter-Ministerial Coordination Committee
ICIPE	International Centre for Insect Physiology and Ecology
ICPAC	IGAD Climate Protection and Applications Centre
ICRAF	World Agro forestry Centre
ICRISAT	International Crop Research Institute for Semiarid Tropics
ICT	information and communication technology
IFAA	Innovation Fund for Agriculture and Agribusiness
IFAD	International Fund for Agricultural Development
IFR	internal financial reports
IGAD	Intergovernmental Authority on Development (IGAD)
ILRI	International Livestock Research Institute
IPS	institutional performance study
JICA	Japan International Cooperation Agency
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KABSP	Kenya Agricultural Biotechnology Support Programme
KAPAP	Kenya Agriculture Production Programme
KARI	Kenya Agricultural Research Institute
KASP	Kenya Agro-dealer Strengthening Programme
KCC	Kenya Cooperative Creameries
KEFRI	Kenya Forest Research Institute
KEMFRI	Kenya Marine and Fisheries Research Institute
KENADA	Kenya National Agro-dealers Association
KENAO	Kenya National Audit Office
KENFAP	Kenya Federation of Agricultural Producers
KEPHIS	Kenya Plant Health Inspectorate Service
KEPSA	Kenya Private Sector Alliance
KES	Kenyan shilling
KIPPRA	Kenya Institute for Public Policy Research and Analysis

KJAS	Kenya Joint Assistance Strategy
KNFC	Kenya National Federation of Cooperatives
KSH	Kenya Shillings
LATF	Local Authorities Trust Fund
M&E	monitoring and evaluation
MDG	Millennium Development Goal
MDG	Millennium Development Goals
MEA	Millennium Ecosystem Assessment
MIS	Management Information System
MoA	Ministry of Agriculture
MoLD	Ministry of Livestock Development
MoSPND	Ministry of State for Planning, National Development
MOU	Memorandum of Understanding
MTIP	Medium-Term Investment Plan
NAAIP	National Accelerated Agriculture Inputs Programme
NAEP	National Agriculture Extension Policy
NALEP	National Agricultural and Livestock Extension Programme
NASEP –IF	National Agriculture Sector extension Plan – implementation Framework
NASEP	National Agriculture Sector extension Plan
NASEP-IF	National Agricultural Sector Extension Policy Implementation Framework
NBA	national business agenda
NCCRS	National Climate Change Response Strategy
NESC	National Economic and Social Council
NGO	non-governmental organization
NIMES	National Monitoring and Evaluation System
NPS	National Programme Secretariat
NRM	natural resources management
NSWCP	National Soil and Water Conservation Programme
PAPOLD	Participatory Analysis of Poverty, Livelihoods and Environment Dynamics
PCU	programme coordination unit
PES	payment for ecosystem services
PPP	public–private partnership
PSDA	Private Sector Development in Agriculture
RAM	review aid memoire
REDD	Reducing Emissions from Deforestation and Forest Degradation
SACCO	savings and credit cooperative societies

Sida	Swedish International Development Cooperation Agency
SNV	Netherlands Development Organisation
SRA	<i>Strategy for Revitalizing Agriculture</i>
STHF	Stakeholder Fora
SWAp	sectorwide approach
SWG	sector working groups
TaNRMp	Upper Tana Catchment Natural Resources Management Project
TAPRA	Tegemeo Agricultural Policy Research and Analysis Programme
TC	Technical Committee
TF	Task force
TNA	training needs assessment
TWG	thematic working group
UDHR	Universal Declaration of Human Rights
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USD	United States dollar
VC	value chain
VCG	Value Chain Group
WB	World Bank
WB	World Bank
WFP	World Food Programme

EXECUTIVE SUMMARY

The agricultural sector is the backbone of Kenya's economy and the means of livelihood for most of the rural population. The sector contributes directly 26 per cent of the Gross Domestic Product (GDP) and another 25 per cent indirectly. It supplies the manufacturing sector with raw materials and generates tax revenue that helps to support the rest of the economy. The sector also accounts for 65 per cent of Kenya's total exports, it employs over 40 per cent of the total population, and over 70 per cent of the rural population depend on agriculture for their livelihood. Sustained and equitable agricultural growth is critical to uplifting the living standards of the people as well as generating rapid economic growth.

Although agriculture is critical to the economy, levels of production and productivity are very low and the vast potential of the sector has scarcely been tapped. For example, the average yield for maize is 1.3 tonnes per ha, and milk production stagnates at less than 5 litres per cow per day. Some of the factors contributing to poor returns include low application of modern technologies as nearly 80 per cent of production is from smallholders with less than 2 ha, and gender inequalities that constrain resource access.

Currently, over 10 million people in Kenya suffer from chronic food insecurity and poor nutrition, and between 2 and 4 million people require emergency food assistance at any given time. Nearly 30 per cent of Kenya's children are classified as undernourished, and micronutrient deficiencies are widespread. It is the policy of the government that all Kenyans throughout their life-cycle enjoy at all times safe food in sufficient quantity and quality to satisfy their nutritional needs for optimal health. Investing in agriculture is one of the most high-impact, cost-effective strategies available for reducing poverty and improving livelihoods. There is substantial evidence that gender-based constraints restrict the productivity of female Kenyan smallholders and contract farmers. This is important because women form the majority of the active farming population. Many young men and women also face gender-based constraints. There is little doubt that the on-going climate change will affect the agricultural production both in high-potential and dry areas. These effects have to be considered in the strategic work for improved food security but also at local level in the selection of agricultural practices and the planning of production at farm level.

The agricultural sector in Kenya is large and complex, with a multitude of public, parastatal, non-government and private actors. Key players in the sector are the World Bank, the African Development Bank, the European Union, FAO, IFAD, WFP, and UNDP on the multilateral side; and Germany (GIZ), Sweden, Denmark, USA (USAID), Finland, Japan (JICA) and Italy on the bilateral side. In line with the principles expressed in the Paris Declaration on Aid Effectiveness, the Government requests that Development Partners align their support with the priorities and programmes defined in the *Agricultural Sector Development Strategy 2010–2020* (ASDS).

The role of the private sector in the development of the agricultural sector is strongly emphasized in all policy and strategy documents, and the Government explicitly encourages public–private partnerships (PPP).

The overall goal of Swedish development cooperation with Kenya is *‘a Kenya in which all poor people have the opportunity to improve their living conditions, and where their human rights are realized.’* The Swedish government has articulated three thematic priorities for its work: (1) democracy and human rights, (2) climate and the environment, and (3) gender and women’s role in development.

There is substantial common ground between the Government of Kenya and the Government of Sweden in their thematic priorities for development and it should be noted that these thematic priorities have been entrenched in various sections of the Constitution, including in the Bill of Rights. The Constitution states that: *‘The Bill of Rights is an integral part of Kenya’s democratic state and is the framework for social, economic and cultural policies. The purpose of recognizing and protecting human rights and fundamental freedoms is to preserve the dignity of individuals and communities and to promote social justice and the realization of the potential of all human beings’.* The Agricultural Sector Development Support Programme (ASDSP) is built around these shared thematic priorities.

The overall goal of the ASDSP is to transform Kenya’s agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute to poverty reduction, improved food security and equity in rural and urban Kenya. The ASDSP goal is aligned with the Government’s commitments to the agricultural sector through the ASDS and the Kenya CAADP Compact. The programme will, through its activities, contribute to the realization of Kenya’s wider development goals as expressed in the Millennium Development Goals, *Vision 2030*, and the *Constitution of Kenya, 2010*.

The development objective for the programme is: *‘increased and equitable incomes, employment and improved food security of the target groups as a result of improved production and productivity in the rural smallholder farm and off-farm sector.’*

Whereas NALEP and other programmes have made significant impacts there is need to expand NALEP and involve other programmes in line with the Agricultural Sector Development Strategy (ASDS). ASDSP will put emphasis on improvements in the business environment through the value chain approach; climate change adaptation and mitigation; and, improved sector wide coordination. It will therefore be implemented through the following three components:

Component 1: Sector wide Coordination. In this component, an inclusive institutional framework for implementing the ASDSP is initiated and coordination in the sector is supported.

Institutional development will entail creating a secretariat to manage the ASDSP in line with the ASDS framework of using a sector wide approach, and establishing joint management and implementation structures for the mutual benefit of all programmes in the sector. The role of ASCU in sector coordination will be further enhanced. The institutional framework is designed to be aligned with the new constitutional dispensation. A key role of the proposed secretariat is to create linkages and platforms for stakeholders to actively, freely and meaningfully participate and contribute to development of the agricultural sector. It has benefitted from lessons learnt in the institutional framework of a number of programmes in the sector, particularly in developing effective linkages with policy, research and extension agents to communicate and share information.

The component is structured in 4 sub-components:

- Development and enhancement of the already existing client-responsive institutional framework for sector wide coordination
- Support to inclusive and integrated capacity building for ASDSP implementation within the sector wide framework
- Collaboration and networking
- Enhancement of user friendly information and communication systems for the ASDSP and the sector as envisaged in the agricultural sector communication strategy

Component 2: Natural Resource Management. The component is designed to provide an enabling environment for the value chain component and at the same time build wider ecosystem resilience. At the macro level this calls for support to specific policy commitments and, if necessary, policy change. At lower levels this requires ensuring that value chain development not only ‘does no harm’, but upgrades degraded local ecosystems where possible. Partnerships with relevant organizations are required to realize this component. Such partnerships will vary over time depending on the priority being addressed. Supporting the development of economic and ecologic resilience as a tool for adapting to expected effects of climate change would be a major effect of this component. The component is subdivided into 3 sub-components:

- Promote adaptation to long-term climate change and inter- and intra-seasonal climate fluctuations in local development through the better flow of information to local communities, including men, women and youth
- Develop appropriate and gender-sensitive responses to NRM-related barriers affecting the development of selected value chains through analysis and advocacy for policy change
- Ensure the equitable sustainability of ecosystem services through the development and implementation of need-based and sound technologies and practices

Component 3: Value Chain Development. This component will support the commercialization and market orientation of the agricultural sector. The main vehicles are gender-sensitive value chain analysis and development of appropriate interventions to mitigate bottlenecks and improve the functioning of the entire chain. In addition, governance structures—policies, government support and subsidies—will be streamlined. Other activities include providing capacity development support to enable value chain actors to access and expand their markets; providing access to financial packages, and strengthening value chain-related associations and organizations. Food security and nutrition will form an important part.

The component is organized into 5 sub-components:

- Analyse and upgrade value chains that can generate employment, ensure food security and nutrition, and increase incomes for diverse actors
- Improve equitable market access by improving rural infrastructure and other trade-related trade interventions
- Improve access for men, women and youth to financial services with focus on support to credit guarantee funds but not excluding other models for agriculture investment funds
- Strengthen value chain organizations
- Identify and upscale promising, innovative and inclusive new value chains and pilot them.

The components are designed to be mutually supportive to create positive synergies. This requires creating interlinked activities among all three components from the micro to the macro levels. The figure below expresses the latter relationship among components visually, showing how they are nested one within the other.

Nesting of the ASDSP Components

The ASDSP Strategy of Working with its Target Groups

The ASDSP main target groups are small-scale farmers (on and off farm) and agro dealers. The agro dealers include processors, marketers, transporters, traders, input suppliers and other service providers.

The human rights principle of non-discrimination and equality is a key feature of the programme. The principle does not mean that people are treated equally, but rather that the choice of treatment is informed by the status and circumstances of different groups, men and women. The ultimate goal is to ensure that all people live respectable and dignified lives. In practice, this means that the interests of marginalized and discriminated-against groups need to be identified and prioritized.

The ASDSP aims to strengthen the capacity of all stakeholders to claim their rights, and the capacity of the duty-bearer—the Government and other actors—to fulfil its obligations. The programme has identified the following strategies to realize the principles of non-discrimination.

Strategy 1: Overcoming Gender and Youth-based Constraints to Participating in Agricultural Value Chains

The programme will work to identify and overcome gender and youth-based constraints that hinder their effective participation in value chain development and natural resource management. This focus is driven by the assumption that these groups are capable yet are currently unable to contribute and benefit from the agricultural sector development, a situation that contributes to poor performance of the sector. Thus, addressing constraints will ensure more effective and efficient performance of the sector as a whole.

This will be realized through the use of participatory analyses with women and men in the field, and through complementary studies to identify areas of gender, youth and disadvantaged groups that may not be revealed through participatory approaches alone. For proper mainstreaming of gender issues during the course of ASDSP implementation, the gender assessment study recommendations that are in progress will be implemented.

Strategy 2: Working with Vulnerable Groups

Outside agriculture, the ASDSP will clearly be constrained to provide direct support to vulnerable groups in health and social needs. However, the programme will endeavour to work in association with health care providers and other relevant organizations to enable vulnerable categories of people, such as those suffering chronic diseases and drug dependency, to participate in the programmes of the ASDSP. The core assumption is that the ASDSP cannot provide the counselling, medical assistance, etc., but that it can offer an important pathway into re-integration into society.

Strategy 3: Promoting Enabling Environments

ASDSP will work to promote a more ‘enabling’ environment with respect to the public, private, civic and social institutions that impact upon peoples’ lives. Details of this strategy are elaborated on in all three components.

Strategy 4: Focusing Resource Application

ASDSP recognizes that to have physical impact, it is important to focus both public and private investment resources in enterprises that have high chances of success, and that resources need to be applied selectively and by the most suitable and efficient service provider. Duplication must be avoided. Concurrently, the programme also recognises the need to provide different kinds of support necessary to bring up the poor and vulnerable groups to levels where they can meaningfully participate competitively with others.

Summary of ASDSP's Implementation, Management and Budget Arrangements

The programme will be **implemented** nationwide over a 5-year period beginning in January 2012. The programme will not have a particular geographical focus in the counties, but will focus on selected value chains and related groups and organizations. The actual level and type of activities on the ground may differ from one county to another depending on identified needs at the grassroots and also in conformity with sector wide donor coordination.

Programme Implementation

The ASDSP is planned to start from January 2012 though selected preparatory activities will be undertaken during its last half-year. ASCU will play a role in spearheading these preparatory activities to ensure the sector wide approach is fully embedded.

A 6-month **Inception Phase** is required. During the inception phase, the Ministry of Agriculture within the ASDS framework will spearhead the establishment of the programme management structures at the national and decentralized levels. Staff will be engaged and introduced to the programme. Other activities to be concluded during the inception phase include modalities for implementing a credit guarantee scheme, a work-plan for the first implementation year, and procuring and mobilising the technical assistance personnel. The Inception Phase will run from January to June 2012.

The **implementation phase** will start in July 2012. During the first year of implementation participatory planning processes will be carried out in selected areas, the formation of value chain groups will be supported and the organizations for value chain-based stakeholder interaction will be initiated. Selection criteria for value chains need to be sensitive to current livelihoods of different groups—men, women and youth—to ensure that the process does not aggravate inequalities. ASCU will provide guidance to this process.

A variety of implementing agents will be engaged to carry out the actual implementation activities.

The programme budget comprises part of the ASDS Medium-term Investment Plan (MTIP) standing at Kenya shillings (KES) 247 billion, of which the Swedish Government contribution is estimated at KES 5.087 billion. This is divided into KES 3.854 billion towards the implementation of the programme and KES 1.232 billion as credit guarantee and other financing mechanisms. GoK will directly contribute KES 1 billion towards the implementation of the programme. Contributions from the private sector and Development Partners in the sector will be indicated in the final budget. A budget overview is presented in chapter 10 and a more detailed budget in Annex III.

Funds will be channelled through the government financial system and will be accounted for as part of the Kenyan development budget.

Technical support to the ASDSP will be provided by competitively recruited technical assistants (TA). The Ministry of Agriculture will provide the lead in the competitive recruitment of the ASDSP technical assistants through the already existing sector coordination mechanisms. ASCU will prepare the terms of reference and also guide the TAs once they are put on board to ensure that their support conforms to the sector wide principles and aspirations. The lessons from ASCU and sector programmes including NALEP indicate that adequate, well qualified and experienced technical assistance is vital for successful programme implementation and achievement of objectives. In this connection, it is recommended that ASCU and ASDSP be supported with international and local consultants. Division of labour principles on the ‘code of conduct’ will be applied when recruiting TA. Long-term term support will be for the following positions:

- **Team leader / management agribusiness and policy adviser** (international, 3 years)
- **Sector coordination adviser** (international, 3 years)

In addition to long-term TA support, funds will be allocated to a **TA pool for short-term assignments** by national and international consultants.

The county coordinating units (CCUs) will be established within the existing sector coordination mechanisms. The CCUs will need support in establishing and during the consolidating activities. Since the organization structure is new, the role and responsibilities of the units will develop and mature as functions of the counties are defined and developed. The CCUs will be supported through a two-step mechanism. The support will be provided by a task force of dedicated capacity-building staff with relevant background, assigned and recruited from the ministries. The task force will be supported by a small team with training of trainers’ and technical competence, including international experience with decentralised organizations.

One of the cornerstones in the strategy for agricultural development in Kenya is the cooperation between the Government and the private sector. The main mechanisms for integration and cooperation with the private sector are outlined in the ASDSP implementation. These are:

- Private sector involvement in policy development and decision-making
- Private sector as implementing agents in provision of services to clients
- Private sector as target for capacity building
- Private sector as service providers
- Private sector as partners in investment and in provision of services through PPP

Financial Management

All ASDSP funds will be channelled through the government system and accounted for in the government budget. However, to ensure openness and facilitate Development Partners to join, the financial management system shall have a degree of flexibility. Development Partners could also provide support to ASDSP through ASCU.

The Ministry of Agriculture will be responsible for overseeing the overall financial management of the ASDSP and will handle the transfer of funds. The National Programme Secretariat (NPS) will be responsible for preparing work plans and budget for the entire programme.

Financial Reporting and Monitoring

The Ministry of Agriculture's accounting system will be used to generate quarterly, unaudited interim financial reports and audit arrangements.

The audit mechanisms for ASDSP shall also be applicable to other programmes in the sector, and will form the starting-point for a joint sector wide audit framework for all agricultural programmes and initiatives. ASDSP will support ASCU to spearhead this important activity.

Follow up, Monitoring and Reporting

A well-developed, gender-sensitive system for monitoring progress and evaluation of impact shall be one of the cornerstones of the ASDSP. The M&E system for the programme shall be developed to allow efficient follow up of the implementation of activities outlined in the work plan and to give indications of the results (outcomes and impact) of the programme. The guiding principle for the ASDSP M&E shall be to harmonise with the monitoring framework for the ASDS and *Vision 2030*. The GoK is developing national indicators and monitoring system linked to the agricultural sector. ASDSP will therefore provide support for the development and rollout of the sector M&E framework, which is being developed by ASCU. The framework will provide indications of programme impact and outcomes during the implementation phase to allow the programme management to make decisions that will optimize the effects of the programme. The design of the monitoring framework and interpretation of the data for impact monitoring shall be the responsibility of the NPS, but it is envisaged that actual data collection and management shall be assigned to another organization.

The first activity of the impact-monitoring framework will be collection of baseline data. The baseline data will be gathered primarily from existing sources, such as national and regional statistics, NALEP BBS and PAPOLD, data from other programmes, etc. While largely only data not available from existing sources will be gathered from field inventories, it is important to acknowledge that a lot of existing secondary data is not disaggregated by gender, a situation that will make it difficult to generate gender-based programme outcomes and impacts.

Assumptions and Risk Analysis

The institutional arrangements outlined are based on the assumption that the programme shall operate on a sector wide basis and that the set-up shall provide a framework for further integration and harmonisation in the sector.

It is assumed that the private sector has the will and ownership to promote prioritized and efficient coordination of value chains, and GoK will willingly outsource services to the private sector. It is also assumed that ministries in the agricultural sector will take on the responsibility for the management structure of ASDSP.

At the financial level it is assumed there will be a sustained and timely flow of agreed programme funds from Development Partners to the GoK. At the political level, it is assumed that peace and stability will be maintained throughout the programme period.

1.0 PROFILE OF KENYA

This chapter provides a short socio-economic profile with a rural focus of Kenya. The aim is to outline some of the development challenges the country faces in the understanding that the ASDSP will have a role to play in promoting human development indices. This is followed by a profile of the agricultural sector. This notes the economic importance of the sector and outlines key constraints to growth.-

1.1 Socio-Economic Profile

The socio-economic profile presents gender and human development indicators: demographic trends, fertility and mortality rates, poverty rates, household headship, food security and malnutrition, HIV and AIDS, drug and alcohol abuse, and education. While comprehensive data cannot be presented, it is clear that the overall human development indicators remain poor although the trends are towards improvement. Gender inequalities are pervasive in all regions of Kenya, with women being highly disadvantaged with regard to access to and control over factors of production, benefits, and representation in leadership. HIV and AIDS, drug and substance abuse, and high levels of malnutrition and stunting stymie lives in urban and rural areas. Poverty is endemic. All indicators vary widely by province, a consequence of Kenya's wide variety of agro-ecological zones and associated production systems.

Kenya has a land area of 587,000 km² and a population of 40,863,000 (2010 estimate.). Overall population growth is relatively high at 2.7 per cent, though the rate of growth is declining slowly. Life expectancy for women is 55 years and for men 53 years¹. The majority of Kenya's population lives in rural areas (67.7 per cent²), and significantly more women (77.8 per cent [84.3 per cent in 1980])³ than men are rural dwellers. About one-third of rural households are female-headed; in some locations the rate is considerably higher, for example, Samburu District has 79.1 per cent female-headed households⁴.

In 2008 Kenya had a *per capita* Gross National Income (GNI) of USD 770 per annum⁵. The country exhibits strong social differentiation, with exclusion and disadvantage reflecting stratification by class, ethnic group, gender and region. Nearly half of all Kenyans live below the poverty line, with a national average of 45.9 per cent, and 49.1 per cent in rural areas⁶. The share of income or consumption by the poorest 10 per cent is 2.5 per cent⁷. In rural areas the prevalence of poverty is almost the same for male and female-headed households, which suggests that the economic role of rural men has declined. There are significant regional variations in poverty rates⁸.

Kenya's fertility rate currently stands at 4.6 children per woman. While high, this is the lowest rate recorded in Kenya, having dropped from 8.1 in the 1970s, to 5 in 1999 and 4.9 in 2003. Fertility levels demonstrate urban and regional differences. Average fertility in rural areas stands at 5.2 children per

woman compared to 2.9 children in urban areas. The population is youthful, with nearly 21 per cent aged between 15 to 24 years. The 18 years and under age group accounts for 60 per cent⁹.

Important diseases like malaria, HIV, TB and other communicable and water-borne diseases affect agricultural production and contribute to malnutrition. They consume household savings as a result of high healthcare costs leading to a decline in the household asset base. These diseases affect the most active and economically able sections of the population. The active age group 15–49 years that makes up about 70 per cent of the population is most vulnerable to HIV and AIDS. Within this group, women and girls, who provide about 60 per cent of the household labour force, are more vulnerable to HIV due to biological and social factors. The situation for women is aggravated by the added burden placed on them by traditional responsibilities of caring for the sick.

Members of the productive age group are also involved in other vices like substance abuse (alcohol, drugs, tobacco), which is becoming a social problem in Kenya. A NALEP study showed that of the crop producers surveyed, 55 per cent were taking drugs, and of livestock producers 65 per cent took such substances.

Food security and adequate nutrition have not yet been achieved for millions of Kenyans although some improvements have been made over the past few years. The percentage of adult women with chronic energy deficiency as a percentage of the whole population is 12.3 per cent (male percentage not known)¹⁰. The national food poverty rate¹¹ is 45.8 per cent. Sixteen per cent of children under five are underweight (low weight forage) and 4 per cent are severely underweight. Rural children are more likely to be underweight (17 per cent) than urban children (10 per cent). There is strong regional variation in levels of food poverty and malnutrition.

Insecurity is also a problem in the country, particularly in the drier northern parts of the country. This affects production, value addition and markets in the agricultural sector.

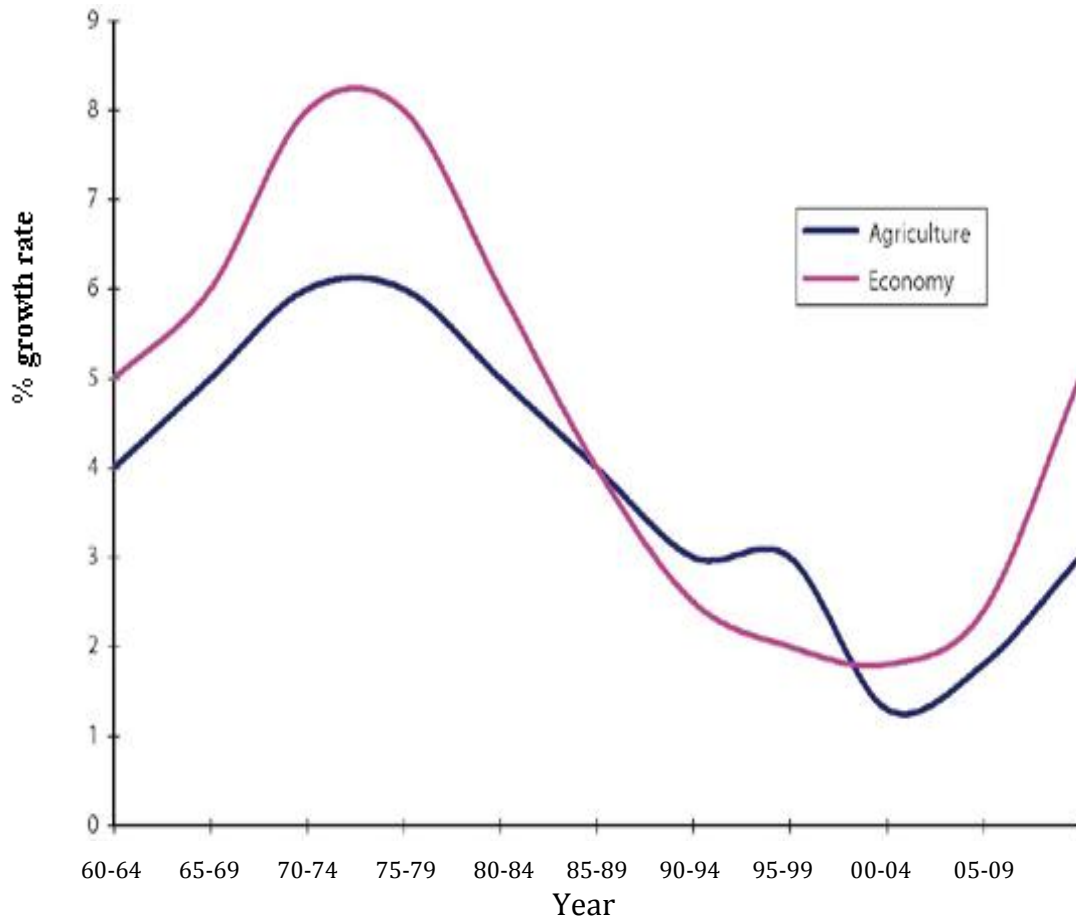
1.2 Agricultural Sector Profile

1.2.1 Economic Importance

Agriculture plays a significant role in Kenya's economy. The sector directly contributes 26 per cent of the GDP and another 25 per cent indirectly. It supplies the manufacturing sector with raw materials and generates tax revenue and foreign exchange that helps to support the rest of the economy¹². The sector employs over 40 per cent of the total population and over 70 per cent of the rural population. Tea and fresh flowers are key foreign exchange earners. Sisal, cotton, fruits and vegetables are important cash crops. Coffee, historically an important foreign exchange earner, still contributes to the economy but began declining in importance and earnings in the 1990s, owing in part to market instability and

deregulation¹³. Other important agricultural commodities include dairy, maize, sugarcane, a wide range of vegetables, and livestock particularly in the arid and semi-arid lands. The close relation between general economic growth of Kenya and the growth of its agricultural sector GDP since the early 1960s to present is shown in figure 1.1.¹⁴

Figure 1.1: Relationship between general economic growth and the health of the agriculture sector



The impressive growth rates in the economy in general and in the agricultural sector in the decade following independence in 1963 stand out, as does the sharp decline in both sectors during the following quarter century. The promising upturn in the last decade came to a halt (not shown in the figure) in 2008/09 as a combined result of the post-election violence and severe droughts that hit much of the country. Whereas the agricultural sector growth rate increased from 2 per cent in 2002 to 6.7 per cent (some reports say 6.3 per cent) in 2007, it dropped to a negative rate (-2.5 per cent) in 2008. Indeed, preliminary figures in the *Economic Review of Agriculture 2009* indicate an even larger negative growth for 2008/09 (-5.1 %), although it is not quite clear whether the definition of ‘agriculture’ is the same for the two figures. At the same time, the general economy grew from 0.5 per cent in 2002/03 to a high of 7.2 per cent in 2007/08, after which it dropped to 1.7 per cent in 2008/09¹⁵.

1.3 Production Systems

Due to large variations in altitude, rainfall, temperatures and geology, the country exhibits many gradients in agro-ecological conditions. One way of categorising land in Kenya is according to agricultural potential: *high*, *medium* and *low potential*. The high and medium potential areas, with adequate and reasonably reliable rainfall for crop production, occupy just 16 per cent of the nation's land area. The area considered of low potential for rain-fed crop production constitutes 84 per cent. These lands are referred to as the arid and semi-arid lands (ASALs). In the ASALs, livestock keeping is the dominant activity and occupies almost one third of the country's population.

In addition to agro-ecological conditions, agricultural production systems in Kenya are affected by the local land tenure situation, ethnic differences in land use, historical patterns of land use, and the availability of markets.

There are three broad land tenure categories: *communal land*, *Government trust land* and *privately owned land*. Communal land ownership is based on traditional customary rights, where individuals in a given community have a right to use, but not sell, land. Government trust land is held by ministries, local governments or state corporations for public use such as buildings, forests, research and national parks. Privately owned lands are registered and the owner holds the title under a freehold or leasehold system. Some land is under the ownership of multinational companies. The owner of such land can use it as collateral to access credit. Although there are thousands of large farms, ranches and plantations, the majority of the farms are smaller than five acres (2 ha).

The influence of ethnic-related, land-use patterns is clear in situations where people, due to population increase and pressure on natural resources, have occupied new areas. These tend to be more marginal than before, but the incomers apply production systems that are unsuited and unsustainable in their new environment.

Proximity to a ready market for agricultural products makes investments in production systems (irrigation, fertiliser, greenhouses, etc.) economically feasible in situations where less productive, more extensive systems would normally prevail.

1.3.1 Key Constraints to Improving Agricultural Production and Productivity

Although agriculture is critical to the economy, levels of production and productivity are very low and the vast promise of the sector has scarcely been tapped. For example, the average yield for maize is 1.3 tonnes per ha and milk production stagnates at less than 5 litres per cow per day. Kenya's growth strategies for the agricultural sector are premised upon (i) transforming subsistence farming into commercial production, and (ii) ensuring that agricultural growth is achieved through intensification and

a shift towards higher-value products and irrigated crop production in the drier zones. The *Agricultural Sector Development Strategy 2010–2020* (ASDS) notes the following constraints to development¹⁶.

Institutional Arrangements

- **Unfavourable macro-economic environment:** high interest rates continue to constrain investment in the agricultural sector
- **Unfavourable external environment:** terms of trade, decline in world commodity prices, tariffs and non-tariff barriers imposed by developed countries
- **An outdated legal and regulatory framework**
- **Poor governance and weak capacity** in key institutions supporting agriculture
- **Multiple taxes:** farmers and agro-processors are subjected to multiple taxes from local authorities and GoK departments
- **Incomplete liberalization:** GoK has undertaken significant reforms in the last 10 years but liberalization process for coffee, pyrethrum and sugar is yet to be completed.
- **Women not represented** in decision making according to proportionality of population.

Production and Processing Constraints

- **Low absorption of modern technology:** poor application of science and technology in production, inadequate research–extension–farmer linkages and lack of demand-driven research
- **Lack of access to affordable credit**
- **Frequent droughts and floods:** over the last three decades the frequency of droughts and floods has increased, land resilience has been reduced
- **Reduced effectiveness of extension services** due to use of inappropriate methods and a sharp reduction in operational budgets and human resources in the sector ministries
- **High incidence of HIV and AIDS, malaria and water-borne and zoonotic diseases:** rapid spread of these diseases resulting in the loss of productive agricultural personnel
- **Low and declining fertility of land:** subdivision of land to uneconomically small units, reduction of the fallow periods, continuous cultivation, depletion of soil nutrients
- **High cost of key inputs:** cost of key inputs such as seed and fertilizers too high, cases of adulteration and dishonesty have increased
- **Pests and diseases:** high levels of waste due to pre-harvest and post-harvest losses occasioned by pests and diseases, and lack of appropriate storage facilities.

Gender-based constraints have been shown to reduce productivity by as much as 20 per cent.

Producer to Market Linkages

- **Inadequate markets and marketing infrastructure:** agricultural marketing information and infrastructure poorly organized and institutionalized, domestic market small and fragmented.
- **Inadequate quality control infrastructure:** export of local products has faced entry restrictions due to poor packaging, damage during transportation, poor handling.
- **Unfavourable trade conditions:** protective trade barriers, stringent sanitary and phytosanitary conditions.
- **Poor infrastructure:** underdeveloped rural roads and other key physical infrastructure have led to high transaction costs for agricultural products.
- **Lack of storage and processing facilities:** inadequate storage facilities constrain marketability of perishable goods such as fish, dairy products, and vegetables.

It is important to underline that these production, processing and market linkages affect men and women differently, with women experiencing greater constraints in accessing resources and services, resulting in lower productivity and incomes. It should be further noted that insecurity in some provinces has resulted in cattle rustling and the displacement of people. This has had important impacts on productivity.

1.3.2 Correlations between Lack of Gender Equity and Poor Production and Productivity

There is substantial evidence that gender-based constraints restrict the productivity of female Kenyan smallholders and contract farmers. This is important because women form the majority of the active farming population. Many young men and women also face gender-based constraints. Some young men are unable to access land due to socio-cultural norms that accord considerable decision-making power to their elders, and which militate against allocating young men plots to work upon while their father is still alive. Young women also face gender-based constraints that impact upon the kind of businesses they may take up. Gender norms and the causal factors leading to changes in those norms vary hugely across the country and require careful analysis.

A study (carried out under NALEP, 2009b¹⁷) shows that, with respect to women farmers specifically, the assets they possess typically have low income-generation potential. They include poultry, dairy goats, firewood and charcoal, savings invested through local credit facilities such as ‘merry go rounds’, and kitchen utensils. Men’s assets are generally high value and directly related to production: land and the tools of production including credit, education and farming technologies. The differentials between women and men in access to and control over assets result in important productivity differentials. Limited control over benefits for women in male-headed households, benefits to which they have contributed, results in their reduced contribution during subsequent seasons, thus undermining overall production and productivity.

Box 1.1. Correlation between low gender equity and agricultural productivity

Studies conducted in Kenya show that:

Men producing maize, beans and cowpeas in Kenya achieve higher gross value of output per hectare than women, but the difference is accounted for by differences in input use¹⁸.

In western Kenya, female-headed households were found to have 23 per cent lower yields than male-headed households. The difference was caused by less secure access to land and lower education levels¹⁹.

Another study of smallholder farmers in western Kenya found that women's maize yields were 16 per cent lower than men's, largely because they used substantially less fertilizer²⁰.

According to data from a household survey across three Kenyan districts, the value of farm tools owned by women amounted to only 18 per cent of the tools and equipment owned by male farmers²¹.

On small farms in Kenya, households headed by single, divorced or widowed women are the least likely to use animal traction. In contrast, *de facto* female-headed households in which the husband lives elsewhere are likely to use animal traction and hired labour, because they still benefit from their husband's name and social network and often receive remittances from him²².

Women comprise fewer than 10 per cent of farmers involved in smallholder contract-farming schemes in the Kenyan fresh fruit and vegetable export sector²³. The study argues that the growth of high-value horticulture supply chains has been detrimental to rural women in Kenya, because land and labour resources that were traditionally used by women to cultivate vegetables for home consumption and sale in local markets have been appropriated by men for export vegetable production under contract²⁴.

1.3.3 Weak Evidence Base for Programme Impact

To date, the evidence base of *measurable and certifiable impact* on production or productivity (e.g. tonnes of any particular commodity produced; productivity in terms of kg/ha/annum) or on poverty (no. of people who have increased their income from x to y KES/year) or the environment (increased flow of water in rivers, for example) scarcely exists on a large scale despite the manifold programmes conducted by many actors in the agricultural sector. This is further weakened by the fact that even the data that exists is not disaggregated by gender. It is therefore clear that a proper monitoring and evaluation system is needed to enable evidence-based data to be collated and used to improve decision-making²⁵. NALEP recently commissioned three impact studies on productivity, gender, and on the impact of the training programme to try and identify causal links between the programme's work and outcomes in the field. Findings from these and other similar studies will be used to inform the ASDSP.

1.3.4 Climate Change and Agriculture

There is little doubt that the on-going climate change will affect agricultural production in both high-potential and dry areas. These effects have to be considered not only in the strategic work for improved

food security but also at local level in selecting agricultural practices and planning production at farm level. Methods such as conservation farming in combination with diversification in production increase resilience at farm level and thus improve the ability to adapt to unforeseen changes. The right land-use practices contribute to reduced emission of greenhouse gases. Most of these practices are part of several of the programmes in the sector, but coordination can improve the effects. New types of financial services will be required as a result of the increased risks. Such services are crop insurance schemes linked to credit and other types of services.

In April 2010 the Government of Kenya published the National Climate Change Response Strategy (NCCRS). This was a thorough and comprehensive assessment of the issues that climate change raises in the country that included a detailed implementation and resource mobilization plan. Further reflection on the NCCRS has led the Government of Kenya to identify intermediate actions that are needed to make coordinated and practical progress. The ASDSP will be harmonized with the NCCRS and the action plan.

2.0 STAKEHOLDER ANALYSIS

The agricultural sector in Kenya is large and complex with a multitude of public, parastatal, non-government and private actors. The stakeholders in the ASDSP include the Government of Kenya: the sector ministries and all tiers; private sector agribusiness actors; civil society organizations particularly farmer organizations; and bilateral and multilateral Development Partners including Sida in its capacity as an important financier of the ASDSP. ASCU coordinates all these stakeholders using its well-established sector wide framework.

2.1 Central Government

Currently, 10 sector ministries constitute the agricultural sector:

- Ministry of Agriculture (MoA)
- Ministry of Livestock Development (MoLD)
- Ministry of Fisheries Development (MoFD)
- Ministry of Cooperative Development and Marketing (MoCD&M)
- Ministry of Lands (MoL)
- Ministry of Water and Irrigation (MoW&I)
- Ministry of Regional Development Authorities (MoRDA)
- Ministry of Environment and Mineral Resources (MoE&MR)
- Ministry of Forestry and Wildlife (MoF&W)
- Ministry of Development of Northern Kenya and Other Arid Lands (MoNK&AL)

The Ministry of State for Planning, National Development and Vision 2030 (MoSPND & Vision 2030) is also an important ministry because the agricultural sector is an important sector in achieving the goals of the economic pillar of *Vision 2030*.

2.2 Local Government

In line with Kenya's Constitution and the implementation arrangements for the CAADP Compact, local government authorities (county governments, municipal and town councils) will assume a greater role in influencing agricultural development in their counties than hitherto. Many decisions affecting crop, animal and fisheries production and processing such as taxation, extension services and marketing infrastructure will be made at the counties.

2.3 Development Partners

Kenya's major Development Partners in the agriculture and rural development sector are the World Bank, the African Development Bank, the European Union, FAO, IFAD, WFP, and UNDP on the multilateral side and Germany (GIZ), Denmark, Sweden, USA (USAID), Finland, Japan (JICA) and Italy on the bilateral side. Development Partners help to support a large number of programmes and

projects that focus on different target groups, commodities, agro-ecological zones, etc. There are even cases where donors almost appear to ‘compete’ in the same thematic and geographical areas. For example, several programmes on ‘strengthening private sector extension services’ collide at district levels. This said, Development Partners regard coordination and harmonization in the agricultural sector positively and hold regular monthly meetings with GoK.

In line with the principles expressed in the Paris Declaration on Aid Effectiveness, the GoK requests that Development Partners align their support with the priorities and programmes defined in the ASDS. Table 2.1 provides a short and non-comprehensive overview of selected Development Partner involvement in the agricultural sector.

Table 2.1: Overview of Selected Development Involvement in the Agricultural Sector

DEVELOPMENT PARTNER	AREA OF FOCUS
African Development Bank (AfDB)	AfDB’s Country Strategy Paper (2008–2012) is aligned with the Medium-Term Investment Plan (MTIP). It focuses on economic growth and employment creation as the basis for poverty reduction and shared prosperity. AfDB investments in Kenya are largely devoted to infrastructure projects, which account for 67.8 per cent, followed by the agricultural sector at 17.6 per cent.
Danish International Development Agency (DANIDA)	Denmark phased out support to the agriculture sector in 2010 and to the water sector in 2009. Activities related to these two sectors management are now included in their NRM Programme.
Department for International Development (DFID)	DFID is currently supporting a technical assistance programme for the Ministry of State for Northern Kenya and Other Arid Lands. DFID will prepare a proposal for its management, which is expected to lead to a scaled-up programme of support totalling GBP 15 million, to commence in 2011.
European Union (EU)	The EU is implementing a wide range of projects in the agricultural sector to promote agricultural sector coordination, agricultural productivity and commercialization, the development of ASALs, and the livestock subsector. It is also helping to develop responses to food price volatility and support to the development of sanitary and phytosanitary standards.

DEVELOPMENT PARTNER	AREA OF FOCUS
German International Cooperation Agency (GIZ)	The Promotion to Private Sector Development Programme (PSDA) has worked with the value chain approach since 2004/05 in Kenya. Following substantial methodological development suited to the Kenyan context, the approach has been applied to eight value chains since 2007. Starting 2011, PSDA plans to up-scale the use of value chain approach. It has established a value chain development facility to open it up to as many potential parties as possible.
International Fund for Agriculture and Development (IFAD)	IFAD investments are directed towards the delivery of services to rural communities; increasing their access to appropriate technologies, rural infrastructure and financial services; and helping to improve, diversify and market agricultural and livestock products. IFAD works in areas with medium-to-high productive potential as well as the ASALs. Currently, IFAD is developing an Upper Tana Catchment Natural Resources Management Project (TaNRMP) for financing.
Japan International Cooperation Agency (JICA)	<p>In the agricultural sector, JICA promotes market-oriented agricultural development. Its chief programmes and projects include:</p> <ul style="list-style-type: none"> •Community empowerment programmes for rural areas, such as the Community Agricultural Development Project in Semi-Arid Lands (CADSAL) from October 2005–October 2010 •Smallholder empowerment programmes for income generation. Projects (i) Sustainable Smallholder Irrigation Development and Management in Central and Southern Kenya, December 2005–December 2010, and (ii) the Smallholder Horticulture Empowerment Project (SHEP), November 2006–November 2009 •The ‘One Village One Product’ concept is being piloted in Nyeri, Laikipia, Yatta, Kisii, Nandi Hills and Bomet West.
MFA Finland	<p><i>Programme for Agriculture and Livelihoods in Western Communities (PALWECO) 2010–2016</i></p> <p>PALWECO aims to improve food security and incomes in rural populations by improving their livelihoods. Activities include developing agricultural production and other income-generating activities. An important element of PALWECO is to develop value chains and associated local infrastructure such as rural roads, which is also included in the Programme. The Ministry of State for Planning and of National Development and Vision 2030 is responsible for the implementation of the PALWECO, whose budget is Euros 30.5 million.</p>

DEVELOPMENT PARTNER	AREA OF FOCUS
Netherlands	The Netherlands support to Kenya’s agricultural sector is channelled through SNV Kenya. Its goal is poverty alleviation through interventions aimed at: (1) increasing production, income and employment, and (2) increasing access to basic services in the following sectors: water, sanitation and hygiene, education, health and renewable energy. SNV Kenya uses a value chain development approach to foster increases in productivity, facilitate access to markets, and to identify and enhance trade opportunities in domestic, regional and international markets.
USAID	US Government support to Kenya is visible in virtually all sectors of the economy. Support to the agricultural sector, channelled through USAID, targets mainly small-scale horticulture, grains and dairy farming by helping farmers increase productivity, get credit, farm sustainably, and sell their produce.
World Bank	The World Bank-supported Kenya Agricultural Productivity and Agribusiness Project (KAPAP) is in its second phase and is one of the main agricultural programmes in Kenya. Its development objective is to increase agricultural productivity and incomes of participating smallholder farmers in the project area. Project activities contribute to these objectives by transforming and improving the performance of agricultural technology systems, empowering stakeholders and promoting the development of agribusiness in the project area.

2.4 Private Sector

The role of the private sector in the development of the agricultural sector is strongly emphasized in all policy and strategy documents, and the Government explicitly encourages public–private partnerships (PPP).

Agribusiness on the input supply side (seed, fertiliser, chemicals, feed, medicines, etc.) and on the processing and trade sides is represented by many Kenyan and large international companies. Large Kenyan private company and association actors include Home-grown, Brookside, Kenya Breweries, Oserian, the Unga Group, Kenya Fresh Producers’ Export Association, and Kenya Flower Council. Many large international companies are well established in Kenya and include Syngenta Foundation and Nestlé from Switzerland, Pioneer from South Africa, Bayer from Germany, Unilever Tea (former Brooke Bond), BAT, Monsanto, Del Monte, and others.

The over 8000 agro-dealers (seed, fertiliser, chemicals, feed, etc.) in Kenya are organized under an apex organization called the Kenya National Agro-dealers Association (KENADA). The Agricultural Market Development Trust (AGMARK) through the 'Kenya Agro-dealer Strengthening Programme' (KASP) helps develop the capacity of agro-dealers to provide quality inputs and information services to farmers in the use of inputs.

On the primary production side, the agricultural sector has apex organizations. These include the Kenya Federation of Agricultural Producers (KENFAP), the Kenya Livestock Marketing Council (KLMC) and the Association of Fish Producers and Exporters of Kenya (AFPEK). These organize and represent all the important commodity organizations, many of the big agricultural cooperative societies, and private enterprises. KENFAP represents the agricultural sector both in the Kenya Private Sector Alliance (KEPSA) and in various Government bodies, such as the National Economic and Social Council (NESC), the National Business Agenda (NBA), the budgetary process Sector Working Groups (SWG), Ministerial Stakeholders Forum (MSF) and Ministerial Taskforces (MTFs). It has a strong presence in provinces and districts through its area branches, and provides information and extension services.

2.5 Civil Society Organizations

The cooperative movement has played an important role in agricultural development and in the economy of Kenya. Agricultural cooperatives participate in the procurement of inputs, production, value addition and marketing. In the financial sector the savings and credit cooperative societies (SACCOs), mobilize savings and provide credit to producers. With 3 million members, agricultural cooperatives make up 46 per cent of all cooperative societies in the country. In 2006, there were 4,353 agricultural-based cooperative societies. The apex body for all cooperatives is the Cooperative Alliance of Kenya (formerly the Kenya National Federation of Cooperatives). The Ministry of Cooperative Development and Marketing provides the necessary legal and regulatory environment. Because membership in farmer groups is often based on land ownership, women who are traditionally not landowners miss out on many of the services provided by these organizations.

There are numerous non-governmental organizations (NGOs) and community-based organizations (CBOs) of all kinds and sizes operating in the agricultural sector in Kenya. They include large international NGOs to small village-based projects. An example is GROOTS Kenya. This is a network of women self-help groups and community organizations. The network uses innovative methodologies to strengthen the role of grass root women in community development by serving as a platform for grass root women's groups and individuals to come together, to share their ideas / experiences, to network and to find avenues to directly participate in decision making, planning, and implementing issues that affect them.

Agri-ProFocus Kenya is a growing network that utilizes an interactive web platform to link Kenyan farmer organizations, NGOs, financial institutes, research institutes, private and public sector actors and also Dutch and other international development agencies. It aims to stimulate the enhancement of farmer entrepreneurship in Kenya and is currently collaborating around agribusiness facilitation, financial services, policy engagement, ICT-related business development services, and gender in value chains.

2.6 Research Institutions

International Agricultural Research Centres (IARCs) provide significant research-based inputs to the development of the agricultural sector. Three have their global HQs in Kenya—the World Agro forestry Centre (ICRAF), the International Livestock Research Institute (ILRI), and the International Centre for Insect Physiology and Ecology (ICIPE). Several others have major national and/or regional programmes based in the country, including CIMMYT (maize and wheat improvement), ICRISAT (dry area crops), TSBF / CIAT (soil biology and fertility improvement), IPGRI (plant genetic resources), and CIP (potatoes and other tuber/root crops). Although there is a danger of overlap among them, the IARCs work to ensure a common, regional plan and strategy for the centres' work in East and Southern Africa (see 'CGIAR, 2007. CGIAR Regional Plan for Collective Action in Eastern & Southern Africa, 2007–2009, Alliance of the CGIAR Centres).

Other important players include universities with programmes in agriculture, e.g. University of Nairobi, Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Egerton University; as well as research institutions like the Kenya Agricultural Research Institute (KARI), the Kenya Marine and Fisheries Research Institute (KEMFRI), and the Kenya Forestry Research Institute (KEFRI); the Coffee, Tea and Sugar Research Foundations. Finally, there are several specialized policy research institutions that are linked to Government institutions to help analyse trends in the agricultural sector. They include the Tegemeo Institute (Egerton University) and the Kenya Institute for Public Policy Research and Analysis (KIPPRA, linked to the Ministry of Planning) and the privately managed Institute of Public Policy and Research.

2.7 Financial Institutions and Organizations

Financial institutions include commercial banks, savings and credit cooperative societies (SACCOs), and formal and informal microfinance institutions. One of the major constraints to agricultural sector development is poor access to and lack of affordable financial services since the sector is perceived to be high risk by formal financial institutions. Under the GIZ Private Sector Development in Agriculture (PSDA) and USAID-Kenya Access to Rural Finance, attempts have been made to encourage formal banking to increase the level of credit to the sector by introducing products such as credit guarantee

schemes, weather-based risk assurance, and animal and crop insurance to mitigate or reduce the perceived risks. But these schemes have had limited success due to poor outreach, high cost, and inability of enterprises to generate the relevant data to assess the risk in a subsistence environment.

Furthermore, there is a lack of uniformity in application of cover benefits across regions and beneficiaries by underwriters. As a result, a multiplicity of informal financial institutions has emerged at the local level to fill the access and outreach gap. Informal financial systems tend to be flexible regarding eligibility criteria for funds and work with group lending systems in place of land collateral. These financial systems are prevalent among women and vulnerable groups and have assisted these groups in building their asset base.

2.8 Legislation and Regulation

The agricultural sector is subjected to a wide array of legislation and regulations. No less than 131 pieces of legislation directly govern the agricultural sector. There are 34 parastatals with different mandates (e.g. financial, commercial, service and regulatory corporations, and statutory boards) operating in the sector. These include ‘big’ ones like the New KCC, the Kenya Meat Commission, and the National Cereals and Produce Board, to smaller and more obscure ones such as the Sisal Board of Kenya and the Coconut Development Authority. In a slightly different category, but also a regulator, is the Kenya Plant Health Inspectorate Service (KEPHIS).

2.9 The Agricultural Sector Coordination Unit

The Agricultural Sector Coordination Unit (ASCU) is an inter-ministerial unit created in 2005 to spearhead the implementation of the Strategy for Revitalizing Agriculture (SRA, now revised to the ASDS), through aligning the responsibilities of the agricultural sector institutions, private sector and Development Partners. The purpose of aligning was to remove duplication, overlap, policy conflicts and to bring in efficiency, harmonization and private sector participation.

The primary role of ASCU is to provide policy advice to the national organs, initiate studies to inform policy formulation, programme implementation and coordinate activities of the agricultural sector.

3.0 COOPERATION BETWEEN THE GOVERNMENT OF KENYA AND THE GOVERNMENT OF SWEDEN

The chapter discusses Kenya and Swedish development cooperation and highlights the Kenyan priorities against the main components of the ASDSP. An overview of Swedish support to the agriculture sector is presented including an analysis of how this links to the Kenyan priorities and to the ASDSP. This is followed by an examination of the achievements and weaknesses of major programmes in the sector including the National Agriculture and Livestock Extension Programme (NALEP). The aim is to place the successor programme, ASDSP, in context and, through reference, to gather experience in the sector to set out part of the rationale (4.3.).

3.1 Kenya's Development Goals

3.1.1 Democracy and Human Rights

Kenya has ratified all the major international and regional human rights instruments covering the protection of civil, political, economic, social and cultural rights. These instruments include the International Covenant in Civil and Political Rights (ICCPR)²⁶, the International Covenant on Economic, Social and Cultural Rights (ICESCR)²⁷, the International Convention on the Elimination of All Forms of Racial Discrimination (CERD)²⁸, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)²⁹, and the Convention on the Rights of the Child (CRC)³⁰. Kenya is also a Party to the African Charter on Human and Peoples' Rights. These human rights instruments oblige Kenya to uphold the principles of human dignity, equality and non-discrimination for all individuals and groups³¹, and promote and protect human and peoples' civil, political, social, economic and cultural rights³². Kenya has been a member of the United Nations since 1963 and has agreed to uphold the Universal Declaration of Human Rights (UDHR). Although the UDHR is technically not a legally binding instrument, it has become a cornerstone of customary international law and an indispensable tool in upholding human rights for all. Kenya developed a national Gender and Development Policy (2000) and relevant implementing structures, which include the Ministry of Gender, Children and Social Development and a National Gender Commission, to track policy implementation, inclusion of gender reporting in ministerial performance contracts, among others. The Government, through the Ministry of Gender, assists Government organizations to initiate gender-mainstreaming work in their respective ministries and departments. The agricultural sector has taken visible interest in gender mainstreaming, best demonstrated in the development of a Gender Strategy by the Ministry of Agriculture and ASCU's gender policy development initiative, among others. These efforts provide a gender mainstreaming reference point for the ASDSP.

A key human right is the right to good, healthy food. ASDSP recognizes that an increase in household income is necessary but not sufficient condition to ensure good nutritional status. Non-food factors such

as education, health care, child care, clean water, and sanitation are critical determinants of nutritional status and must be improved in tandem with income levels. Gender equity resulting in shared decision-making (relations) is also important, particularly where women take full responsibility for food security. Encouraging men to share responsibility is critical as part of a package assisting families to plan their food requirements. While the ASDSP cannot incorporate all the non-food factors in its programming, it will work to ensure that the commercializing of agricultural value chains is complemented by measures to ensure food security and nutrition needs for all are met.

3.1.2 Climate and the Environment

The ASDSP is aligned with the National Climate Change Response Strategy (NCCRS). The NCCRS states that agricultural production in the country is affected by extreme weather conditions and notes that responses are urgently needed to adapt agricultural practices that maintain and enhance production. The NCCRS outlines technical responses in terms of improved water management and use efficiency, improved agricultural and livestock management practices, diversification of livelihoods to increase resilience. Institutional responses include improved information flow to create awareness and assist farmers in decision-making, innovative insurance schemes and vaccination campaigns, intensified R&D and inventories of indigenous knowledge, and strengthening local capacities. In addition to adaptation, a number of mitigation measures are proposed for the agricultural sector. These include linking to carbon markets and developing sustainable biomass-based energy systems.

While the ASDSP does not envisage becoming a major implementer of the NCCRS, activities under Component 2 assist the implementation of some NCCRS priority interventions at the policy level and, to broader environmental agendas, through supporting the development of ecologically sustainable value chains. In addition, one of the key criteria for selection of value chains development under Component 3 is environmental sustainability. As Kenya implements the Climate Change Initiatives, it is important to recognize that climate change has differential impacts on men and women and they are likely to have different coping strategies.

3.1.3 Gender Equity and Women's Role in Development

Kenya is a signatory to many international and regional conventions and instruments that commit the country to establish gender equity and equality measures. They include the following at the international level: the 1984 Convention on Elimination of All Forms of Discrimination Against Women (CEDAW), the Beijing Platform for Action (BPFA), the Millennium Declaration and the Millennium Development Goals (MDGs). Goal 3 aims to '*Promote gender equality and empower women*'. At the continental level, Kenya is a signatory to the African Plan of Action on Gender Policy (2006) and the African Union Gender Policy (2007). Nationally, Kenya has instituted several mechanisms for gender equity. They include:

National Gender Policy for Development and Equality (2000), the National Commission on Gender and Development Act (2003) and establishment of the Commission in 2004, and Sessional Paper No. 2 of 2006 on Gender Equality and Development that provides a framework for implementing the Gender Policy. Further measures include the creation of the Ministry of Gender, Children and Social Development (2005) and the incorporation of Gender reporting in Performance Contracting guidelines for all public sector employees. The Constitution has developed a range of instruments, currently in the process of being rolled out, for gender equity.

The ASDSP fully recognizes the importance of identifying and addressing gender-based constraints to women's participation in its programming. It notes that men may also face gender-specific constraints to participation and will likewise work to address these. It further notes that the category 'youth' includes both women and men, and that gender-specific interventions are needed to ensure the inclusion of young people. Box 3.1 presents some of the links between gender equity and better outcomes.

Box 3.1. Gender Equity and Agricultural Development

3.2 Swedish Development Goals

The overall goal of Swedish development cooperation with Kenya is 'a Kenya in which all poor people have the opportunity to improve their living conditions, and where their human rights are realized.' The Swedish government has articulated three thematic priorities for its work: (1) democracy and human rights, (2) climate and the environment, and (3) gender and women's role in development. In Kenya, these thematic priorities are expressed as follows:

- Approximately 30 per cent of Swedish support is directed to democracy and human rights. The objective is: *'A more efficient state that respects and promotes human rights and the rule of law'*. Cooperation includes addressing the underlying cause of the post-election violence in 2008, improving governance, and strengthening civil society.
- Around 60 per cent of Swedish aid supports programmes in the areas of agriculture, water resources, land reform and the environment. The objective is *'Improved management of natural resource utilization with a focus on sustainable growth that benefits poor people.'* These programmes aim to assist Kenya to manage its natural resources sustainably. Sweden has supported the land reform process.
- Ten per cent of aid is directed to urban areas. The objective is: *'Improved urban planning which allows for the participation of poor residents.'*
- Sweden supports gender equality issues through mainstreaming gender issues in all sector programmes, from the earliest planning stages to monitoring and evaluation. The Swedish government considers that *'opportunities for changing and challenging the structure of governance in Kenya, as well as the practices and policies that aggravate feminised poverty and inequalities must be addressed.'*²³³

There is substantial common ground between the Governments of Kenya and Sweden in their thematic priorities for development. These priorities have been entrenched in various sections of the Constitution such as in the Bill of Rights. ASDSP is built around these shared priorities. Kenya's commitment to the priorities is summarized below.

3.3 Overview of Swedish Development Cooperation in the Agricultural Sector

Regarding the agriculture sector in particular, the Governments of Kenya and Sweden have a long-standing history of collaboration starting in 1974 with the National Soil and Water Conservation Programme (NSWCP). This programme evolved over the years in response to changing circumstances on the ground and also changes in thinking. In particular, it was recognized that technical interventions alone could not bring about the behavioural change necessary for sustainable agricultural practice: close work with target communities and other stakeholders was needed along with the creation of supportive institutions. In 2000 the Government of Kenya formulated a National Agricultural Extension Policy (NAEP). The National Agriculture and Livestock Extension Programme (NALEP), with Sida as the main development partner, became the implementation framework for NAEP. NALEP I (2000–2006) was positively evaluated in 2006 as an innovative approach to demand-responsive and holistic extension. The Impact Study of NALEP I recommended that NALEP be extended to the whole country, notably the arid and semi-arid lands (ASAL), and areas for improvement were identified. These included better outreach to the poor, improving the quality of extension, focusing upon farming as a business (with advice on value-added activities), improving mainstreaming of cross-cutting issues such as gender and HIV and AIDS, and developing a monitoring system to include impact. The follow-on programme, NALEP II (2007–2011), embraced these recommendations. It is implemented by the Ministries of Agriculture and of Livestock Development as a reform programme within the framework of the National Agricultural Sector Extension Policy Implementation Framework (NASEP-IF). A Programme Coordinating Unit under the leadership of a programme co-ordinator manages day-to-day activities, but implementation is decentralized to districts and divisions.

3.4 National Agriculture and Livestock Extension Programme-NALEP: Lessons Learned

This section examines the achievements and weaknesses of NALEP and some initiatives in the sector, including but not limited to NALEP II, with the purpose of (i) identifying best practices to inform the new programme, and (ii) identifying weak areas that have to be addressed if the new programme is to be successful.

The analysis draws upon several sources including thematic studies, mid-term review papers, discussions with a wide number of stakeholders at head office, district offices and in the field, and three recently completed impact assessments (all 2011): NALEP Productivity Impact Assessment, NALEP Training

Impact Assessment, and Gender Impact Assessment. The programmes consulted are implemented by the GoK and by major Development Partners in the sector, as listed in Table 2.1.

3.4.1 Achievements and Successful Approaches

The main achievements of the programme can be categorized into four domains: (i) methodological innovation (ii) institution building, (iii) capacity development, (iv) cross-cutting issues. While these are mutually supportive, they are treated separately for analytic clarity.

Methodological Innovation

- *The 'Focal Area' approach* with 2,000 to 6,000 households where the focus is on development and extension activities during a defined.
- *The action research approach* to working with producers used in several of the programmes. Based on instruments for collaborative data analysis (such as BBS and PAPOLD—see below) and discussions thereof results in participatory local planning and a 'Community Action Plan'.
- The *local planning tools* are designed to (a) fuel demand-driven extension, and (b) feed locally relevant information into supportive institutions (see below) in each Focal Area.
- *Pluralistic extension* has been promoted to support the development of mechanisms for a variety of actors in the provision of services.

The bottom-up planning and budgeting approach starts at the location level and is based on needs in the targeted focal area. The divisional budgets are compiled into district and province budgets. Final budgets are agreed upon and compiled into the national budget and work plan. The financial procedures are fully in line with GoK procedures.

Institution Building

On the back of the Community Action Plans and the action research that underpins them, the programmes institute the development of three types of organizations in each of their operational areas. These institutional arrangements represent a powerful contribution to the promotion of civil society and democracy.

- *Commodity-specific 'Common Interest Groups'* (CIGs). These are groups formed around a commodity, a processing or marketing activity identified in the planning process and prioritized in the Action Plan (CAP). For example, the improved negotiating power and ability to bulk produce has seen a number of farmers getting better prices and improved market access. Overall, the groups have helped to improve the business orientation of farmers. Productivity has improved and self-reliance has deepened. *Democratically elected Area Development Committees* (called FADCs in NALEP). The groups provide opportunities for communities within the area to coordinate the

implementation of action plans, to mobilize resources and to spearhead development in the area.

- *Stakeholder Forums* comprise of a number of stakeholders from government ministries, the private sector, civil society and donors in development, and are in divisions, districts and provinces. Their purpose is to mobilize resources for development activities and coordinate development at their administrative level. Around 1000 Stakeholder Forums are currently active in the country.
- In some cases *private sector involvement* has been engaged through participation in stakeholder forums, and through working with CIGs as entry points for commercial activities.

Capacity Development

- *In-service Training Programmes* for staff. Detailed curricula have been developed for extension staff in order to update their skills.
- *Training for Members of local area committees and producers* provides comprehensive technical and management training. Members of CIGs have received specialized advice on their selected commodity as well as entrepreneurship training. Many manuals have been produced.
- *Targeted ASAL Fund*. The targeted ASAL support has three parts: disaster risk management / mitigation, basic needs, and promotion of alternative livelihoods. Conflict prevention and management and packages to address youth are included, and collaboration between Development Partners is promoted.
- The *Agriculture and Livestock Enterprise Enhancement Fund (ALEEF)* has been introduced on a trial basis to promote access to capital. However, there are mixed experiences on ALEEF.

Cross-Cutting Issues

- *Gender*: Women hold around 35 per cent of community leadership positions in the development committees and Common Interest Groups. Their capacity has been boosted through leadership training targeted at both genders. Several studies have been commissioned on various aspects of gender in agriculture and sex-disaggregated statistics are compiled. Staff has also received gender awareness training.
- *HIV and AIDS* and substance abuse: around 80 per cent of farmers and pastoralists receive awareness training, and compassionate technologies have been introduced. Drug awareness training reaches a similar number of beneficiaries.

Box 3.2 Summary of NALEP achievements 2000–2010

Coverage	NALEP reached 5.4 million beneficiaries by June 2010 (3.8 million reached by NALEP II). The female to male ratio is 45 / 55 among beneficiaries
Action planning	NALEP deploys the broad-based surveys (BBS) and the Participatory Analysis of Poverty and Livelihood Dynamics (PAPOLD) in a selected Focal Areas in order to generate a community-based analysis of livelihood constraints and opportunities. More than 400 such surveys have been conducted each year – leading to Community Action Plans (CAP). About half of the CAPs have been implemented.
Pluralistic extension	In NALEP extension services have been provided by Government 37 per cent; private sector 38 per cent; civil society 25 per cent.
CIG	In NALEP, about 6,500 groups are formed yearly and about 45,000 have since been formed within NALEP I and II: 14,000 during NALEP I, and 31,000 under NALEP II. Women form about 40 per cent of the membership in these groups often in enterprises traditionally associated with men such as bee keeping, tree nurseries and fish farming. Nearly one quarter of CIGs have formed federations.
Capacity development	During the lifespan of NALEP 38,000 staff / collaborators at various levels were trained, of these 7000 agricultural staff (25 per cent female) were trained under NALEP II.
Targeted ASAL funds	In the last three years, more than 200 projects of different size have been designed and implemented through the NALEP ASAL mechanism.

3.4.2 Strengths and Weaknesses

In the following section the NALEP programme has been used as an example to illustrate some potential achievements but also shortcomings in programmes in the agricultural sector. These NALEP experiences can be considered representative and are used in the following analysis and lessons learnt chapter. It should be noted that this section does not give a full picture of NALEP achievements and impacts, but is more focused on analysing shortcomings from a learning perspective.

NALEP has delivered its mandated outputs (90 per cent implementation rate in 2009/10) and rates its efficiency as satisfactory. However, it has been harder to measure impact. For example, stakeholder forums may not fulfil their mandates, production and marketing groups (Common Interest Groups) and Local Area Development Committees (FADCs) do not necessarily work effectively and, evidence suggests that a significant number collapse following NALEP's withdrawal from a Focal Area.

Progress on gender has been mixed. While female representation in decision-making bodies is quite high overall, this reflects in part the strong feminization of the smallholder sector in Kenya. The associated workload and household level stresses for women are not captured adequately in the statistics, nor is it clear whether female-dominated institutions are ‘more successful’ in reaching their aims: gender differences may be expected due to differences in the way women and men form social capital. In several parts of the country extension workers report that women, particularly in male-headed households and in pastoralist areas, are hard to reach. The degree to which NALEP has enabled poorer women to build their asset base and to increase productivity is not known.

Institutional Linkages

- NALEP has not played the expected role in advocacy and policy development at the macro-economic level even though this was part of its mandate. Broadly speaking, this is due to the lack of a functioning sector wide approach (SWAp) in the agricultural sector.
- NALEP I and II were designed and became operational before the Agricultural Sector Coordination Unit (ASCU) was set up. Effective institutional arrangements for collaboration have not been designed. Furthermore, although NALEP input into ASCU’s Thematic Working Groups (TWG) was planned, in practice links have become operational in only the last two years.
- The performance of NALEP’s PCU was patchy initially, with some staff taking on an implementation as opposed to coordination function. Staff turnover was high with a corresponding leakage of expertise and difficulties in developing institutional memory.

Effective Producer–Market Linkages and Linkages to Value Chain Facilitators

As noted above, some CIGs have secured sustainable market access. However, there is a universal agreement that NALEP has not been completely successful in linking producers to the market despite considerable efforts made. Failure is attributable to several factors:

- The programme and the implementing ministries are strongly producer focused with a weak overall understanding of the needs of other value chain actors. Few analytic tools are deployed to ascertain their requirements.
- Although vertical integration along the value chain is encouraged through creating and promoting stakeholder forums, in practice private sector involvement has been low.
- Extension staff is not trained value chain experts. The majority lack capacity in market analysis that they can transfer to farmers.
- Many areas suffer from poor physical infrastructure such as a lack of bulking facilities and good roads, resulting in high post-harvest losses and an inability to reach markets on time.
- NALEP has made limited progress with information supply to producers regarding innovations,

new technologies, etc. Limited use has been made of ICT.

- Critically, NALEP has been weak in linking producers to credit and other related financial services. All analyses agree that without credit, producers cannot expand their market share or become fully effective value chain partners.

Productivity and Production

For important commodities, NALEP has achieved well over the target of 10 per cent productivity increase. Performance across the country has been uneven. Productivity successes in high-potential areas have generally not been echoed by similar successes in the ASAL; probably to a great extent due to a short period of intervention. Overall, reliable data on productivity and production is lacking although NALEP is currently studying an impact assessment on this topic.

Food Security

The NALEP experience shows that food security for smallholder farmers is a result of a combination of increased and reliable harvest of basic staple food and a diversification of production towards commercial products. However, the impact study commissioned by the programme concludes that: 'increasing reliability and productivity of staple foods is priority objective for smallholder farmers. Diversification of farm enterprise combination as well as orientation of production towards commercialization is dependent on improvement of the household food production. High yields resulting from the use of high-yielding technologies in producing basic staple commodities are conducive to enterprise diversification and commercialization'. The conclusion to draw is that a higher degree of commercialization of small-scale farmers will not be the sole factor in increasing food security, while increased and more reliable production of staple food for home consumption is a factor that contributes to increased involvement in small-scale commercial production.

ASAL Fund

NALEP has devised an investment fund for ASAL areas where selected project proposals presented by communities have been funded. The proposals consist both of investments to provide basic needs such as improved water access, fodder production and food security, and of investment to test and develop alternative livelihoods not previously used in the area. During the years of NALEP implementation, more than 200 projects have been funded. The mechanism has proved effective both as a tool for improving livelihoods and for introducing new opportunities for increased production, income-generating activities and improved resilience in ASAL areas.

Box 3.3 Summary of NALEP impact study

Summary of the NALEP productivity and impact assessment

The effects of the programme was analysed at three operational points:

- extension service providers (staff)
- farm household level
- community level

At household level 1,520 households were interviewed while 120 staff answered questionnaires. Community-level information was acquired through focus group discussions. All the 8 provinces were covered.

The report concludes that the programme has been important in imparting extension skills among extensions staff, and it has enhanced collaboration. Sixty-nine per cent of the staff respondents had been trained through NALEP, on average more than 5 times. At least 1 family member in 90 per cent of farm households had been trained by NALEP, on average more than 3 times.

The study further concluded that a major strength in NALEP was in mobilizing and organizing farmers into groups like extension groups and CIGs. It was also observed that over 20 new crops / varieties and about 10 livestock enterprises were introduced through NALEP. Pasture establishment, banana production, farm and home management, local poultry and maize production were the most adopted technologies.

Maize, dairy production, beans, local poultry and banana were considered the most important enterprises and also had considerable yield increases. However, the starting point in productivity was generally low. Over 50 per cent of the households had made some improvements in their houses, a proxy for increased income. Farm income was the major source for the improvements. It was noted that NALEP generally operated only one year in a focal area while the recommended time was three years.

3.5 Lessons from Other Programmes in the Sector

This is a summary of conclusions and lessons learnt from other major programmes in the sector. It is based on the brief analysis of experience from main programmes in the sector gathered from reports and direct communication with the programmes and presented above. The analysis has, for the sake of usefulness, been compiled into a number of general conclusions and no references are made to the respective programmes.

Drawing upon this analysis, the ASDSP will promote the commercialization of agriculture by developing a specialized value chain component (component 3). To do this, working with and building upon existing institutions is preferable instead of creating entirely new institutional arrangements.

To improve the *vertical integration* of actors at all levels of the chain, the ASDSP will build upon, strengthen, formalize and re-orientate one of the key institutions initiated: the institutions for stakeholder cooperation such as the Stakeholder Forums. They will be developed into Value Chain Platforms to highlight their role as forums for multiple stakeholder interaction.

To enhance *horizontal integration* of actors and strengthen governance among producers, local structures for organizing farmers / producers, like the CIGs and FADCs, will be retained but likewise re-orientated through specialized training in value chain development strategies and federation into viable groups. Attempts will also be made to organize the groups into more formalized organizations like cooperatives and limited companies.

It is expected that *strengthening the market orientation of these institutions will enhance their sustainability*. ASDSP will also promote *improved information flows* in various media among actors across the value chain.

ASDSP expects to directly contribute to sustainable short- and long-term improvements in production and productivity by helping to create ecosystem resilience (component 2).

ASDSP will contribute to the overall enabling environment through component 1 that aims to *facilitate sector wide co-operation* among all Development Partners in the agricultural sector. This includes providing support to the functions of ASCU, and its role in coordinating donor activities in the sector. ASDSP will work towards enabling the effective implementation of the Kenya Constitution 2010 through continuing to strengthen grass root institutions, working through county offices and devolving both staff and decision-making.

Several of the programmes and initiatives in the sector, have, through its innovative action research methodology, gained exceptional insights into the needs, constraints and opportunities of its producer clientele. ASDSP will build upon participatory planning and documentation procedures developed by deepening the effectiveness of these methodologies in capturing valid and useful gender-disaggregated baseline data on all farmer categories to enable the effective targeting of beneficiaries. Baseline data from existing sources in the programmes and newly collected will inform ASDSP monitoring and evaluation systems. Participatory value chain analysis will be included in the methods for participatory data collection and planning. Such analyses will be conducted with actors along the chain to (a) strengthen actor understanding of constraints and opportunities to value chain development, and to point ways to overcoming these, (b) lay the foundation for horizontal and vertical integration strategies, and (c) inform ASDSP components about the regulatory and policy constraints that need to be alleviated for successful value chain development.

ASDSP will address the issue of access to financial services by up scaling various models such as Kilimo Biashara, the Innovation Fund for Agriculture and Agribusiness, credit guarantee, co-financing and promoting insurance schemes through partnerships with the private sector. Experiences with credit guarantees and insurance schemes will be analysed and up scaled to support the value chain.

ASDSP will address the issue of food security for small-scale farmers, as increased and reliable production, as a means to enable small-scale farmers to be involved in and to benefit from commercial production.

4.0 THE AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME

This chapter presents the goal, purpose and components of the ASDP. It demonstrates how the new programme is aligned with the Government's commitments to the agricultural sector through the *Agricultural Sector Development Strategy 2010–2020* (ASDS) and the Kenya CAADP Compact. The ASDSP supports the Government's multiple goals of: *'an integrated form of commercialization and market-led growth [in agriculture], the pursuit of increased productivity, and strategies to address the special needs of vulnerable rural populations.'*

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The ASDSP contributes to the realization, through its activities, of Kenya's wider development goals as expressed in the Millennium Development Goals (MDGs), Vision 2030 and Kenya's Constitution (2010). The Constitution contains a strong Bill of Rights that provides for socio-economic and legal protection, stating that: *'The Bill of Rights is an integral part of Kenya's democratic state and is the framework for social, economic and cultural policies. The purpose of recognizing and protecting human rights and fundamental freedoms is to preserve the dignity of individuals and communities and to promote social justice and the realization of the potential of all human beings.'*

4.1 Government of Kenya Support to the Agricultural Sector

Building upon progress made by the *Economic Recovery Strategy for Employment and Wealth Creation* (ERS), Kenya launched *Vision 2030* in 2008 as the country's long-term economic blueprint to guide its development. Its distant target date shifts the planning perspective beyond the short-term horizons of individual governments and thus reflects the time required to achieve sustainable change. The inclusion of a political pillar creates an opening to address the underlying causes of chronic poverty and to put in place the institutional mechanisms necessary for gains to be sustained. In so doing, it acknowledges that the challenges facing the region are social and political in nature, and require more than technical solutions³⁵. *Vision 2030's* objective is to transform Kenya into a newly industrialized, middle-income country providing a high quality of life to all its citizens by 2030. To support *Vision 2030*, the agricultural sector has developed the ASDS and in 2010 signed a Comprehensive Africa Agriculture Development Programme (CAADP) Compact. The ASALs are singled out by *Vision 2030* for special attention to reverse decades of neglect and misguided policies.

The overall objective of the ASDS is to achieve an agricultural growth rate of 7 per cent per year over the next five years. The Medium-Term Investment Plan 2010–2015 (MTIP) operationalizes the ASDS in the short term. It identifies and lists specific investment interventions proposed for implementation to achieve *Vision 2030* and CAADP goals as follows:

- Increasing productivity, commercialization and competitiveness
- Promoting private sector investment and participation in all aspects of agricultural development

including research

- Promoting sustainable land and natural resources management
- Reforming and improving delivery of agricultural services and research
- Increasing market access and trade
- Ensuring effective coordination and implementation of interventions

The Government of Kenya has drawn up a strategy paper to align the ASDS with its agreements under the Kenya CAADP Compact³⁶. The objectives of CAADP are to: reduce poverty, attain food and nutrition security, improve agricultural productivity in order to obtain at least a 6 per cent annual growth rate, develop dynamic regional and sub-regional agricultural markets, integrate farmers into markets, and achieve a more equitable distribution of wealth. CAADP has four intervention pillars. They are:

- Pillar I: Extending the area under sustainable land management and reliable water control systems
- Pillar II: Improving rural infrastructure and trade-related capacities for market access
- Pillar III: Increasing food supply, reducing hunger, and improving responses to food-emergency crises
- Pillar IV: Improving agriculture research and technology dissemination and adoption

The Kenya CAADP Compact commits the government to implement the common vision of the agricultural sector, as presented in the ASDS. Development Partners and the Government of Kenya have already signed a Code of Conduct requiring all participants to support and work towards achieving Kenya's national, regional and global commitments.

4.2 The Agricultural Sector Development Support Programme (ASDSP)

4.2.1 Goal, Purpose, Core Areas of Intervention

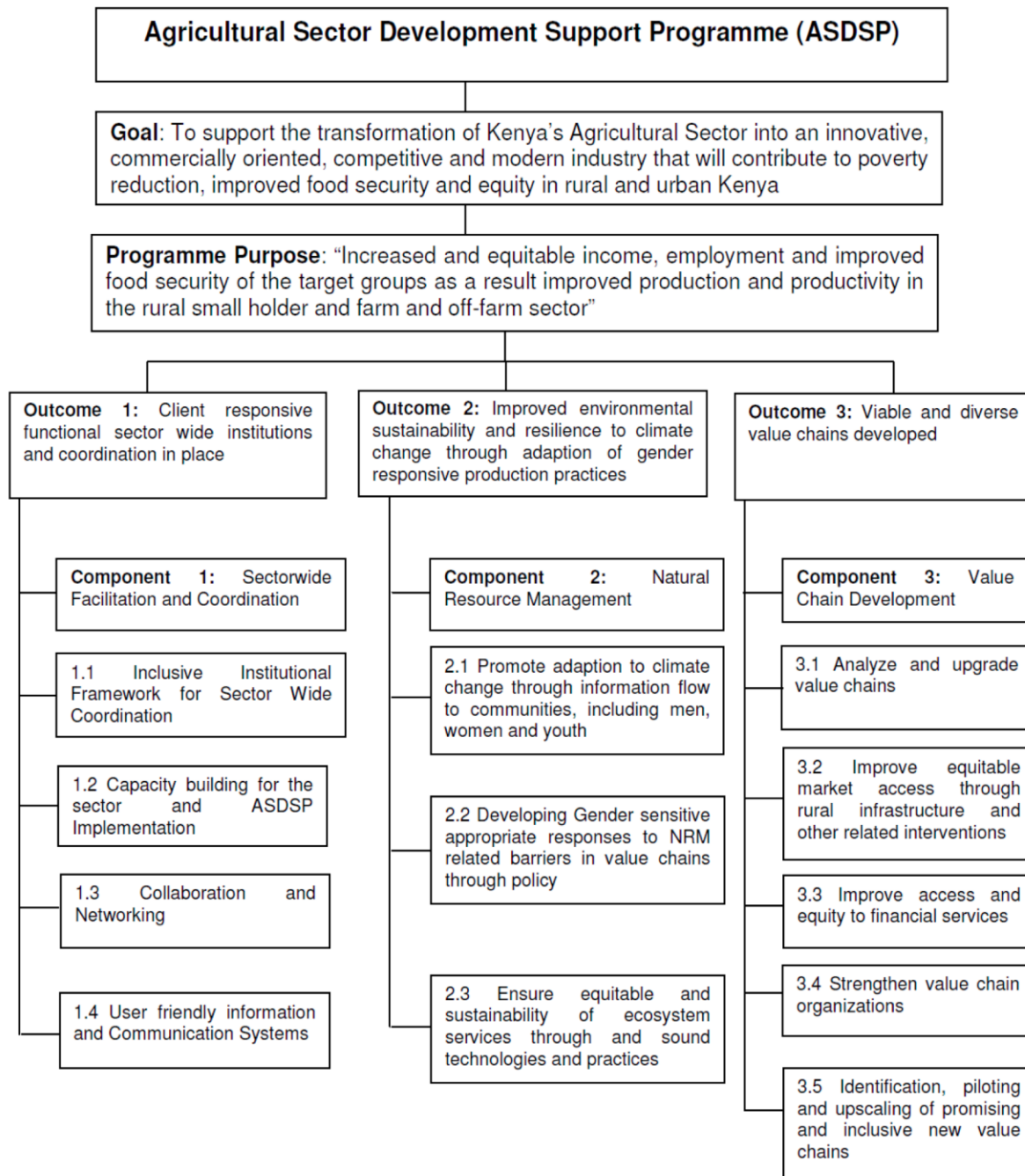
The overall goal of the ASDSP is to support the transformation of Kenya's agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute to poverty reduction and improved food security in rural and urban Kenya.

The purpose is: 'increased and equitable incomes, employment and improved food security of the target groups as a result of improved production and productivity in the rural smallholder farm and off-farm sectors'.

An important element to achieve this will be to, facilitate, through ASCU, the inclusive sector wide approach and support fair harmonization among Development Partners in the sector for unified provision of support services (Component 1). The thrust of the programme is value chain development (component 3). However, an important element of viable value chains is that they are sustainable from the environmental aspect as well as resilient towards climate change. This is addressed through component 2. Thus, components 1 and 2 can be seen as supporting component 3 so that it can be the

engine to achieve the programme purpose. The ASDSP embeds mechanisms to attract other financiers, including the private sector, to invest in the sector’s development. The programme builds on the experiences and lessons learnt from other programmes in the sector (see Chapter 3). The programme has been developed in close cooperation with ASCU, the sector ministries, and through consultation with Development Partners in the sector as well as agricultural stakeholders in the districts and in the field. Figure 4.1 provides an overview of the programme.

Figure 4.1 Programme Overview



The lead technical focus of the ASDSP is on agribusiness and market development. This is based on the assumption that deepened and equitable commercialization of Kenya’s agricultural sector, including at the smallholder level, will help to improve the availability of food in both rural and urban areas, and in so doing will reduce the need for food imports and food aid. It is expected that commercialization will enable stakeholders to increase their incomes and lead to economic growth, particularly in rural areas. It is recognized that special measures need to be instituted to ensure that food security and nutrition objectives are realized during commercialization. With regard to the varied nature of the target groups, including benefits for vulnerable groups, the ASDSP will create tailored and differentiated interventions to help build their asset base in order to promote their integration into commercialized farming practices, while ensuring that their food security and nutrition needs are met. Concurrently, gender-based constraints at institutional and household levels will be addressed to improve equity. Therefore, the ASDSP moves beyond the producer base by placing special emphasis upon working with actors all along the value chain to strengthen their capacity and their coordination.

It is critically important to note that the new programme is not a continuation of NALEP. In particular, ASDSP will not finance operations of extension activities. Rather, it provides support services at a variety of levels within the National Agricultural Sector Extension Policy (NASEP) framework and other institutional actors through its three components. These components are presented in detail in the following chapters.

The ASDSP has singled out areas in which it can make a distinctive, targeted contribution to the Government’s commitments to the sector. These are expressed in the form of three components (see Table 4.1.).

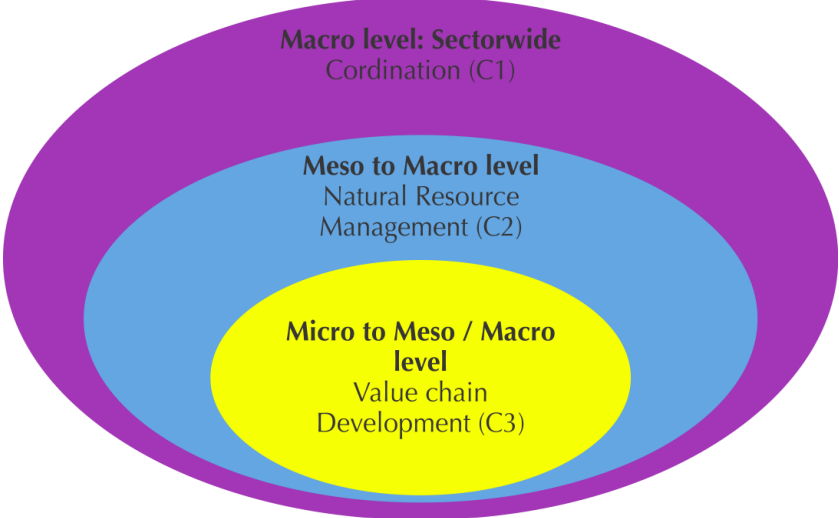
Table 4.1: Summary of ASDSP Components

Name of Component	Purpose
Component 1: Sector wide Coordination	To promote the development of a sector wide system required for realizing the ASDSP, the ASDS and wider sector coordination and harmonization. To help create the enabling institutional environment required for the realization of Components 2 and 3.
Component 2: Natural Resource Management	To promote the long-term equitable and sustainable use of the natural resource base for agricultural development. To help create an ecologically secure enabling environment required for the realization of Component 3.

Name of Component	Purpose
Component 3: Value Chain Development	<p>To promote the long-term, viable and equitable commercialization of the agricultural sector.</p> <p>To help create the enabling conditions for meeting national goals on achieving food security and good nutrition, gender equity and sustainable livelihoods.</p>

Each component is explained briefly below, and in detail in Chapters 5, 6 and 7. The point made here is that the components are designed to be mutually supportive in the interests of creating positive synergies. This requires the creation of interlinked activities between all three components and from the micro to the macro-level. Figure 4.2 expresses the latter relationship between components visually, showing how they are nested one within the other.

Figure 4.2: Nesting of the ASDSP Components



4.2.2 Key Features of ASDSP Components

Component 1: Sector wide Coordination. In this component, the ASDS institutional framework will be enhanced and supported.

The Ministry of Agriculture will spearhead the establishment of the ASDSP institutional framework. This will entail creating a secretariat to manage the programme in line with the sector wide institutional framework of using a sector wide approach, and establishing joint management and implementation structures for mutual benefits of all programmes in the sector. The institutional framework is designed to be aligned with the new constitutional dispensation. ASCU will provide support to the ASDSP secretariat. A key role of the proposed secretariat is to create linkages and platforms for stakeholders to actively, freely and meaningfully participate and contribute to development of the agricultural sector.

Component 2: Natural Resource Management. This component will ensure that the supported value chains are equitable, viable and sustainable in terms of the primary production base and that their externalities, such as their effects on soil, water, vegetation and biodiversity, are managed. This component will ensure that the interventions are designed to promote creative adaptation to anticipated effects of climate change. At the county level, the programme will facilitate the use of climate change data to enable rational decision-making in production activities. Where no gender-disaggregated data exists, special studies will be undertaken to ensure that differential gender impacts of climate change inform policies and programme designs. The ASCU thematic working group on Environment, sustainable land and natural resources management will spearhead this component, by providing policy and technical guidance.

Component 3: Value Chain Development. This component will support the commercialization and market orientation of the agricultural sector. The main vehicle is value chain analysis and development of interventions to mitigate bottlenecks for effective participation by men and women, and improving the functioning of the entire chain piloted by ASCU and other programmes. In addition, governance structures—policies, government support and subsidies—will be streamlined. Other activities include providing capacity development support to enable value chain actors, men and women, to access and expand their markets; provide access to credit guarantee and other financial models and strengthening value chain related associations and organizations. Food security and nutrition issues will be addressed in the ASDSP using the framework of the National Food Security and Nutrition policy, which was recently approved by the Cabinet. Credit guarantees and other appropriate financing arrangements will be rolled out guided by ASCU. The ASCU thematic working group on Agribusiness, marketing, and financial services will guide this component, by providing policy and technical advice.

4.2.3 The Strategy of the ASDSP for Working with its Target Groups

The key human right principle of *non-discrimination and equality* is a main feature for the programme's approach to its target groups: smallholder farmers (on and off-farm), men women, youth and agro dealers. The agro dealers include processors, transporters, marketers, traders, input suppliers and other service providers. It is important to clarify that non-discrimination does not only refer to equal treatment of all people. Rather, it means that treatment will be fully informed and influenced by existing situations of men and women and corrective measures taken not only to address pre-existing inequalities, but also to build equity measures necessary to progressively create balance among them. In practice, this means that the interests of marginalized and discriminated-against groups need to be identified and prioritized in development initiatives. *Participation* is a strategy for achieving such rights-based objectives. The practice of participation in itself promotes civil society in that it makes people more aware that they have the right to demand change and social justice. It enables them to define and claim their rights.

The ASDSP aims to strengthen the capacity of all stakeholders to claim their rights on one hand, and the capacity of the duty-bearer—the Government and other actors—to fulfil its obligations on the other. The programme has identified strategies to realize the principles of non-discrimination.

Strategy 1: Overcoming Gender and Youth-based Constraints to Participating in Programming

The programme will work to identify and overcome gender and youth-based constraints facing women and men, and young people that hinder their effective participation in value chain development and natural resource management. The core assumption is that these people are fully capable, yet currently are unable to contribute their full capacity to agricultural sector development. Their lack of fully effective participation is an important contributory factor to poor performance of the sector. Thus, addressing constraints and promoting opportunities will ensure more effective and efficient performance of the sector as a whole.

This strategy will be realized through the use of participatory analyses with women and men in the field, and through complementary studies to identify aspects of gender, youth and disadvantaged groups that may not be revealed through participatory approaches alone. It is reiterated here that both women and men, and young boys and girls, can be disadvantaged by gender-based constraints. However, it is important to underline that analyses are only the first step in this process and results need to be followed with strategic interventions that can fully transform these unequal relationships.

Strategy 2: Working with Vulnerable Groups

The ASDSP will work in association with providers of health care and other relevant organizations to enable vulnerable categories of people, such as those suffering chronic diseases and drug dependency, to participate in the programmes of the ASDSP. The core assumption is that the ASDSP cannot provide the counselling, medical, etc., support services that these people need, but that it can offer an important pathway into re-integration in society. The role of the programme will be both to identify providers of services to vulnerable groups and to facilitate the links with the providers. At the same time as the programme will develop and provide opportunities designed to support an integration and benefit of vulnerable groups through modern commercial agriculture. As part of this role, the programme will emphasize that vulnerable groups are not homogeneous and that gender sensitivity will be required to provide services and products that are relevant and useful to males and females.

Strategy 3: Promoting Enabling Environments

ASDSP will work to promote a more ‘enabling’ environment with respect to the public, private, civic and social institutions that impact upon people’s lives. Details of this strategy are elaborated upon in all three components.

Strategy 4: Focusing Resource Application

ASDSP recognizes that in order to have physical impact, it is important to focus both public and private investment resources in enterprises that have high chances of success. This is because public resources are getting scarce and while diversification is a useful risk-mitigation approach, spreading too thinly will not deliver the quality and quantity of services needed to support growth and development. Therefore resources need to be applied selectively but equitably and by the most suitable and efficient service provider, and duplication must be avoided.

4.2.4 Summary of ASDSP's Implementation, Management and Budget Arrangements

The programme will be **implemented** nationwide over a 5-year period beginning in January 2012, with a 6-month inception phase and the actual implementation starting July 2012. Inception activities include building capacity for public officers on the value chain approach and developing concrete plans aligned to government priorities and procedures. To facilitate a smooth transition, the remaining period of the NALEP will to some extent be used to phase in the various components of the ASDSP. Detailed descriptions of ASDSP management, implementation and budget follow in the next chapters.

Coordination and management will be aligned with the sector coordination and ASDS decision-making structures: Inter-ministerial Coordination Committee (ICC), Technical Committee (TC), etc., with the addition of a National Programme Secretariat and with support from ASCU.

The programme budget comprises part of the ASDS Medium-term Investment Plan (MTIP) standing at Kenya shillings (KES) 247 billion, with the GoK contributing 65 per cent of the budget, Development Partners 34 per cent and the private sector 1 per cent. The Swedish Government contribution is estimated to be KES 5.087 billion, which is about 2 per cent of the total MTIP or 6 per cent of ODA. This is divided into KES 3.854 billion that would be channelled through grant financing and 1.232 billion through credit guarantee. GoK will directly provide KES 1.0 billion to support the implementation of ASDSP. Private sector and other Development Partners will support programmes in line with the MTIP. A budget overview is presented in chapter 10 and a more detailed budget in annex III.

4.2.5 ASDSP Alignment with Kenya's CAADP Compact and the ASDS

Table 4.3 illustrates how the ASDSP is fully aligned with the Government's commitments under the CAADP Compact and the ASDS. The table makes it clear that the coverage by the ASDSP is not comprehensive. In particular, *CAADP Pillar IV: Improving agriculture research and technology dissemination and adoption / ASDS Thematic Priority 5: Research and Extension Advisory Services* is not covered *per se*. However, the ASDSP will facilitate these activities through its work on capacity development and the facilitation of information flow and research dissemination. ASDSP has committed itself to full integration of gender in analysis and interventions, under each of the core CAADP / ASDS pillars.

Table 4.3: ASDSP Support to enable realization of the CAADP Compact and the ASDS

CAADP Pillars	ASDS Thematic Areas (TA)	ASDSP Components
Pillar I: Extending the area under sustainable land management and reliable water control systems	TA 1: Environment, Sustainable Land and Natural Resource Management	Component 2: Natural Resource Management 2.1: Promote adaptation to climate change 2.2: Develop appropriate responses to NRM barriers for value chain development 2.3. Ensure equity and sustainability of ecosystem services
Pillar II: Improving rural infrastructure and trade-related capacities for market access in order to accelerate growth in the agricultural sector (i) improving capacities of private entrepreneurs including commercial and smallholder farmers, and (ii) policy and regulatory actions, infrastructure development, capacity building, partnerships and alliances	TA 2: Agribusiness, Access to Markets and Value Addition Key approaches (i) develop interventions for strengthening private sector involvement in agriculture, and (ii) create modalities for more effective public-private partnerships Border constraints to free trade	Component 3: Support to value chain development 3.1. Gender-sensitive analysis and upgrading of value chains 3.2: Increasing market access to all actors—male, female, youth, vulnerable 3.3 Improving access to financial services for male and female actors 3.4: Strengthening of value chain organizations, including gender mainstreaming capacity 3.5. Promotion of novel value chains
Pillar III: Increasing food supply, reducing hunger, and improving responses to food-emergency crises	TA 3: Food and Nutrition Security The thematic working group has developed a National Food and Nutrition Security Policy together with an implementation strategy TA 4: Inputs and Financial Services	Component 3: Support to Value Chain Development 3.3. Promoting Access to Finance—all actors, male and female

CAADP Pillars	ASDS Thematic Areas (TA)	ASDSP Components
Pillar IV: Improving agriculture research and technology dissemination and adoption	TA 5: Research and Extension. The thematic working group has developed a number of policies and programmes to address agricultural research, extension, education and training	Component 1. Sector wide coordination 1.3: Collaboration and networking on technology development (sensitive to needs of users) 1.4: Development of user friendly information and communications system
	TA 6: Legal, Regulatory and Institutional Reforms Aims to create an enabling environment for a competitive agricultural sector. Currently developing an agricultural sector reform bill that will consolidate and harmonize existing legislation in the sector.	Component 1. Sector wide Coordination 1.1: Development of a responsive and inclusive institutional framework for sector wide coordination 1.2: Inclusive capacity building for ASDSP implementation

4.2.6 The National Agricultural Sector Extension Policy (NASEP) and the ASDSP

The National Agricultural Sector Extension Policy (NASEP) is developed to guide and harmonize management and delivery of agricultural extension under the ASDS. It recognizes the need to diversify, decentralize and strengthen the provision of extension services with a view to increased sustainability and relevance to producers. The objectives of agricultural sector extension policy are to: facilitate the development of pluralism in service delivery; improve the efficiency and effectiveness of extension service provision from public and private sectors; put in place a regulatory system to guide service providers and modalities of setting operational standards, quality and norms.

The policy covers the following key areas:

- Commercialization and privatization of extension services
- Regulation, coordination, M&E of extension services
- Approaches and methods of providing extension services
- Content and choice of extension messages
- Clientele empowerment
- Stakeholder collaboration and networking

- Modalities of funding extension services
- Institutional framework and linkages
- Capacity building for extension service providers (ESPs) and the clientele
- Participatory technology development, packaging and dissemination of extension packages
- Agricultural Knowledge Information Systems (AKIS)
- Extension facilitating factors
- Mainstreaming cross-cutting issues
- Publicity of NASEP and NASEP-IF

National Agricultural Sector Extension Policy Implementation Framework (NASEP-IF, 2006) is an instrument to implement the NASEP. It is also a tool for the sector ministries to operationalize their extension interventions under the Government policy and strategy documents and the National Development Plans. NASEP-IF shows how to implement the above key areas stipulated in the NASEP. To regulate extension service provision, ASCU with support from ASDSP, will spearhead the establishment of a National Extension Regulatory Board that will oversee the implementation of the delivery of demand-driven extension services. The Board will be represented at both national and county levels.

ASDSP will be part of the implementation of the NASEP and the activities of the ASDSP will be guided by the NASEP-IF. The support from ASDSP comprises contributions to training, pedagogical materials, communication, and methods development within the umbrella of extension, particularly in the areas of supporting private sector involvement and pluralistic extension service. More specifically, ASDSP, in association with other Development Partners, will support NASEP through providing targeted capacity development in value chain development, in strategies for natural resource management, and in the effective use of communication technologies. ASDSP will also provide support to ASCU to review the NASEP-IF in line with the Constitution.

The Government is committed to cover all the implementation costs of NASEP (see Box 5.2. for overview of the programme) and associated logistical costs including allowances, fuel, vehicles, offices, and equipment through NASEP. The support provided through ASDSP will be targeted towards capacity building, methods and institutional development.

To achieve the goals of NASEP, ASDSP and of the programmes of other Development Partners in the sector, an effective collaborative platform is critical. Component 1 of the ASDSP helps to provide the overall institutional framework for collaboration, while sub-components of Components 2 and 3 provide specific technical entry points in association with activities for policy and regulatory development.

5.0 COMPONENT 1: SECTOR WIDE FACILITATION AND COORDINATION

5.1 Rationale

Kenya's agricultural sector receives support from and is shaped by many actors including the Government of Kenya, bilateral and multilateral Development Partners, private institutions and NGOs. Consequently, the sector has many programmes and projects, each with a stand-alone steering committee and implementing unit. This contributes to programme duplication and overlap, multiple reporting requirements, and a waste of resources with regard to staff to oversee the sector. Furthermore, it is difficult to attribute impacts to a particular project with such a mixed scenario. The Government of Kenya and Development Partners are adopting a sector wide approach (SWAp) in order to improve aid effectiveness in the sector as envisaged in the Paris Declaration (2005), and to align with the principles of the Kenya Joint Agricultural Strategy (KJAS). The SWAp will enable the sector to have a shared vision, facilitate priority setting, and provide the framework for coordinated responses to policy initiatives and the development of a harmonized M&E.

The aim of this component is to establish and support an institutional framework contributing to sector wide coordination of initiatives and for managing and sharing information at all levels. Value chain actors at both national and county levels will be able to access information relevant to their activities. M&E information linked to the sector wide M&E as well as within the framework of NIMES will be established.

5.1.1 Component Summary

- | | |
|--------------------|---|
| Sub-component 1:1 | Develop a client-responsive institutional framework for sector wide coordination |
| Sub-component 1:2. | Support capacity building for ASCU and ASDSP implementation |
| Sub-component 1:3. | Collaboration and networking |
| Sub-component 1:4 | Enhance user friendly information and communication systems for the ASDSP and the sector. |

The component is also designed to enable institutions to contribute to and take responsibility for sector wide coordination and implementation and thus become more effective in delivering their mandate. It has benefitted from lessons learnt in the institutional framework of a number of programmes in the sector, particularly in developing effective linkages with policy, research and extension agents in communicating and sharing their information.

5.2 Sub-component 1.1: Develop Client-Responsive Institutional Framework for Sector wide Coordination

The specific contribution envisaged here is the establishment of sector wide institutions by the Ministry of Agriculture within the sector wide framework to manage programmes at national and county levels and to enhance quality and relevance of support services from extension and research. The direct impacts are expected to be: (a) the effective use of development funds through a harmonized programme approach, and (b) the efficient use of resources by the sector ministries in their cooperation with Development Partners. The final impact is expected to be efficient investment through effective coordination among Development Partners, ministries, and other actors.

One of the key institutions under this component, which the Ministry of Agriculture will establish, is the **National Programme Secretariat (NPS)** for the ASDSP. The NPS will have overall responsibility for providing support and management to programme implementation. ASCU will continue to provide support to NPS to achieve the overall vision of establishing a sector wide programme secretariat with a capacity to manage and provide implementation guidance for all programmes in the sector. The NPS will be led by a competitively recruited programme coordinator. Ministry of Agriculture will spearhead recruitment of other key staff for the NPS using the already established sector wide framework. ASCU will guide the identification of key expertise to provide specialist knowledge to the ASDSP and to other programmes in the sector within the framework of division of labour of the code of conduct of the sector. The component will support procurement of necessary equipment to facilitate operations of the Secretariat. This component will contribute support for ASCU in its role as sector secretariat.

The other key institution that will be established and operationalized will be the **Agricultural Support Programme Steering Committee (ASPSC)**. This will be the focal steering committee for most programmes in the sector. The current situation whereby each programme has its own steering committee is unsatisfactory as it locks senior management in perpetual committee meetings and results in oversight overload. ASPSC will enable committee members to have a dashboard view of the sector and therefore facilitate a coordinated policy response to the sector needs. Figure 8.1 is a diagram of the programme organization. Having piloted district coordination units under the previous constitution, ASCU will use this experience to support the establishment of County Coordination Units (CCUs), which will be the main coordination bodies for ASDSP implementation in all the 47 counties. These units will play an important role in local level sector coordination, both as tools for coordination among projects funded by different Development Partners and for coordination among local departments of the ministries in the sector. ASCU will spearhead this in very close collaboration with NPS, while progressively leaving the leadership of the CCUs to the NPS as they get well established within the sector wide framework and become fully aligned to the new Constitution.

Programme organization is further elaborated in chapter 8.

5.2.1 Summary of Activities

Set up NPS, ASPSC and other programme-specific structures
Support development of Gender-Mainstreaming Strategy and Policy
Support to ASCU, (including sector coordination group, TWG, ICC, etc.)
Review the NASEP-IF by ASCU
Support the development of a sector wide M&E and information management system
Consolidate M&E information from counties
Support to establishment and development of Decentralized Coordination Units (later the County Coordination Units)
(activities further elaborated in the ASDSP Impact Pathway in Annex II)

5.3 Sub-component 1.2: Capacity-Building Support for the Sector and ASDSP Implementation

The main focus for this sub-component is development of capacity to drive sector wide coordination and to implement the ASDSP. The direct impacts are expected to be: (a) sector wide coordination of training objectives and training implementation, and (b) the harmonization of capacity building inputs by actors in the sector. The final impacts will be improved capacity in the extension system, both government and private, and the efficient use of capacity development resources. The target group for the capacity building will be a broad variety of organizations including local and central government bodies and private sector organizations. Efforts shall be made to target the private sector with relevant and focused capacity-building activities.

ASCU will guide this component to address key areas, which include harmonizing planning at county and national levels; coordinating programme implementation; aligning with programme processes; sector wide M&E; effective communication; and increasing stakeholder participation in planning. Since the programme will after 2012 operate under the Constitution in a decentralized mode, the new devolved structures will need to align county activities with activities conducted at national level. At national level there will be capacity building for sector players to ensure they have clear roles and a well-defined relationship with the counties in line with the Constitution. Training in this area will need to be flexible and responsive to demand and in accordance with the new county structures. For ASDSP to deliver on these expectations, it will be necessary to strengthen and enhance the capacity of ASCU to perform the role of sector wide coordination. The strengthening of ASCU will entail providing strategic capacity support and a long-term advisor to provide technical support on the sector wide approach, and to staff development.

5.3.1 Summary of Activities

Undertake gender-sensitive capacity analysis and needs assessment to build capacity in the sector and in the county coordination units

Develop a gender-sensitive/responsive capacity-development strategy and plan for the sector

Design capacity-building models (curricula and programme)

Identify and select suitable service providers to implement training programmes in accordance with public procurement regulations

Identify existing training opportunities in the sector and make these available for several actors

Support to ASCU for strengthening the sector wide approach

5.4 Sub-component 1.3: Collaboration and Networking

The purpose of this sub-component is to improve agricultural production and food security by creating networks and platforms for sharing information among a broad range of value chain (VC) actors in the sector. The direct impacts are expected to be: (a) that appropriate and relevant technologies for production, processing, enhanced food security, and market access are available to and used by the target groups, and (b) that research duplication is reduced thus saving valuable resources. The final impact is expected to be increased productivity and incomes for both male and female crop and livestock producers and fisher folk.

Currently, the sharing of information, knowledge and skills among researchers, extensionists, educators and farmers/pastoralists/fisher folk is limited due to poor linkage mechanisms. This is largely due to inadequate human and financial resources, poor leadership, and lack of access to reliable information by clients. The consequences are low adoption of technological innovations, poor coordination, lack of complementary activity, duplication of efforts and inconsistency with national goals. Furthermore, the current extension service does not provide for a decentralized mechanism for ensuring extension clientele are empowered in information and knowledge sharing, and in resource mobilization and allocation. Nor does it adequately address mechanisms for mainstreaming cross-cutting issues such as HIV and AIDS, environment, gender, food security, and governance. The full potential of the organizations and actors in the sector is not fully utilized due to lack of coordination among actors, including the private sector.

Under this component, mechanisms will be established to coordinate research and extension, and to promote collaboration and networking among private and public institutions. The component will further support on-going efforts to fast-track the enactment of harmonized agricultural legislation. Due to the dual nature of Kenya's agricultural system, there is a risk that the interests of large-scale farmers

and commercial farmers are pursued at the expense of small-scale subsistence farmers, both male and female.

Food security and nutrition requirements will be addressed by linking up with a broad range of partners to share learning among partners on methodologies to improve food availability in communities, improve access at the household level, and improve parity in consumption among household members. Understanding and addressing intra-household power dynamics and conflicts will be central to ensuring equity among household members.

The ASDSP will also provide support for further engagement with other sectors beyond the agricultural sector, such as the Parliamentary Committee on Agriculture, the Ministry of Trade, and the Ministry of Industrialization, Ministry of Health, among others.

The increased diversification of needs and the reduced resources of the public extension system have led to a proliferation of alternative extension service providers, such as NGOs, CBOs, private sector organizations / companies, and individuals. Pluralism in extension provision enables widening extension coverage and choice. At the same time it poses a challenge in terms of ensuring service quality. Government is needed to ensure quality and safety, and to define rules of engagement in order to infuse accountability among private sector actors. If this is achieved, banks, input providers and insurance companies will be encouraged to provide their services to the sector with the knowledge that their risks can be quantified and determined. The programme will therefore support the strengthening of value chain groups to help them demand quality extension services, and loop-back mechanisms for reporting grievances with service providers in the counties.

A key institution, in this context, to be established is a **National Extension Regulatory Board** to oversee the development of pluralistic demand-driven extension services, as outlined in the NASEP-IF. The Government—in collaboration with the private sector, universities and colleges, NGOs and civil society—will continue to provide extension services at varying levels. The role of the Board will be to oversee, provide quality control and ensure cost efficiency of the services provided. The Board will be represented at county and national levels.

5.4.1 Summary of Activities

Workshops and other events to bring partners together to share methodologies and innovations on improving food security and nutrition at household and community levels.

Organized farmer visits to research institutions ensuring broad-based inclusion of participating male and female farmers.

Demonstrations and exhibitions of new technologies to both male and female farmers, processors, marketers, etc.

NPS will collaborate with AIRC and other stakeholders to develop content and mechanisms for disseminating relevant agricultural innovations such as radio and TV broadcasts, farmer field schools, exhibitions, demonstration sites and on-farm field trials.

Engagement of a variety of service providers in extension and other support to male and female farmers and other land users.

Establishment of a National Extension Regulatory Board to ensure standard of service provided by all actors.

A course on gender and other cross-cutting issues to ensure that all actors build in the necessary sensitivity to all disadvantaged groups

5.5 Sub-component 1.4: Enhance User Friendly Information and Communications Systems

The purpose of this sub-component is to enhance information and communication systems. The direct impacts are expected to be: (a) a functional informational system, including an interactive ICT platform, (b) the alignment of the M&E system with NIMES, and (c) demand-driven information packages available to clients through the roll out of the agricultural sector communication strategy. The final impact is expected to be increased food security and increased income from production and trade in the value chains supported. Equity and overall gender sensitivity will remain running themes in this sub-component.

Under this sub-component, work will be conducted in three main areas.

- Information will be provided for **internal management of the programme**. While the information system developed under NALEP I and II could have been adopted, there is a significant paradigm shift in ASDSP which demands a redesign of the information system in order to meet the requirements of the devolved government and the new value chain approach.
- The information system will **generate information for M&E in conformity with SWAp** that feeds into sector wide M&E which is linked to the National Monitoring and Evaluation System (NIMES).
- Stakeholders at all levels will be provided with timely and appropriate information** to make

informed business decisions relating to their stage in the value chains. There are two aspects to this: (1) the information will cover markets in terms of geographical location, quantities and qualities demanded by consumers, production technologies available and where to access them, processors, prices, etc.; (2) delivery channels, including print media—pamphlets, magazines, newspapers; and electronic channels, including websites, radio, TV and mobile telephony, will be particularly relevant to women, youth and disadvantaged groups who have limited capacity to source for business information, particularly when literacy levels are low (3) harmonized information and communication across the sector, with the roll out of the agricultural sector communication strategy.

The ASDSP will support the delivery of content in both English and Kiswahili. Where feasible, particularly in the marginalized areas, content will be translated into the local language. The assumption is that there will be continuing and growing need for agricultural information.

The information produced will be easily accessible relevant, usable and timely. There will be productive engagement with key stakeholders and their wider constituencies. This will systematically link all stakeholders in the agricultural sector. This calls for an ICT platform that allows interactive, dynamic two-way flow of communication to connect people with knowledge and information, particularly as Kenya is moving into a devolved system of governance.

5.5.1 Summary of Activities

Carry out inventory of existing information and communication systems in the sector and establish their appropriateness for different users.

Design a sector wide information flow system based on existing systems and the sector strategy.

Provide support to ASCU for roll out of the agricultural sector communication strategy.

Support dissemination of information from a sector wide M&E.

Collaborate with ASCU and other service providers in continuous updating of NAFIS (National Agriculture Farmer Information System), and production and distribution of other information materials.

Develop an interactive ICT platform to provide agricultural information on value chains, service providers, market prices, etc.

Upscale the use of mobile telephony in disseminating extension messages and collecting agricultural data.

6.0 COMPONENT 2: NATURAL RESOURCE MANAGEMENT

6.1 Rationale

The Natural Resource Management (NRM) component is designed to provide an enabling environment for the value chain component while building wider ecosystem resilience. This will enable the continued provision of critical ecosystems to the nation. At the macro level, this calls for support to specific policy commitments and, if necessary, policy change. At lower levels this requires ensuring that value chain development not only ‘does no harm’, but upgrades degraded local ecosystems where possible. The ASDS TWG on Environment Sustainable Land and Natural Resources Management shall provide overall guidance in the implementation of this component. Partnerships with relevant organizations are required to enable this component to be realized. Such partnerships will vary over time depending on the priority being addressed. Supporting the development of economic and ecologic resilience as a tool for adapting to expected effects of climate change will be a major effect of this component.

6.1.1 Component Summary

Sub-component 2:1	Promote adaptation to long-term climate change and inter- and intra-seasonal climate fluctuations in local development through better flow of information to local communities / households, both male and female-headed.
Sub-component 2:2	Develop gender-sensitive responses to NRM-related and gender-based barriers in the development of selected value chains through analysis and advocacy for policy changes.
Sub-component 2:3	Ensure equitable and sustainable ecosystem services through the development and application of sound technologies and practices.

The three sub-components are derived from priorities expressed in the ASDS and the Kenya Climate Change Response Strategy (KCCRS). The ASDS notes ‘inappropriate legal and regulatory frameworks’ as one of the Challenges and Constraints to be addressed under several of the priority areas. More widely, the ASDS confirms the need to pay attention to sustainability of the resource base. The KCCRS prioritizes the provision of climate change information to different stakeholders.

Responding to these issues necessitates collaborating with a variety of players in the sector including civil society, research institutions, the extension services, donors, and the private sector. Partnerships will be formed on a needs basis. They may be temporary and task oriented, and where necessary, more long term.

6.2 Sub-component NRM 2:1. Adaptation to Climate Change

Promote adaptation to long-term climate change and inter- and intra-seasonal climate fluctuations in local development through the better flow of information to local communities.

Section 5 of the Kenya Climate Change Response Strategy provides the basic framework for this sub-component and is supported by a recent (2008) NALEP report entitled *Disaster Risk Management and ASAL Approaches*.

The specific contribution envisaged here is to promote the development of communication systems to transmit information about climate change and climatic fluctuations to local communities. In so doing it is expected to enhance the ability of local stakeholders to adopt methodologies and develop local-based action plans that respond to and mitigate climate change. The direct impacts are expected to be: (a) more resilient production systems, and (b), changes in land husbandry and tree / forestry management practices to help reduce (greenhouse gas) GHG emissions. The final impact is expected to be sustained production, adequate and equitable food security and nutrition, and sufficient income despite changes in the climate, and a contribution to global mitigation efforts to reduce GHG emissions.

Under this sub-component, access to inter- and intra-seasonal climate forecasts, medium-term and longer-term climate forecasts is to be provided to different stakeholders. High-quality information is being generated by the IGAD Climate Protection and Applications Centre (ICPAC) in Nairobi and an immediate need is to strengthen the flow of that information to local communities. Timely access to such information will enable stakeholders to make appropriate decisions for their adaptation to expected droughts and other climatic effects with regard to production for food security and for income. An important activity under this sub-component will be to design and implement systems through which relevant information available in Nairobi can be passed on to counties and from thence further to local communities. The sub-component will assist the agricultural office in each county to develop localized messages that stakeholders can receive, fully comprehend and act upon. Part of this will involve facilitating collaboration with local farmers and pastoralists, their organizations, and other relevant institutions. Working with indigenous knowledge systems will form part of the strategy where relevant. To be effective, it is necessary to recognize and address socio-cultural constraints to information access by men, women and youth in these communities.

Collaborative work with other development partners is envisaged and is crucial to coordinate involvement, sharing of lessons learned, and to mobilize resources in climate change adaptation and mitigation programmes led by these partners. Finally, the sub-component will focus on method development and adaptation for Reduced Emissions through Degradation and Deforestation (REDD+) principles in Kenya (see Box 6.1.)³⁷. It will also promote partnerships for carbon credit schemes.

ASCU is supporting the sector wide coordination of climate change work through a task force under the TWG for Environment, Sustainable Land and Natural Resources Management. The TWG will therefore play an important role in coordinating strategies and methods for the climate change adaptation and mitigation work. A task force has been established to identify and coordinate adaptation in agriculture under the TWG. The task force includes ministries in the agriculture and environment sectors as well as representatives from the private sector. The role of the task force will be to coordinate activities by actors in private and government areas and to support identification and implementation of actions plans and mobilization of resources. The TWG will coordinate with the NCCRS and its secretariat. Indicators for monitoring the effects of the climate change-related work under ASDSP and the sector will be developed and monitored.

Box 6.1. Rationale and Operation of REDD+

Deforestation and forest degradation through agricultural expansion, conversion to pastureland, infrastructure development, destructive logging, fires, etc., account for nearly 20 per cent of global greenhouse gas emissions, more than the entire global transportation sector and second only to the energy sector. It is now clear that in order to constrain the impacts of climate change within limits that society will reasonably be able to tolerate, the global average temperatures must be stabilized within 2° Celsius. This will be practically impossible to achieve without reducing emissions from the forest sector, in addition to other mitigation actions.

Reducing Emissions from Deforestation and Forest Degradation (REDD) is an effort to create a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. REDD+ goes beyond deforestation and forest degradation and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks. It is predicted that financial flows for greenhouse gas emission reductions from REDD+ could reach up to US\$30 billion a year. This significant North–South flow of funds could reward a meaningful reduction of carbon emissions and could also support new, pro-poor development, help conserve biodiversity and secure vital ecosystem services.

Further, maintaining forest ecosystems can contribute to increased resilience to climate change. To achieve these multiple benefits, REDD+ will require the full engagement and respect for the rights of Indigenous Peoples and other forest-dependent communities. To ‘seal the deal’ on climate change, REDD+ activities in developing countries must complement, not be a substitute for, deep cuts in developed countries’ emissions. Both will be critical to successfully address climate change.

6.2.1 Summary of Activities

Disseminate gender sensitive, accurate and relevant climate change forecast to stakeholders.
Develop localized and targeted messages that stakeholders can receive and act upon.
Assist agricultural offices in each county to develop local gender-sensitive communication strategies.
Disseminate relevant and gender-sensitive technologies for adaptation (to climate change effects).
Support local development and implementation of tailored action plans for increased resilience.
Identify and mobilize resources for climate change adaptation and mitigation.
Method development / adaptation for Payment of Ecosystem Services and REDD+.
Partnerships for carbon credit schemes.
Investment funds for increased resilience.

(activities further elaborated in the ASDSP Impact Pathway in Annex I)

6.3 Sub-Component 2.2: Develop Gender-Sensitive Responses to NRM-Related Barriers

Develop gender-sensitive responses to NRM-related barriers to the development of selected value chains through analysis and advocacy for policy changes

Although there have been many improvements resulting from the removal of Government controls over the past decade, numerous policies and regulations remain unclear and contradictory, and constrain development in various ways. Some economically significant activities, such as the production of charcoal or *Aloe vera*, are illegal yet continue to operate in a twilight zone. This results in ecosystem harm and the vilification of operators. However, when legalized and well-managed, such activities hold much promise for sustainable value chain development.

The specific contribution envisaged here is to identify and overcome NRM-related constraints to value chain development affecting men, women and youth through evidence-based advocacy for policy change where appropriate. In so doing it is expected that the component will provide support towards the development of a conducive regulatory and policy environment, and it seeks to develop and promote local solutions to effective NRM management wherever possible. The direct impacts are expected to be (a) smooth operation of value chains based on equitable and sustainable use of natural resources, and (b) the creation of new (gender-sensitive) value chains. The final impact is expected to be ecologically sustainable and equitable exploitation of natural resources.

ASCU will be supported under this sub-component to create short-lived *ad hoc* task forces within the Thematic Working Groups on 'Environment, Sustainable Land and Natural Resource Management' and on 'Legal, Regulatory and Institutional Reforms' will be created to address particular policy issues. Such task forces are likely to partner more widely with actors in research, civil society, private sector, and in

different segments of Government. Accountability, including obligation to report outcome of work, is primarily to the stakeholders that brought specific issues to attention. Stakeholders will normally include local communities and private sector representatives. Finally, a significant part of the sub-component will be to develop and strengthen community-led mechanisms for NRM. Inclusion and equity will remain guiding principles when implementing this sub-component.

6.3.1 Summary of Activities

Identifying policy changes needed based on engendered value chain analysis
ASCU to formulate inclusive *ad hoc* task forces to address relevant policy constraints
ASCU to form partnerships with relevant organizations to guide and monitor the work of task forces and to ensure involvement of private sector
Strengthening of gender-sensitive, community-based mechanisms for NRM

6.4 Sub-Component 2:3. Ensure the Sustainability and Equitability of Ecosystem Services

Ensure the Sustainability and Equitability of Ecosystem Services through the Development and Implementation of Sound Technologies and Practices

Ecosystems provide the basis for local agricultural production as well as important services of critical importance at local, national, regional and international scales. Kenya's ambition to protect its scarce water resources is an example of work to protect ecosystem services (section 6.5 of ASDS 2010–2020). Unless care is taken, value chain development can undermine ecosystem services through undue exploitation of ecosystems in the short-term—such as unsustainable logging, farming and water use—and the failure to incorporate and address externalities—such as pollution of groundwater through fertiliser use and biodiversity loss. The long-term economic prospects for value chain development rely upon the effective stewardship of the natural resources upon which they depend.

The specific contribution envisaged here is to ensure sustainability, ecological resilience and equity by addressing factors that a narrow focus on value chains cannot capture. The sub-component will promote technologies and practices in agriculture that enable the continued functioning of the ecosystems upon which the sector relies. The direct impact is expected to be sustainable value chains with widely shared benefits. The final impact is expected to be the sustainable functioning of healthy ecosystems.

Under this sub-component, local communities will be trained in mapping their ecosystem services and in tracing the ways they are dependent upon healthy ecosystems. Sustainable agricultural practices relevant to particular niches will be promoted. Mechanisms for the Payment of Ecosystem Services (PES) will be developed and implemented (see Box 6.2.)³⁸. Finally, environmentally friendly production and processing methods will be piloted and disseminated. Compliance with national legislation and voluntary codes of

conduct that reward such investments (such as eco-labelling schemes and others) will be encouraged where appropriate. To implement these practices sustainably, it will be necessary to ensure that those who contribute benefit from these improvements.

Agricultural ecosystems sustain life. They supply food and drinking water, maintain a repository of genetic resources, preserve and regenerate soils, recycle nutrients, etc. The provision of these services depends critically on the management decisions taken by farmers, fishermen and forest managers.

Payments for Environmental Services (PES) are one type of economic incentive for those that manage ecosystems to improve the flow of environmental services that they provide. Generally, these incentives are provided by all those who benefit from environmental services. These include local, regional and global beneficiaries.

PES is an environmental policy tool that is becoming increasingly important in developing and developed countries and hundreds of PES schemes are now in operation all over the world. Buyers, from local water-dependent industries to climate-aware companies in distant countries, from international conservation organizations to national governments, are increasingly aware of this opportunity and are thus investing in both their present and future resource needs.

6.4.1 Summary of Activities

Support engendered mapping of ecosystem services and local dependence on healthy ecosystems.

Develop and implement gender-sensitive mechanisms for Payment for Ecosystem Services.

Promote sustainable agricultural practices.

Promote environmental and gender friendly processing methods.

7.0 COMPONENT 3: VALUE CHAIN DEVELOPMENT

7.1 Rationale

Value chain approaches are based on causal models that focus on addressing critical bottlenecks, constraints and opportunities in a selected value chain. The expectation is that this will foster increased competitiveness, sustained access to business development services, increased micro- and small-enterprise incomes, and overall value chain growth. Value chain approaches are built upon *coordinated, systematic and systemic* methodologies and work with actors undertaking specific functions along a particular chain and actors with support functions, as opposed to strengthening one particular actor alone.

NALEP, as an inevitable consequence of its extension mandate and its home in the Ministries of Agriculture and of Livestock Development, primarily supported smallholder farmers. The key successes that need to be taken forward by ASDSP (see Chapter 3) for this component include the innovative approaches NALEP developed to mobilising and working with smallholders, its ability to identify vulnerable groups, and the development of organizations with differentiated mandates. All these innovations are supportive of rights-based approaches to value chain development and will help to ensure that Kenyan–Swedish development cooperation retains its focus on working with poor people.

To ensure that value chain effectiveness is not compromised by working with vulnerable groups, this component will work with actors along the chain, from input suppliers to final consumer. It recognizes that interventions at all levels of the chain are needed to remove inefficiencies, and the critical requirement of a strong ‘end market’ to pull the chain. It also recognizes the importance of ensuring an overall ‘enabling environment’, which is the rationale for embedding this Component within Components 1 and 2. It will undertake additional, specific activities to remove constraints limiting a selected value chain that the first two components cannot address. Constraints—economic, technical and social—that have gender perspectives may include inadequate input supply, absent or inappropriate technology, inaccessible financial systems, poor infrastructure and accessibility to markets, corruption, and weak human capacity, and will vary by chain.

To ensure the requirements of a rights-based approach are met, ASDSP will develop value chains that offer maximum potential for the achievement of equity objectives while contributing to the commercialization of the agricultural sector. While the ASDSP will adopt standard approaches to value chain identification and facilitation, it will ensure maximum participation by vulnerable groups in these activities, including enabling their participation at higher levels in the chain (such as processing, aggregating, trading and marketing). This will be achieved through identifying social and gender constraints to participation along different levels of the value chains. The programme will also develop a methodology to prioritize value chains for more focused support. The component will develop

vulnerability and gender-sensitive indicators, some in partnership with target communities, to capture effects on household food security and nutrition, asset accumulation, and gender equity among actors at different levels along the chain. ASCU’s thematic working group on Agribusiness and financial inputs provides a big opportunity for this programme to draw expertise. This TWG will therefore spearhead this component by providing both technical and policy advice.

7.1.1 Component Summary

Sub-component 3:1	Analyse and upgrade value chains that can generate equitable employment, ensure equitable food security and nutrition, and increase incomes. Analysis to be fully gender sensitive along all levels of the value chains.
Sub-component 3:2	Increase equitable market access by improving rural infrastructure and other trade-related trade interventions.
Sub-component 3:3	Improve access to financial services by male and female actors.
Sub-component 3:4	Strengthen value chain organizations, paying special attention to gender and other vulnerabilities.
Sub-component 3:5	Identify promising and socially inclusive new value chains and pilot them.

7.2 Rights-Based Approaches and Value Chain Approaches

The core elements of the rights-based approach are (i) equitable participation resulting in empowerment, (ii) equity (non-discrimination) and inclusion of vulnerable groups, and (iii) transparency leading to accountability.

It can be difficult to combine rights-based approaches to development with the value chain approach. This is partly because rights-based approaches cannot avoid questions of power and embedded advantage, yet low-income groups often find it difficult to challenge power holders and do not necessarily trust legal systems to deliver for them. Furthermore, it can be argued that focusing on the achievement of ‘rights’ diminishes incentives for business to become involved; business stakeholders may perceive rights to incur costs (i.e. a social welfare activity) rather than economic benefits. This said, there are clear pathways to ensuring the rights-based approach in value chain development makes economic sense. Building the evidence base that equity promotes better business is important. The ASDSP addresses the lack of voice in low-income groups by strengthening producer organizations (the former CIGs) and other measures to promote horizontal cooperation. This strategy will enable producers to enhance their negotiation position in value chain platforms (former Stakeholder Forums) that seek to vertically integrate value chain actors. The ASDSP will commission studies on the constraints to full participation by discriminated-against groups in value chains, and devise entry

strategies and associated support measures to maximize their contribution to effective and efficient value chain development.

7.3 Sub-component 3.1: Value Chain Development and Management

Analyse and upgrade value chains that can generate equitable employment, ensure food security and nutrition, and increased incomes

The specific contribution envisaged under this component is the identification, development and management of viable value chains at local, county and national levels. The purpose is to create economically effective and efficient value chains capable of generating increased incomes and food security for different social group, including men and women. Since improved incomes do not automatically result in food security and nutrition benefits, attention will be paid to ensuring that production for the market does not negatively impact upon self-sufficiency in food where this is a key means of food security. Farmers will be trained in how to calculate their food requirements and in nutrition. Through partners, the programme will also invest in improving household gender relations for greater accountability by heads of households to the family. Currently, a large amount of incomes from commercial agriculture do not benefit those who have worked for it. Sensitization of families, particularly men, has been shown to reduce gender inequalities. This way, both responsibility and benefits will be shared equitably, thus motivating all to contribute. Since understanding and addressing unequal household power dynamics will be central to success it is important that men get involved in sharing responsibility for food security. Men will therefore be targeted equally.

Dual-use crops and livestock will be promoted where appropriate. The direct impact is expected to be increased income from production and trade. The final impact is expected to be improved welfare in terms of both income and food security, and better nutrition of the target groups.

Under this sub-component, improved understanding by actors of their roles and responsibilities in a selected value chain will be promoted through selecting and designing value chains using participatory and gender-sensitive methods where appropriate. Fostering involvement in value chain platforms (see sub-component 3.4.) is expected to help build awareness, mutual trust and appreciation of the roles of each actor in a chain. Locally prioritized value chains, selected through participatory planning based on revision of the broad-based surveys (BBS) and Participatory Analysis of Poverty, Livelihoods and Environment Dynamics (PAPOLD) methodologies and additional value chain-specific approaches, will be taken forward for further analysis and development at the county and national levels. Finally, support to local and regional markets forms an important part of this component. The thinking here is that fostering and strengthening markets across the country may reduce inefficiencies in transport to distant markets, encourage the circulation of monies within an area, and build strong links between producers

and reliable customers such as schools, prisons, hospitals, hotels and other institutions. At the same time links to national and international markets will be supported.

7.3.1 Summary of Activities

Selection and design of market-led value chains with strong poverty alleviation, food security and equity potential

Conduct gender-sensitive pilot tests for up-scaling new value chains

Commission engendered studies detailing the best ways of involving and benefiting the target groups, including with respect to food security by ASCU

Support forums for researchers, extensionists and farmers in order to promote technology transfer for increased productivity

Conduct a survey of service providers

(activities further elaborated in the ASDSP Impact Pathway in Annex I)

7.4 Sub-Component 3.2: Increase equitable market access

Increase equitable market access by improving rural infrastructure and other trade-related interventions

Extension often succeeded in supporting farmers in raising productivity and introducing new enterprises, yet many producers found it hard to market or add value to their produce due to an array of institutional, financial, legal and physical barriers. These barriers include health and safety standards, clean and secure storage, cold chains, appropriate marketing facilities at retail and wholesale markets, sufficient water and electricity, market information, ability to negotiate good prices, etc. It is important to indicate that men and women face different market access-related challenges and these need to be understood and addressed appropriately.

The specific contribution envisaged by this component is trade-related interventions to reduce product loss in terms of both quality and quantity along the chain. The direct impact is expected to be reduced transaction costs for all actors in the chain. The final impact is expected to be increased trade and reduced handling costs, leading to cheaper and more reliable sources of food for consumers as well as a higher percentage of the final commodity price channelled to the producers.

Under this component, functional and accessible marketing systems and associated infrastructure will be developed through several initiatives. Support will be given to enable county / district planners to include value chain considerations in their planning for the development and rehabilitation of infrastructure (roads, storage facilities, market-places). Modalities to improve farm gate marketing will be encouraged, through collaboration with companies, cooperatives, and individual initiatives. Initiatives to enable young men and women in particular to occupy a key role in bulking and transporting products

sold at the farm gate will be implemented. Stakeholders will be sensitized on the urgent need to comply with health and safety standards in food production. Finally, recognizing that post-harvest losses are huge, special attention will be paid to the up-scaling and out-scaling of sustainable post-harvest and processing technologies.

Mechanisms for realizing this component include direct funding or joint venture arrangements with Development Partners, local authorities, LATF, Constituency Development Fund, and the Horticultural Crops Development Authority (HCDA). The HCDA has been in agribusiness for many years; it has a network of facilities that it leases to the private sector and is therefore a useful partner to advise on the development and management of market development facilities. HCDA can also advise on dispute resolution among value chain actors. Under this sub-component, ASCU will spearhead key studies towards support to value chain development.

7.4.1 Summary of Activities

Clear analysis of gender-based and market access-related constraints during production, processing and marketing and design of appropriate response to the challenges.

ASCU to formulate instruments for enhancing public-private partnerships for investment that contribute to VC development.

Inclusion of value chain considerations in the county (district) planning.

Removal of policy and social barriers to movement and trade of goods across counties / districts.

Sensitization of male and female stakeholders on health and safety standards to improve marketability of products.

Up-scaling and out-scaling of sustainable post-harvest technologies and off-farm processing techniques.

7.5 Sub-component 3:3. Improve Equitable Access to Financial Services

Kenya has a wide and diverse range of financial institutions. However, farmers, pastoralists, fisher folk, women in general, and young men and women still find it difficult to access credit. Risks associated with farming coupled with complicated land laws and tenure systems that limit the use of land as collateral, make financing agriculture by the formal banking industry unattractive. Large number of small loans makes transaction costs high. The credit crunch has also had a negative impact upon agribusiness at all stages of the value chain. Many poor people find it difficult to accumulate capital because formal banking institutions consider their limited savings expensive to mobilize. Yet such micro-savings when aggregated over time can help poor people and vulnerable groups start viable micro-enterprises such as cottage industries and trading activities along value chains. NALEP impact study shows that lack of credit is given as one of the major causes for low production and low returns by a large group of the clients, particularly women because of their low asset levels.

ASDSP **will not function as a credit programme** per se, but will facilitate access and availability to financial services to enable value chain development. To do so it will help to expand existing facilities and support the development of new services. The direct impacts are expected to be: (a) improved business and production opportunities, (b) reduced risks throughout the value chain, and (c) outreach to a wider target group through a wide variety of targeted financial services. The final impacts are expected to be two-fold. First, increased investment both in numbers of investors and in the absolute amount invested, leading to increased returns from trade and production in the sector. Second, it is expected that a much broader group of clients, including women and young people, will have the resources to invest in production and trade in the sector. The focus of the support to the credits will be: (a) to mainly use credit guarantee funds to establish partnerships with a number of credit providers with the purpose of increasing the availability and access of credits based on commercial viability to small-scale producers and traders, without distorting the existing credit market and in a sustainable way, (b) to support the development of innovative models for provision of commercially based credit facilities to groups that previously have had difficulties in accessing facilities (e.g. small-scale services of ‘M-Pesa’ type), as well as new products that offer opportunities for new groups to expand their business. In the use of credit guarantee funds, care must be taken to avoid support that erodes client trust in the credit market and that distorts the commercial credit facilities. In this regard, the sector will develop an implementation manual that will provide guidance on how these credit guarantee schemes and other financial models will be administered. Implementation mechanism, eligibility criteria, terms of financing, target areas and group, activities to be financed, average loan size and guarantee mechanism are some examples of what will be contained in the implementation manual.

Under this sub-component, selection criteria for the participating banks and other financial institutions will be developed. An important aspect is the risk-sharing level between the guarantee holder and the lending institutions. Lending institutions should feel comfortable to relax their lending terms and encourage more farmers to borrow. On the other hand, the guarantee shouldn’t carry too large a risk margin to compromise the quality of lending and be careless with recovery. Experiences from other programmes like the Innovation Fund and those supported by ADRA, EU and IFAD will be analysed and considered before up-scaling and rolling out guarantee schemes. During the inception period a careful analysis will be undertaken and the modalities for financing arrangements will be established.

To complement these initiatives, the capacity of grass root formal and informal financial intermediaries will be strengthened. Business advisors will be trained to ensure that borrowers devise realistic value chain-related business plans. The development of innovative products and services will be supported. Finally, the component will provide support to ASCU to develop a framework for transparent and accountable livestock and crop insurance services.

The initiatives under this sub-component shall be linked to and harmonized with other similar initiatives, provided by the private sector and under support from other Development Partners, including other Sida programmes and initiatives. Through this coordination the coverage of the financial services shall be wider and more diverse to include a broader variety of services suitable for a large target group and a large geographical coverage.

7.5.1 Summary of Activities

Identify banks and financial institutions to enter into co-financing and guarantee schemes, institutions with flexibility to provide loans to men, women and youth, without individual collateral. Provide guarantee facilities and co-financing with banks in close collaboration with other programmes and partners providing financial services.

Develop a socially inclusive framework for providing crop and livestock insurance services to the sector, one that will bring on board those groups traditionally not covered, such as women and youth.

Train business advisors.

Strengthen the capacity of grass root formal and informal financial intermediaries.

Develop and execute MOUs with banks and institutions.

Conduct savings education.

Establish an inventory of existing agro-enterprises.

7.6 Sub-component 3.4: Strengthen Value Chain Organizations

The participation and empowerment of stakeholders involves building the capacity of actors along selected value chains to enable them to develop business plans and evaluate investment opportunities. To ensure the fair distribution of gains among actors in a value chain, measures to strengthen the ability of actors to identify their needs with respect to their particular enterprise and then negotiate effectively with other actors are needed. Special attention shall be given to the targeting of private sector actors in this process, both in the role as service providers and as target groups. There is competence available within the private sector that is needed in the strengthening of VCOs and might not be well represented in the government extension system.

To achieve this, two sets of actions are required:

- Horizontal integration: Strengthen the capacity of value chain actors to identify their enterprise-related interests by function in the value chain.
- Vertical integration: Develop trust and understanding among value chain actors to achieve improved product flow, quantity and quality along the chain.

The aim of this sub-component is therefore to promote both horizontal and vertical value chain platforms. The direct impacts are expected to be: (a) the effective commercialization of small-scale production systems, (b) the increased flow of commodities through trade, (c) reduced transaction costs through improved efficiency in the value chains, (d) improved representation of, and benefits to, women, young people and vulnerable categories at all levels of the value chain. The final impact is expected to be benefits to producers, traders, consumers and other actors in the chain through the development of strong and sustainable organizational structures.

Information on the proposed value chain organizations is provided in section 8.2.3 and is not expanded upon here.

7.6.1 Summary of Activities

Support the development of socially inclusive VC groups based on the development of CIGs and other types of interest groups to adopt the value chain concept.

Build horizontal linkages by assisting established groups with formalities to form viable producer groups and legally recognizable entities.

Build vertical linkages through establishment of county VC platforms based on the concept of stakeholder forums.

Provide appropriate sensitization and training in value chains and value-addition enterprises.

Provide mentoring and field and exchange visits to foster exchange of learning and inspiration among VC groups.

7.7 Sub-component 3.5: Identification of Innovative Value Chains

Identifying and piloting ideas for promising new value chains

The aim of this sub-component is to compile and utilize an ‘ideas bank’ of innovative, promising and novel value chains, technologies and practices for testing and, if successful, up-scaling and out-scaling. The direct impact is expected to be increased and diversified production. The final impact is expected to be positive effects on income levels, and improved food security and nutrition.

7.7.1 Summary of Activities

ASCU to compile a ‘bank of ideas’ for piloting new and promising technologies and practices that reflect participation of men, women and other vulnerable groups.

Identify, fund and disseminate new ideas.

Link to funding arrangements for agriculture and agribusiness.

8.0 PROGRAMME COORDINATION AND MANAGEMENT

8.1 Integrated Organization for Sector wide Approach

The programme's organization structures will support the implementation of the sector wide institutional framework as defined in the ASDS. The institutional arrangements outlined below are designed with the assumption that the programme shall operate in a sector wide context and that the set-up shall have potential to be the tool for further integration and harmonization in the sector. The programme's organizational structures therefore provide an open structure offering services and opportunities that other programmes in the sector can link up to and benefit from.

The implementation organization of ASDSP will facilitate harmonization with other on-going and designed programmes in the sector such as KAPAP and the EU and GIZ programmes when it comes to content, methodology and exchange of information. ASCU will play a key role in spearheading the harmonization process. The Code of Conduct for the agricultural sector signed by the GoK and major Development Partners in 2009 will be the starting-point for organizational set-up and for institutional development for the sector programme implementation.

The following operational arrangements will be spearheaded by ASCU with support from ASDSP as part of the facilitation of sector wide integration:

- **Joint budget and planning system**, where all programme budgets and operational plans are compiled and linked to the National Investment Plan.
- **Sector wide M&E system** for monitoring impact and outcomes, and relating these to the expected outcomes and impacts included in the strategies for the sector (ASDS, *Vision 2030*, etc.).
- **Harmonized approach** to programme implementation based on the Code of Conduct.
- **Harmonized decentralized coordination** and implementation mechanisms (such as county coordination units).

The private and commercial sectors will be involved and engaged in the sector wide programme through the following mechanisms:

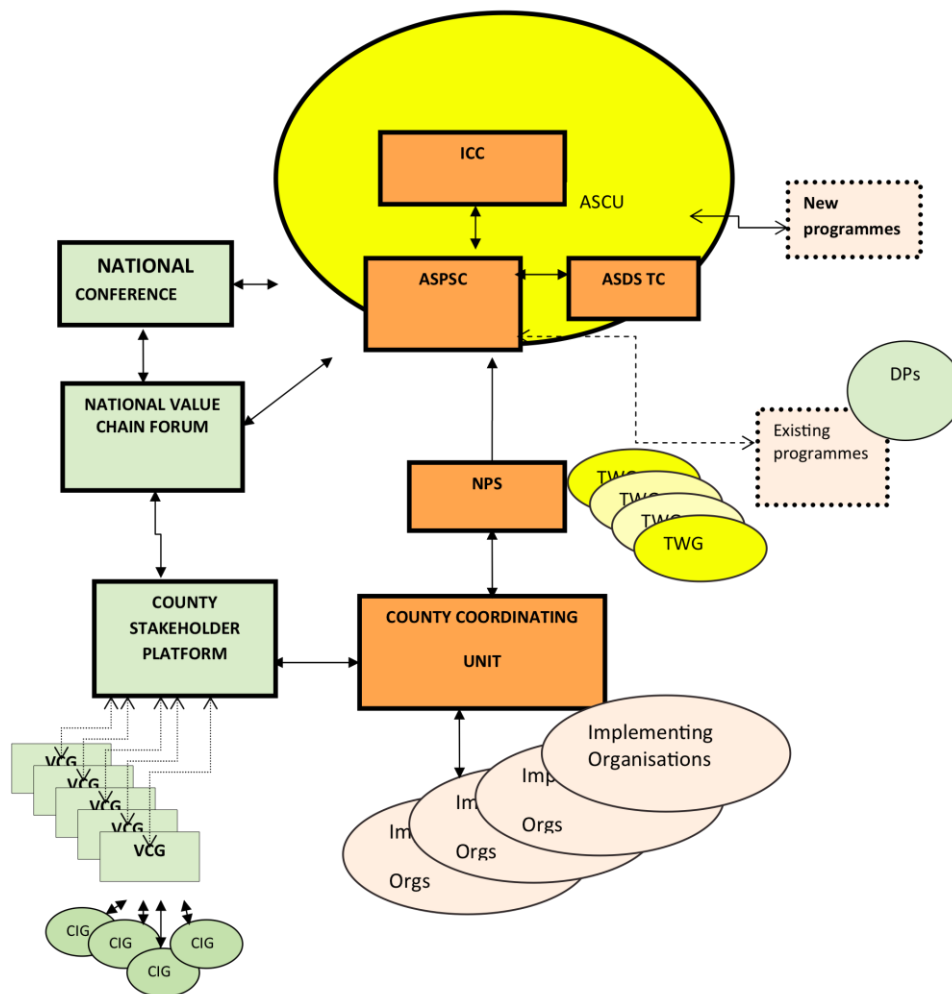
- **Value chain forums** at different levels to facilitate interaction between government and the private sector in the value chain groups.
- **Capacity development support** to private and commercial sectors to improve their ability to function in the value chains and thus mitigate potential bottlenecks and limitations.
- **Public-private partnerships** to invest in improving value chains.
- **Private provision of extension service**, support and input for production of commodities that makes an important input to a value chain that is profitable for the company.

8.2 Roles and Responsibilities in Programme Organization

The following chapter gives an outline of the organizational structure of ASDSP and defines the roles of the different actors in the organization. As stated above the organization is designed to function as a potential framework for programme implementation in the entire sector, providing services and facilities for other projects.

The overall coordination and budgetary responsibility for the programme will be vested in the Ministry of Agriculture. The day-to-day management of the programme will rest with the National Programme Secretariat (NPS) that will receive guidance on policy issues from the Agricultural Sector Programme Steering Committee (ASP Steering Committee) that will report to the ASDS Inter-ministerial Coordination Committee (ICC). The ASDS Technical Committee will play a major role on issues such as sector wide approach, donor harmonization and other key policy and technical issues. A detailed description of the roles and responsibilities of the different bodies is given below. An overview of the institutional framework is outlined in Figure 8.1.

Figure 8.1: ASDSP Institutional Arrangement



Governing structures

The ASDS Inter-Ministerial Coordinating Committee

The ASDS Inter-ministerial Coordinating Committee (ICC) is the highest decision-making organ for the sector. The committee comprises the permanent secretaries of the agricultural sector ministries. The ICC can co-opt other permanent secretaries as need arises and also depending on the subject matter under consideration. The main functions of ICC in relation to ASDSP are to:

- Provide guidance and approve the ASDSP management and institutional structures.
- Give policy direction on sector harmonization and coordination.
- Ensure that budgetary allocation to the sector is coordinated.
- Provide briefings to ministers in the sector and relevant parliamentary groups.
- Receive progress reports from the ASDS Technical Committee.
- Approve recommendations from the sector for policy changes.

The ICC will provide final approval of annual plans and budget for component activities and monitoring of ASDSP implementation. The ICC will also monitor key risks and assumptions and will bring critical issues on the agenda for discussion in the ASP Steering Committee.

ASCU is the secretariat for the ICC, and ASDSP will therefore contribute support to ASCU to effectively play this role.

The Agricultural Sector Programme Steering Committee

The current Programme Steering Committees will combine to form the ASP Steering Committee and will be responsible for coordinating all programmes and projects in the agricultural sector in the spirit of SWAp. The current situation where each programme and project in the sector has its own stand-alone steering committee strains the government to manage, monitor and report resulting in overlaps, wastage of resources and inability to attribute programme with outcomes. New programmes shall be incorporated in the ASP Steering Committee through ASCU. The ASP Steering Committee will ensure that the programmes in the sector, including ASDSP are implemented, outputs achieved and funds managed efficiently and effectively in accordance with the programme document, government agreement with donors and other statutory requirements. Ministry of Agriculture will establish and operationalize the ASP Steering Committee within the sector wide framework. The programme will provide the committee with access to relevant gender and other crosscutting expertise to support its work on cross-cutting issues.

This Committee will be responsible for:

- Preparing the ICC Approval of the annual work plan and budget delivered by the National Programme Secretariat.
- Monitoring implementation of sector programmes based on regular progress reports from the

programmes.

- Identifying gaps in the ASDSP implementation and approving programme areas for donor support.
- Recommending studies on specific areas of ASDSP.
- Reviewing and recommending changes in sector policies.
- Steering the development and adoption of a sector wide M&E system
- Constituting thematic sub-committees to guide the implementation of the ASDSP components.

The membership of the ASP Steering Committee will comprise representatives of the sector ministries, and of the private sector nominated by ICC. The Chair of the ASP Steering Committee will be authorized to invite representatives from the ministries of Finance, Trade, Energy, Industrialization, Gender and Social Services and Roads and the private sector in charge of agribusiness, microfinance and natural resources when an issue relating to their dockets arises. The Chair of the ASP Steering Committee may also invite any other person to add value to the committee meetings.

The Technical Committee

The ASDS Technical Committee is composed of the heads of departments (directors) in the sector, Development Partners, umbrella farmer organizations, the private sector, and other co-opted members. The TC can co-opt members as need arises and depending on the subject matter at hand. The Chairman of the TC is drawn from among the directors of the sector ministries on rotational basis. ASCU functions as the Secretariat for the TC. The main roles of the TC in relation to ASDSP will be to:

Provide guidance on the establishment of the ASDSP management and institutional structures

- Track harmonization and coordination of SWAp
- Track implementation of the ASDSP
- Highlight and provide solutions to implementation challenges faced by NPS and other lower level ASDSP structures
- Mobilize funding for various activities

National Forum

The National Forum will be held every two years. It will bring together government representatives (cabinet ministers, members of parliament, senior Government officials, etc.); representatives of private sector organizations including farmers, pastoralists, fisher folk, co-operators, processors, etc.; research and regulatory institutions; training institutions (e.g. universities); financial institutions; development partners and the civil society. There will be deliberate efforts to broaden equitable participation at all levels. The purpose of the forum is to create understanding and awareness, garner political will for reforms in the sector, and provide a consultative forum to discuss and develop consensus on measures

required to implement the ASDS. The forum will serve as a report card on ASDS implementation. ASCU, with support from ASDSP, will spearhead the holding of this forum.

8.2.1 Implementing and Support Organizations

National Programme Secretariat

The Ministry of Agriculture through the already established ASDS institutional framework will spearhead the establishment of the NPS. The role of the NPS will be the overall management of the implementation of ASDSP in a sector wide context. ASCU will also provide support to NPS to develop and implement a programme-wide management system, including planning, budgeting and follow-up of programme activities. The NPS will monitor programme impact and develop an M&E framework that is based on the objectives and indicators in the ASDSP. This ASDSP M&E framework will be linked to the sector M&E framework that is being developed by ASCU, and ultimately to the NIMES.

The Ministry of Agriculture through the sector framework will design and staff the NPS to have the capacity to provide services to other programmes in the sector. As a long-term vision, the NPS should be developed into a sector wide management secretariat for all (or most) of the programmes, where the programme managers from the main programmes in the sector and other staff form the programme could be accommodated. Such arrangement would provide opportunities for efficient harmonization, information exchange and would provide cost-effective opportunities to provide good service for the programme management.

The NPS will be responsible for supervising implementation the ASDSP at both national and local levels and to handle any issues that may arise during the implementation. The NPS will also manage the consultative processes to bring together research and extension and to ensure that value chain issues brought from below form the agenda for researchers and extensionists. With assistance of ASCU, the NPS will convene project-specific consultative meetings at the national level including the National Forum. It will also be responsible for coordinating information, monitoring, evaluation and analytical input into those processes, financial management, procurement, information communication and public relations associated with the project.

The implementation of the ASDSP will be managed by a programme coordinator, who will be the head of the secretariat and who will report to the ICC through the ASP Steering Committee. The coordinator will be the person responsible for the day-to-day operations of the ASDSP and the NPS. The NPS itself shall not consist of staff with special technical competence but shall, through the support of ASCU, be able to identify the required expertise in ministries, from the TWG or from other sources.

Agricultural Sector Coordination Unit

The Agricultural Sector Coordination Unit (ASCU) is an inter-ministerial unit created in 2005 to spearhead the implementation of the Strategy for Revitalizing Agriculture (SRA) (now revised to the ASDS), through aligning the responsibilities of the agricultural sector institutions. The purpose of aligning was to remove duplication, overlap, and policy conflicts and to bring in efficiency, harmonization and private sector participation.

The primary role of ASCU is to provide policy advice to the national organs, initiate studies to inform policy formulation, programme implementation and coordinate activities of the sector ministries.

The role of ASCU in the sector programme implementation will be to support the ASDSP management and institutional structures. ASCU will also provide secretariat services to the ICC, Technical Committee, and ASP Steering Committee, to support the NPS and coordinate the work of the Thematic Working Groups. ASCU will also form an important link to relevant ministries and with the development partners in the sector, to facilitate harmonization, coordinate the development of a sector wide M&E system and an agricultural sector communication strategy. ASCU will also monitor the adherence to the Code of Conduct.

Thematic Working Groups

The Thematic Working Groups (TWGS) were established to be think tanks for shaping the agenda in the various thematic subjects and to formulate the necessary policy reforms in the agricultural sector. The groups are one of the main links between the public and the private sector. For special assignments of technical nature, the groups can form *ad hoc* task forces with members from the TWGs and other specialists. The TWGs are supported and coordinated by ASCU. The TWGs will be one of the potential sources for identifying technical expertise for the ASDSP (and other programmes in the sector) making it possible to utilize expertise both from the public and private sector. The NPS will administrate a mechanism to engage TWG members in providing technical knowledge and competence in gender and other cross-cutting issues through contracts for clearly defined and time-limited tasks. The TWGs will also spearhead relevant studies on behalf of the Programme, and take on an advisory role on various aspects of ASDSP implementation. Currently, there are five TWGs:

- Legal, Regulatory and Institutional Reforms
- Research and Extension Advisory Services
- Agribusiness and Financial Services
- Food Security and Nutrition Policy and Programmes
- Environment, Sustainable Land and Natural Resource Management

County Coordination Units

The ASDSP implementation activities at local level will be coordinated through county coordination units (CCU), which will evolve from the current district coordination units into CCUs as the counties devolve according to the new Constitution. ASCU will guide the establishment of the CCUs, in close collaboration with ASDSP. The CCUs will need support in the establishment and during the consolidation of activities. Since the organization structure is new, the role and responsibilities of the units will develop and mature as functions of the counties are defined and developed. Therefore it is expected that as these structures get well established within a sector wide approach, the CCUs will be supported through a two-step mechanism. The support will be provided by a task force of dedicated capacity-building staff with relevant background, assigned and recruited from the ministries. The task force will be supported by a small team with training of trainers' and technical competence, including international experience of decentralized organizations.

CCUs will coordinate sector programmes aligned to the ASDS in the counties. This will be needed to harmonize the activities of the various implementation units based at the counties and visiting the same clients (farmers, pastoralists, co-operators, fisher folk, etc.). The CCUs will undertake actual implementation activities of the programmes, and coordinate the different implementing agents engaged. Members of the CCU will be drawn from the departmental heads in the sector ministries. Other members could be co-opted (when need arises) from research institutions (KARI), civil society, NGO representatives, and other sectors. It is explained below.

The main functions of CCUs are to identify problems, prioritize them and develop action plans to be implemented, oversee the implementation of ASDS activities in the counties, prepare project proposals, work plans and budgets, mobilize resources from local communities, NGOs, CBOs, etc., and support the activities of the district stakeholder forum as the secretariat.

Other implementation bodies

The bulk of activities under the ASDSP will be implemented by bodies other than the CCU. Such bodies could be ministry departments, other government bodies, private sector organizations, NGOs and CBOs. The implementing agencies will be identified through cooperation on the value chain group forums and through inventory. The following chapter provides more details on implementation arrangements.

8.2.2 Value Chain Groups

The programme will support the formation of vertical and horizontal value chain groups (VC groups) in order to infuse efficiency, promote value addition and make enterprises competitive.

Vertical VC groups bring together all actors from production to consumers under the management of a value chain council (VC council). The main advantage of VC councils is that they examine the interest of the value chain in its entirety, e.g. inputs and credit, health and safety, quality standards, dispute resolution, etc. At times this can be problematic because the interests of various actors sometimes compete or conflict with the interests of profit maximization. However, when carefully managed, the benefits to collaboration across the chain ensure maximum product quality and quality, timeliness of delivery, scope for product innovation and improved market understanding become clearer. Trust-building measures are important. In Kenya, there are some good examples of vertical VC councils such as the Livestock Marketing Council, the Kenya Flower Council, the Association of Fish Processors and Exporters of Kenya, and in the dairy industry. In the programme, the establishment of VC councils will be the responsibility of the NPS and CCUs.

The programme will also promote the formation of horizontal VC groups. They will be developed from existing and new Common Interest Groups (CIGs). Bringing diversified producers together to form viable production and marketing groups will build their capacity to effectively participate in the value chain by reducing their marketing costs, attracting market players through bulking of products, and improving their bargaining strength vis-a-vis other chain actors. The VC groups will be in the form of producer associations, cooperatives or limited liability companies. Each form of producer association has its own advantages and disadvantages. In the past, cooperatives societies have been instrumental in the production and marketing of crops, livestock and fish. Many have facilities such as land, weighing, power, drying, cooling and storage that are not fully utilized. These facilities could be made available to emerging VC groups on a lease basis. This, where applicable, could turn cooperatives into service providers for emerging value chains and also provide additional revenue streams for cooperatives.

The VC groups should bring together a compatible, self-selected group of CIGs that have a common interest and can work together. In this connection, a VC group can and, in many cases will cut across several counties. Therefore the role of the County Coordination Units will be to assist the CIGs to form viable VC groups—at least in the initial period—to build their bargaining strength and to reduce the marketing costs of producers. The other important task for ASDSP is to link producers with processors, exporters or large marketing outlets. In this area, contract-farming model has been successfully tried. This function will be best performed by private sector service providers, who have the market knowledge and the financial interest to see the enterprise succeed. The role of the ASDSP secretariat may be to develop a framework for a code of conduct for self-governance to prevent private service providers short-changing producer groups or processors. Such providers will need to be registered.

County Value Chain Platforms

Currently, the NALEP stakeholder forums bring together stakeholders with diverse interests, which are not necessarily business-oriented. They can play an important role in community mobilization, and shared vision and planning, but currently there is little private business participation in most stakeholder forums. ASDSP will convert to the stakeholder forums to Value Chain Platforms. VC Platforms will bring together representatives of various VC groups to articulate issues affecting their specific value chains. Participants will have been mandated by their VC group to represent them on issues specific to their VCs (i.e., a dairy VC group representative will attend the platform to represent their function for the dairy sector and will not represent their village or community). It is expected that this improved and engendered value chain orientation will attract private sector actors and funding—such as seed companies, agro-chemical suppliers, processors and supermarkets—because such actors know they will be meeting representatives of viable VC groups that they can contract. Issues discussed at the platforms may vary from physical infrastructure to policy. The county government has an interest in the success of VC groups as these will form the taxation base for county revenue.

The convenors of the platforms will be the county directors of agriculture and a private sector representative. The county director of agriculture will provide the secretariat to the platforms. Initially the county government should facilitate the county platforms financially until the VC groups can stand on their own. In the long run, the VC groups should be able to meet their own costs of attending the platforms since they will be viable business units.

National Value Chain Forum

The National Value Chain Forum will bring together men, women and youth representatives of all value chains at national level annually. At the forum the representatives will meet with government officials to discuss policy and logistical issues that transcend county governments and are of a sector wide nature. These issues may relate to areas such as research, extension, water, energy or taxation. Gender and other cross-cutting issues such as HIV and AIDS, democracy, drug abuse and environmental issues that have considerable influence on socio-economic dimensions of the development process will also be addressed. Input suppliers, financial institutions, research organizations, CBOs, apex farmer organizations, private sector service providers and Development Partners will be invited. The forum would be organized by NPS with support from ASCU. In the year when the National Conference is held, the two can be combined to save resources.

9.0 IMPLEMENTATION MECHANISMS

ASDSP will be implemented in all 47 counties and at national level. The programme will not have a particular geographical focus in the counties, but focus on selected value-chains and related groups and organizations. The actual level and type of activities on the ground may differ from one county to another depending on identified needs from the grassroots and also in conformity with the code of conduct signed by Development Partners in the agricultural sector.

While ASCU will take lead in the overall coordination of the sector, the National Programme Secretariat (NPS) will have responsibility for the implementation of the programme. The decentralized coordination units (DCU) (later converted into county coordination units (CCU) will be responsible for coordinating programme activities at county level, but will not be the main implementing agents. The Ministry of Agriculture will provide technical and policy advice to NPS and CCUs as well as the various sector institutional structures

In view of the pluralistic nature of the programme, the specific activities will be implemented by different bodies or agencies. Such agencies could be ministry departments, other government organizations, research institutes, private sector organizations and companies, NGOs and CBOs, etc. MOUs will be developed among the coordination units, government and implementing partners.

Implementation will involve a number of steps. After induction of the key staff, the formation of the interactive structures such as VCG and CCU will start. At the same time the participatory planning process will start in a number of selected areas in the counties. The planning process will identify opportunities and actors for the prioritized value chains. Identification will take into account needs and circumstances of men, women and the youth.

9.1 Preparation and Inception Phase

9.1.1 Preparatory Work for ASDSP Implementation

The ASDSP is planned to start from January 2012, though selected preparatory activities will be undertaken during July to December 2011. The activities shall focus on phasing in experience and learning from NALEP and other sector programmes into the new programme. Some of the suggested phasing in activities that will be carried out under the Ministry of Agriculture under the sector wide framework are:

- Sensitizing public servants** on value chain concepts, gender and other cross-cutting issues.
- Revising BBS and PAPOLD methodologies:** to develop a different approach to participatory planning that is focused on identification of value chains with opportunities for men, women and youth and that is fully based on the use of existing data in the area. The revised planning model will also identify the capacity of private and public sectors in extension service, research and irrigation to implement the agri-business and value chain approach.

9.1.2 Inception Phase

The Inception Phase runs from January to June 2012 (six months). The following key activities among others will be undertaken during the inception phase in order to ensure a smooth roll out of the programme and track results from the very beginning.

- **Setting up ASDSP management** and decision-making structures:
- Establish a National Programme Secretariat, appoint a programme coordinator and identify the technical staff required in the ministries
- Establish the Agricultural Sector Programme Steering Committee
- **Introduce and induct staff in the counties** into the new programme and set up the core of the DCU/CCU
- **Select priority geographical areas** for implementation focus during 1st year, including establishing contacts with the districts
- **Identify prioritized value chains** and undertake a first round of participatory planning
- **Identify priority programme activities** building on the value chain approach and related to the establishment of the enabling operational environment for the various components
- **Identify implementing agents** for the main activities in the components
- Establish **links with other programmes** and actors in the sector
- Carry out an **institutional performance study**
- Identify **selection criteria for priority value chains**. Selection criteria will be sensitive to differential needs and circumstances of men, women and youth
- Develop **implementation guidelines/** procedures for the ASDSP
- Undertake **gender-sensitive value chain surveys** in selected counties
- Strategically **prioritize and schedule activities over 5-year** programme period
- **Prepare a work plan** for the first full Financial Year 2012–13
- **Identify and assess stakeholders** and other potential existing organizations that could form the base for the establishment of value chain forums at districts
- Develop a **draft M&E framework**
- **Contract long- and short-term technical advisors including expertise in cross-cutting issues**, and prepare terms of reference for critical initial short-term consultant inputs and initiation of procurement

An Inception Review will take place in June 2012. The inception review will prepare a review aide memoire (RAM), and the ASP Steering Committee will be responsible for follow up on recommendations from the RAM.

9.2 Implementation phase

The implementation phase will start in July 2012. During the first year of implementation, participatory planning processes will be carried out in selected areas, the formation of value-chain groups will be supported and the organizations for value-chain based stakeholder interaction will be initiated. The DCUs / CCUs will coordinate the implementation of the support at the counties, but will not be the main implementing agents. A variety of implementing agents will be engaged to carry out the actual implementation activities defined through the participatory planning process. The potential implementing agents will consist of a wide variety of different organizations, ranging from government bodies, local government agencies, private companies and private sector organizations, NGOs and other. The quality of the service provided will be monitored by the Extension Regulatory Board (described in sub-component 1.2 and in the NASEP-IF).

9.3 Technical Assistance Support to the ASDP

The Ministry of Agriculture through the established sector coordinating structures will provide the lead in the competitive recruitment of the ASDSP technical assistance through the already existing sector coordination mechanisms. ASCU will assist to prepare the terms of reference and also guide the technical assistants (TAs) once they are put on board. The procurement of the TA support will be undertaken during the inception phase of the programme. The long-term TA support will focus on continuous inputs for development of the capacity and organization for programme implementation, and for support to programme management. The lessons from NALEP indicate that adequate TA is vital for successful programme implementation and achievement of objectives. In this connection, it is recommended that ASDSP be supported with international and local consultants. Long-term term support will be for the following positions.

Team leader / management and policy adviser (international, 3 years). The contract will last the entire programme: long term at the beginning and recurrent short term towards the end of the programme period. The main responsibilities will be to provide support to the programme management, support the process of policy development based on learning and experience from the sector programme, support capacity and organization development especially for value chain development, ensure that cross-cutting issues are addressed programme-wide, and coordinate the TA support (both short and long term). The team leader will be part of the NPS and will work closely with the national programme coordinator.

Sector coordination adviser (SCA) (international, 3 years): The contract will last the entire programme: long term at the beginning and recurrent short term towards the end of the programme period. The main tasks of the SCA will be to support the development of mechanisms and structures for

coordinating development support in the agricultural sector. The SCA will also support policy development within the sector. The adviser will be assigned to ASCU.

In addition to long-term TA support there will be funds allocated to a **TA pool for short-term assignments**. This will be available to provide support defined by NPS based on needs that emerge during the programme implementation. Short-term support will be more focused on providing technical specialist competence not available within the ministry. The TWGs will play an important role in identifying personnel for the latter kind of support both by providing contacts through their networks and through members of the working-groups to be contracted for specific tasks.

Short-term pool for technical support, with particular focus on:

- Developing the M&E system
- Strategies for support to vulnerable groups, including models for supporting youth in establishing agribusiness activities
- Financial services, including providing credit and insurance services, and risk assessment
- Other areas that will be identified

9.4 Support to Capacity Development of the County Coordination Units

The counties that will be implemented under the new Kenyan constitution, during the lifespan of the ASDSP provide a tool to increase the decentralization of the Kenyan administration. The county coordination units that will be established with support from the programme will provide an opportunity for activities in the sector to be integrated in counties. The CCUs will need support during their establishment and during the consolidation of activities. The role and responsibilities of the CCUs will develop and mature as the functions of the counties are defined and developed.

ASDSP will support the CCUs through a two-step mechanism. Support to counties will be provided by a task force of dedicated capacity-building staff with relevant background assigned and recruited from the ministries. Each member will be supporting a number of counties. At the same time, the task force will work as a team, with regular meetings and frequent exchange of experiences. The task force will be backstopped by a small group whose function will be to train trainers and to provide subject matter backstopping. This backstopping team will include technical and training specialists, and will be complimented by international consultants with experience of decentralized coordination in other countries.

This arrangement will provide a cost-effective model for supporting the gradual development of the CCU and will at the same time document and share experiences on how decentralization is progressing.

9.5 Mechanisms for Integrating with the Private Sector

As mentioned in the introduction to the programme document, one of the cornerstones in the strategy for agriculture development in Kenya is the cooperation between the government and the private sector. The main private stakeholders and actors in the sector are outlined in chapter 2.4. ASCU will play a key role in providing guidance towards private sector engagement in the programme. The following mechanism for integration and cooperation with the private sector are outlined in the ASDSP.

Private sector **involvement in policy development and decision-making**. Key representatives from a wide variety of organizations in the private sector will be involved in decision and policy making through the TWGs and the value-chain forums at county and national levels.

Private sector **as implementing agents** in provision of services to clients to support a pluralistic extension service. There is a distinct role for private sector organizations to provide extension services as direct procured service input, contracted by the extension organization or by the farmers directly. There is also a possibility to provide extension services as part of a contractual arrangement between producers and a buying company. The Extension Regulatory Board as outlined under the NASEP–IF will be supported by ASDSP to facilitate the establishment of agreements for services provided by private companies and to monitor the quality of the services provided.

Private sector as **target for capacity building**. The capacity-building initiatives for value chain development identify private sector actors as an important target group for support. Companies and individuals will need training in a number of issues to support VC development. The details of the needs will be identified through the training needs assessment undertaken under component 1. This will also outline synergy effects in combining training of private sector actors with training of government staff and producers. It is envisaged that a considerable part of the training provided under the ASDSP will target private sector organizations.

Private sector as **service providers**. A wide array of private sector actors ranging from large companies to individuals has the capacity to provide services required to implement the ASDSP. These services range from consultancy studies to large-scale extension provision and training activities. The implementing units of the ASDSP (the CCUs) should be encouraged to use private sector actors as much as possible. The NPS should support the establishment of clear and simple mechanisms for engaging private actors as service providers.

Private sector as **partners in investment** and in provision of services through PPP. As mentioned above, the formation of partnerships and cooperation agreements between public and private

organizations should be used as a tool for service delivery. The initiatives can range from local partnerships for market-related infrastructure investments resulting in cost-sharing and improved service, to cooperation to provide financial services to producers and traders. The development of mechanisms and pilot models for PPPs will be part of the capacity building for ASDSP implementation under component 1.

Cooperation with private sector organizations will be formalized through contract arrangements or MoUs that clearly state what should be delivered by the organization and the remunerations. Models for contracts and MoU will be developed by the NPS in close cooperation with ASCU.

10.0 INPUTS AND BUDGET

10.1 Overview of the ASDSP Budget

The ASDSP budget is linked to the 5-year draft Medium Term Investment Plan (MTIP) budget, totalling KES 247 billion. Table 10.1 shows how the ASDSP components relate to the MTIP.

Table 10.1: Relationship between ASDSP and the MTIP

ASDSP Component	MTIP Investment Pillar	MTIP Budget (Million Kshs)
Component 1: Sector wide coordination and facilitation	4. Reforming delivery of agricultural services 6. Ensuring effective coordination and implementation	3,710
Component 2: Natural resource management	3. Promoting sustainable land and natural resource management	103,740
Component 3: Value chain development	1. Increasing productivity, commercialization and competitiveness 2. Promoting private sector participation 5. Increasing market access and trade	139,550
TOTAL		247,000

In the MTIP budget, the GoK is expected to contribute roughly 65 per cent or about KES 160 billion, Development Partners around 34 per cent or KES 86 billion, and roughly 1 per cent will come from the private sector. The MTIP figures are approximate as the MTIP is currently being revised.

The initial budget for the ASDSP is KES 6.087 billion with KES 5.087 billion contribution from Sida and KES 1 billion coming from GoK.

10.2 Inputs and Budget from GoK

The Government of Kenya will contribute KES 1 billion towards the implementation of the programme. Additionally, GoK will provide resources such as staff and office accommodation for the programme. A summary of the budget is provided in table 10.2 with more details in annex III. The MTIP figure of KES 247 billion has been used to give an indication of the size of the programme.

10.3 Inputs from Development Partners

The contribution from the Government of Sweden is estimated to the equivalent of KES 5.087 billion including grant funds over the five years of implementation and credit guarantee funds. Other Development Partners including the AfDB, EU, FAO, IFAD, GIZ Finland, Netherlands, USAID, the

United Nations and the World Bank are expected to finance the MTIP to the tune of 81 billion KES. Financing from Development Partners will be along the principles of the ‘Code of Conduct’ that emphasizes donor harmonization, alignment mutual accountability and coordination.

10.4 Input from Private Sector

Input from the private sector as contribution to the sector is very difficult to estimate. The MTIP gives a very conservative estimation of the private investment in the sector as slightly more than KES 500 million per annum (about 1 per cent). However, it is the ambition of the sector programme to stimulate private investments particularly in the value chains identified. Private investments are anticipated to be in the form of contributions to value chain development through infrastructure, tools and machinery and, to some extent, for capacity development. Mechanisms such as smaller PPPs and credit guarantee funds will be used to stimulate further private sector investments during the programme. It should be emphasized that the valuable private sector investments should be directed towards productive investments.

10.5 ASDSP Budget

The following budget in table 10.2 is an estimate of the use of the contributions from the Government of Sweden in relation to the GoK and other contributions. A detailed budget is presented in annex III.

Table 10.2 ASDSP Budget overview

Components	ASDSP Sida including TA	ASDSP GoK	Remaining MTIP GoK	Other Development Partners	Total MTIP
MILLION KENYA SHILLINGS					
Component 1: Sector wide Coordination and Facilitation	1 074	1 000	1 412	225	3 710
Component 2: Natural Resource Management	844	0	67 431	35 465	103 740
Component 3: Value Chain Development	3 169	0	90 708	45 674	139 550
Total KES (million)	5 087	1 000	159 550	81 363	247 000
TA support	256				
ASDSP less TA	4 831				
ASDSP less Credit guarantee	3 854				
Total SEK (1 SEK=11 KES)	462				

The second column indicates the contribution from Government of Sweden totalling KES 5,087 million with KES 3.587 billion grant financing and KES 1.232 billion as credit guarantee. Using the rate of 1 SEK = 11 KES this gives a total of SEK 462 million. Column 3 is GoK direct contribution towards the implementation of the ASDSP. Column 4 indicates the remaining GoK contribution towards MTIP after having contributed towards ASDSP. The same is for the Development Partners' contributions in column 5. Thus, columns 2 to 5 will add up to the total amount of the MTIP in column 6. For further details see annex III.

With the above budget Sida contribution is about 2 per cent of the total MTIP budget and about 6 per cent of the expected Development Partners' contribution.

The basic assumption for the ASDSP shall be that all funds will be channelled through the government system and accounted for in the government budget. However, to ensure openness and facilitate Development Partners to join, the financial management system shall have a degree of flexibility.

11.0 FINANCIAL ARRANGEMENTS, REPORTING AND M&E

11.1 Institutional Arrangements

The Ministry of Agriculture will be responsible for overseeing the overall financial management of the ASDSP and will handle the transfer of funds.

The National Programme Secretariat (NPS) will be responsible for preparing work plans and budget for the entire programme. Budgets will be compiled on a needs-based approach, based on bottom-up planning coordinated by the NPS but undertaken by the CCUs (in the early part of the programme, the DCUs).

11.2 Financial Reporting and Monitoring

The Ministry of Agriculture's accounting system will be used to generate quarterly unaudited Interim Financial Reports (IFRs). The quarterly IFRs will be used as a basis for the disbursement of funds.

The NPS in collaboration with ASCU shall also maintain an accounting system designated for the ASDSP funding, with potential to include other contributions and inputs from Development Partners in the sector, as outlined below. Based on activity and financial reports from the implementing agents, such as CCUs (DCUs) and others, the NPS will prepare activity and financial reports and annual financial statements, and applications for funds replenishment. The ASP Steering Committee will oversee the statutory audit of programme's financial statements, ensuring that the process is carried out efficiently and in line with the terms of funding agreement. The ICC will be the ultimate decision-making body in the sector and will thus be the body to finally approve the reports.

11.3 Audit Arrangements

Experiences from NALEP and other programmes show that a system of external rolling audits of programme implementation costs is an efficient way to minimize the level of questioned costs and thus to ensure efficient use of programme funds. The audit mechanisms for ASDSP are outlined below. These shall be set up to be applicable also to other programmes in the sector and to form the starting-point for a joint sector wide audit framework for all agricultural programmes and initiatives. ASDSP will support ASCU to provide the lead in the development of this joint audit framework.

Internal Audit: The Internal Audit function will report directly to the Audit Committee within ASDSP, presenting findings and recommendations in implementation progress reports on, at least, a quarterly basis. The audit findings will be disclosed in publicly accessible ways that facilitate timely and effective monitoring and accountability at the community, district and national levels.

External Audit: The responsibility to audit is vested in the Kenya National Audit Office (KENAO), which may subcontract such services in the event of capacity or other constraints.

Rolling audit: Besides the regular auditing of programme accounts and financial reports, a system of

rolling audits of the implementing agents (such as the DCU / CCU and other organizations assigned tasks and provided funds under the programme) shall be put in place. The audits will be carried out continuously during the financial year to verify reporting of expenditure and activities carried out. ASCU will support the NPS in setting up financial administration system and in commissioning the audits. The auditors will report to the ICC through the ASP Steering Committee.

11.4 Disbursement Procedures

The ASDSP funding shall adopt the report-based method of disbursement by use of quarterly Internal Financial Reports (IFRs), which would provide actual expenditure for the preceding quarter and cash flow projections for the next 2 quarters.

Flow of Funds

Funds will flow from the Ministry of Finance to the Ministry of Agriculture and to NPS from where transfers will be made to CCUs and other implementing partners as shown in figure 11.1. Budgeted funds for ASCU will be transferred from Treasury through the Ministry of Agriculture. The funds will be put in the basket accounts and will be accounted for at the end of each financial year.

11.5 Sector Funding Mechanisms

There are several opportunities for other Development Partners in the sector to channel funds to programmes and projects. Alternative means are outlined in the following section. Development Partners could channel their support to the ASDSP through ASCU. All funds provided should however be accounted for in a sector wide support budget. Figure 11.1 outlines a number of alternative ways to channel funds in a sector wide context. The options are described below.

Direct funding through the Kenyan Treasury: the funding for the programme implementation shall be channelled to Treasury and will be visible in the official GoK budgeting system. The activities and the budget are part of the GoK printed estimates and, if needed, revised at the middle of the financial year. Funds contributed through this mechanism become an integrated part of the GoK allocation and the use is fully transparent. However, there will be a requirement that the funds are used for the budget purpose and not allocated to other activities. Funds that remain unused by the end of the financial year shall either be returned or carried over as part of the following year's allocation. Technical assistance provided shall be accounted for as part of the programme budget and included in the printed estimates. This mechanism will be used for the ASDSP. The NPS will maintain the accounting and budgeting mechanisms for the ASDPS funds, and an accountant in the Secretariat will support the NPS Coordinator to follow up and account for the use of funds.

Figure 11.1: Flow of funds in the ASDSP

Targeted contribution by Development Partners: For partners and agencies that for certain reasons (administrative or political) cannot channel their funds through the GoK system or as contribution to a basket, it is still crucial that the contributions are accounted for in the official system. For such cases, the funds can be transferred directly to a project account, but the budget and expenditures reported through ASCU and ASPSC

Sector basket funding: As the sector wide cooperation is further developed, a basket fund facility shall be developed to allow funds from several Development Partners and the GoK to be jointly managed for implementation of designated programme activities in the sector. One budget, work plan and report shall be prepared for the entire basket fund, indicating all activities and all sources of funding. The funds from different sources put in the basket will not be separated and activities will not be linked to funding from different contributors. The basket shall have separate accounts and be managed separately from the GoK system. Funds transferred to the basket shall not be re-allocated to activities outside the basket or for activities not included in the work plan. The accounting for basket fund will be subjected to a special audit.

Follow up, Monitoring and Reporting

A well-developed and gender and vulnerability sensitive system for monitoring progress and evaluation of impact should be one of the cornerstones of the ASDSP. The M&E system for the programme shall be developed to allow efficient follow up of the implementation of activities outlined in the work plan and to give indications of the results (outcome and impact) of the programme. The M&E system should be seen as part of the programme management system. The design and implementation of the system will be the responsibility of the NPS, but the supervision and ultimate function will be supervised by the ASDS Technical Committee and the ASDS Inter-ministerial Coordination Committee as part of the over-all strategic responsibility. The ASDSP M&E systems will be linked to the sector M&E framework under the coordination of ASCU.

The M&E system for ASDSP will be composed of two related parts: a) system for follow-up of implementation of activities according to the work plan (output monitoring), and b) a system for monitoring of effects (outcome and impact), fully disaggregated to reflect the diverse target groups and actors.

11.6 Programme Outcome and Impact Monitoring

The objective of ASDSP M&E system will be based on the sector M&E as well as within the framework of NIMES. It will amplify on assessment framework that consists of the following aspects:

- Performance assessment

- Beneficiary assessment
- Impact assessment

In addition, it will assist sector managers, programme managers, implementation agencies and beneficiaries to effectively manage the programme and report on its performance, achievements and the impact. This will be done by tracking and verifying the levels of achievements of programme outputs, the associated outcomes and the success in achieving the programme objectives and its purpose.

Various M&E tools including the impact pathway matrix, log-frame matrix, reporting formats, planning and review guidelines and beneficiary assessments will be used. The M&E system will involve all implementers and will serve as a process for the establishment of a management information system that:

- provides records of progress, reference for proof, justifications, and visible signs of achievements on impact
- provides data as a basis for constructive discussions, planning, reviews and revision of activities, and acts as a catalyst for further motivation and support to an activity or action
- aids making wise and informed decisions about the deployment and use of resources to optimize programme outputs and results
- acts as a basis for accountability in relation to impacts and outputs, actions, strategies and assessment of achievements
- aids the establishment of timeliness of inputs and signals for change or adjustments for existing activities
- supports a development agenda that is shifting towards greater accountability for donor funds as well as Government funds

An impact-monitoring framework will be developed for the ASDSP during the inception phase. The framework will provide indications of programme impact and outcomes during the implementation to allow the programme management to make decisions that will optimize the effects of the programme. There will be a close linkage between monitoring and evaluation. The framework will be based on sector M&E policy, concept papers and experience and models from other programmes in the sector. It will focus on measuring impact in relation to the indicators based on the targets and aims set out in the ASDS and the *Kenya Vision 2030*. Consistent with ASDSP's commitment to gender and vulnerability, all output and outcome data will carry the necessary sensitivity.

The design of monitoring framework and interpretation of the data for impact monitoring shall be the responsibility of the NPS, but it is envisaged that the actual data collection and management shall be assigned to another organization. This could either be a government body with the mandate to

undertake M&E (preferably in relation to the monitoring of the progress in relation to ASDS) or a non-government body with the capacity to perform high quality and efficient data collection and analysis. The selection of the M&E institution and the design of the framework will be carried out during the inception phase.

The first activity of the impact-monitoring framework will be collection of baseline data according to the indicators in the framework. Existing sources of baseline data would be collected instead of commissioning expensive baseline surveys. As part of the design of the M&E framework during the inception, the needed baseline data will be defined and sources for data identified. The baseline data will be gathered primarily from existing sources such as national and regional statistics, BBS and PAPOLD, data from other programmes, etc. Only data not available from existing sources and data not disaggregated will be gathered from field inventories.

11.7 Follow-up Activities

The implementation units will be responsible for following up implementation of programme activities at all levels according to the work plan. As stated in the section on programme implementation, each of the units will prepare a draft gender-sensitive work plan with budget.

The work plan can be in the form of a full one-year plan covering a large number of activities, such as a plan for a district coordination unit or a county coordination unit. It can also consist of one or a few selected activities to be implemented, with the budget. All work plans shall contain justification for how the activities in the plan relate to the ASDSP objectives and how they benefit the stakeholders including an analysis of gender mainstreaming.

The NPS shall compile the work plans from the implementing units at county and national level and present a summary work plan to the ASDS ICC after it has been seen and discussed at the ASP Steering Committee. The work plan should be revised quarterly allowing for changes and adjustment according to progress and gained experience.

11.8 Reporting

The ASDSP will operate within the GoK planning, budgeting and reporting cycle, where annual plans are prepared and approved. Except for thematic reports, prepared when specific issues or processes need attention to secure proper monitoring and learning, no specific component reports will be elaborated.

The implementing units will provide quarterly reports to the NPS on the progress of implementation of the work plan. In these reports the outputs delivered (activities, procurement made, recurrent costs, etc.) will be presented. The reports will be compiled by the person in charge of the implementing unit and submitted to the NPS, for compilation into programme-level reports.

Progress reports will however be prepared by NPS and presented to ICC after discussion in the technical committee. The reports shall follow the structure of the programme document and refer to the priorities in the ASDS. The reports shall include a section on progress of implementation of the work-plan and a section on results, as analysis of outcome and impact.

The reporting structure of the ASDSP will be developed along the sector wide approach and thus the reports shall be designed to satisfy the requirements from Government and from other Development Partners that may join the programme.

11.9 Reporting schedule

Report	Delivery date
Inception report	Not later than 1 October 2012
Semi-annual reports	Not later than end of February every financial ear
Annual Report	Not later than end of September
Final report	

11.10 Reviews and Internal Evaluations

Overall, the performance of the ASDSP is monitored and discussed in regular review meetings with participation of international Development Partner(s) engaged with the programme and the GoK. The reviews will assess the performance of the ASDSP and, potentially, also other programmes in the sector, based on objectives and reports provided.

The reviews offer opportunities for GoK and Development Partners to agree upon changes in direction and implementation mechanisms for the programme(s). The management of the ASDSP will be responsible for adjusting and redirecting the components according to the recommendations from the reviews. Efforts should be made to do joint annual reviews in coordination with, GIZ, WB and IFAD among others, to cover all major aspects in one review.

The review shall be based on indicators including cross-cutting indicators that will be identified during the Inception Phase. There are also a number of indicators related to macroeconomics, poverty and governance, which are relevant for assessing the public financial management performance. As part of the preparations for the reviews, data shall be compiled measuring the indicators and a summary report prepared. This can be included in the annual report or prepared as a separate study.

The following reviews and studies are planned during the ASDSP's five-year implementation.

Inception Review in July / August 2012 based on the Inception Report prepared by GoK with support from the ASDSP.

Annual reviews for the programme will be carried out from 2013. An important issue for the Annual Reviews is to provide a structured forum for dialogue with GoK on implementation, as well as monitoring in 2014 the transition and progress of devolution and how it affects programming.

A **Mid-term Joint Programme Review** is planned for 2014 with a comprehensive agenda and budget. Focus will be on the results achieved in terms of alignment requirements to provide decision for adequate adjustments during the remaining years of the ASDSP.

The mid-term review will check the progress in specific public areas, including performance measurement and audit. The review will serve as a feasibility assessment of further alignment, e.g. transition to sector wide approach. The review will also focus on technical aspects (agri-business development, climate change mitigation and adaptation, capacity building) and sector coordination strengthening. On the basis of the assessments the mid-term review should give directions for programme adjustments and reallocations. The midterm review should assess:

- achievements of the programme in the first two years and especially the performance of the agricultural sector to monitor implementation and document achievements
- technical quality and adequacy of the cooperation system within government on agribusiness development and capacity-building investments
- alignment process and in that respect specifically the existence of a reliable monitoring system for implementation and impact of the programme activities
- achievements on cross-cutting issues
- ASDSP seen in light of the achievement of the MDGs

A final external evaluation may be considered 6 months before the end of the programme to inform on new proposals especially if there has not been sufficient topical studies on the impact on the programme with respect to the three components.

12.0 ASSUMPTIONS AND RISK ANALYSIS

12.1 Key Assumptions

The institutional arrangements outlined are based on the assumption that the programme shall operate on a sector wide basis and that the set-up shall provide a framework for further integration and harmonization in the sector. In this regard, it is recognized that some of the ongoing programmes / projects may find it difficult to join the designed structure because of existing contractual commitments, but all future projects will adopt this sector wide approach.

At the **institutional level**, it is assumed that the private sector has the will and ownership to promote a prioritized and efficient coordination of value chains, and GoK will willingly outsource services to private sector. It is also assumed that the Ministry of Agriculture will take on the responsibility for the management structure of ASDSP; key government institutions engage in cross-sector cooperation led by ASCU; and that GoK will retain and benefit from the capacity created.

At the **financial level** it is assumed a sustained and timely flow of agreed programme funds from Development Partners to the GoK; sufficient allocation of the funds to the decentralized levels and outsourcing to private sector; sufficient allocation of government funds to sustain staff and running costs in the participating national institutions; funds are managed and applied according to the agreed implementation plans and procedures; necessary funds will become available to implement the planned actions.

At the **political level**, it is assumed that peace and stability will be maintained throughout the programme period. Although the country goes into national and local elections in 2012, it is assumed that useful lessons were learnt and that the implementation of the new constitution has put in place structures that will maintain the peace.

12.2 Risks

Despite these assumptions, the ASDSP is faced with critical risks resulting from the fundamental changes and uncertainties that the implementation of the new constitutional dispensation introduces in the governance structures in Kenya. Furthermore, NALEP, which was the main source of support for agricultural extension, comes to an end in December 2011 raising doubts on financial sustainability of extension services. The other major source of risk is the shift from 'stand-alone' programmes and projects to sector wide programming.

The main risks that the programme faces are as follows:

12.2.1 Internal Programme Risks

Sustainability of the programme will depend on benefits accruing early to producers and other stakeholders along the value chains in order to give them an incentive to maintain and further develop the investments made under the programme. It is expected that early lessons will inform implementers of what works and what does not, which would help to improve the programme's chances of success. Another factor that could undermine sustainability is the dependency mentality that some programmes have entrenched among beneficiaries. While the programme may need to provide some initial 'grant-type' support for some activities to kick off, such as value chain group meetings, it will be necessary to wean them off for long-term sustainability. Managing stakeholder expectations will therefore be an important part of exit strategy. The technical and social and gender capacity of staff to handle value chain analyses and application in enterprise development, gender mapping in value chains, value addition and marketing and agribusiness development is limited in the sector ministries, as they have in the past mainly focused on production related issues. A capacity needs assessment and substantial capacity building will therefore be needed at national, county and beneficiary levels in order to entrench the value chain approach. Delay in the implementation of the programme is a risk that could occur because staff to manage the programme has not yet been recruited and while staff of NALEP PCU and Ministry of Agriculture's agribusiness units exist, their suitability and competence to manage the new programme cannot be presumed.

12.2.2 External Programme Risks

The programme is being launched at a time when the country is entering into an election mode. The uncertainties that the outcome of an election affects decision making, political commitment and occasionally diversion of budgeted resources must be considered. The implementation of governance structures envisaged in the new constitutional dispensation will absorb substantial budgetary resources that may lead to reduction or stagnation in resources allocated to the agricultural sector. This could lead to reduction in resources available for extension and research services that could adversely affect productivity. In addition, consolidation of ministries and departments will be inevitable; and further, the future of field staff is not yet defined. All this implies that that the actors indicated in the programme document may change or cease to exist after 2012, which would complicate implementation.

Kenya is vulnerable to recurrent droughts requiring massive food relief interventions to avert starvation. These kinds of occurrences could impair programme objectives by not only reducing agricultural production and livestock capital but also divert resources from investment activities to food relief operations. The fiduciary aspects will be critical to maintain good governance of the programme, and measures to strengthen both financial management and procurement at all levels of project implementation will be needed particularly at county level where new and untested governance structures

will be responsible for implementing the programme.

A more in-depth review of risks and a strategy for risk management will be undertaken during the Inception Phase. Table 12.1 provides a summary of the main risks to the ASDSP programme, the rating of the risk and mitigation measures that will need to be put in place.

Table 12.1: Assumptions, Risks and Mitigation Plans

Risk	Rating	Mitigation measures
The need for political consensus and pressure to distribute economic gains evenly across the country could undermine fiscal balance leading to macroeconomic instability	H	Focus on improving productivity and inclusive agricultural sector development
High price of agricultural inputs and fuel may put many producers, processors and agro dealers out of business	M	Focus on improving equitable productivity and value chain efficiency; value addition, and promoting high-value enterprises will help reduce its impact.
High dependency mentality among beneficiaries	M	Develop clear exit strategies
Recurrent droughts could undermine benefits of value chains development	M	Encourage producers to take up insurance products being developed, drought-coping strategies
Low level participation of the private sector and / or civil society organizations	M	GoK to encourage outsourcing
Low programme ownership at middle and lower levels could undermine implementation	M	Undertake awareness and training workshops on objectives of ASDSP
Wide disparities in remuneration of staff across various projects could impair morale and focus staff attention to compensatory activities	M	Harmonize or reduce remuneration differentials
The technical capacity to handle value chain analysis, value addition, and marketing and agribusiness development is	H	A capacity needs assessment will be undertaken and, where necessary, capacity building will be undertaken in these aspects

Risk	Rating	Mitigation measures
limited in the sector ministries		
Consolidation of sector ministries after national and county elections in 2012 may interfere with programme implementation and accountability	L	Programme performance is based on activity rather than host actors
Decentralization of agricultural services might blur sector responsibilities and reduce efficiency of agricultural extension systems.	M	ASDSP will promote demand-driven and socially sensitive extension services and outsourcing and contracting to private service providers.
The oversight capacity, reporting capacity as well as financial management at county level is weak	L	Apply existing GoK financial management procedures
Weak procurement capacity at counties and grassroots	L	Capacity building to be carried out and apply national procurement procedures
Insecurity in some parts of the country, especially cattle rustling, may hinder enterprise development	M	Use stakeholder forums to instil peaceful coexistence and enterprise diversification
A rating of risks on a three point scale: H =High, M=Moderate, and L=Low according to perceived likelihood of occurrence and magnitude of potential adverse impact.		

Annexes

Annex I: ASDSP Impact Pathway

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Component 1: Sector wide facilitation and coordination					
Sub-component 1.1: Develop a client-responsive institutional framework for sector wide coordination	1. Set up NPS, ASPSC and other programme-specific structures—diversity / inclusive 2. Support to ASCU and the sector coordination mechanisms (including sector coordination group, TWG, ICC, etc.) 3. Support the development of a sector wide M&E and information management systems 4. Set up and support the decentralized coordination units (later the county coordination units)—diversity	Improved diverse coordination at central and local level, and joint programming through adoption of SWAp by GoK and Development Partners Improved aid effectiveness. Improved productivity and equity in agriculture	Effective use of development funds through harmonized programme approach Efficient and transparent use of resources used by the ministries in the sector.	Development Partners prepared to join the sector wide institutions Ministries in the sector prepared to cooperate for sector coordination Other actors in the sector join the coordination Coordination actually leads to improved efficiency	Efficient investment through coordination among Development Partners, ministries and other actors Increase in return on investment in the sector

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Sub-component 1.2: Support capacity building for ASDSP implementation	<p>1. Undertake technical and social gender-sensitive institutional analysis and training needs assessment of the sector</p> <p>2. Design responsive capacity-building models (curricula and programme)</p> <p>3. Identify and select suitable service providers in accordance with public procurement regulations to implement training programmes</p> <p>4. Identify existing training opportunities in the sector and make these equitably available for several actors</p> <p>5. Develop socially responsive capacity-building strategy for the sector</p>	<p>Technical and social training needs identified and training implemented</p> <p>Training curricula developed based on identified needs</p> <p>Training modules implemented that respond to needs and are designed specifically for target groups</p> <p>Relevant staff participated in training programmes implemented by partners / ministry depts. etc.</p> <p>Socially responsive capacity building strategy developed</p>	<p>Sector wide coordination of training objectives implemented</p> <p>Harmonization of capacity-building inputs among several actors in the sector</p>	<p>Actors in the sector willing to share their materials and training</p> <p>Harmonization actually leads to increased efficiency</p>	<p>Improved capacity in the extension system</p> <p>Efficient use of capacity-building resources through sector wide coordination</p>

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Sub-component 1.3: Collaboration and networking on appropriate technology development and facilitating links between research, extension and clients	<p>1. Workshops and other events bringing together inclusive value chain producer groups, researchers and extension workers</p> <p>2. Collaborate with AIRC and other stakeholders to develop client responsive content and mechanisms for dissemination of relevant agricultural innovations</p> <p>3. Engagement of a variety of service providers in extension and other support to male and female farmers and other land users</p> <p>4. Establishment of a National Extension Regulatory Board</p>	<p>Appropriate technologies identified and adapted.</p> <p>Technologies disseminated to diversified actors in the value chains, through user friendly mechanisms</p> <p>Research needs communicated to research communities</p> <p>High quality extension service provided to diverse clients</p>	<p>Appropriate and relevant technologies for production, processing and market improvement available to and used by target groups</p> <p>Reduced duplication of research efforts and waste of resources</p>	<p>Clients find technologies useful and the technology improvements actually have effect.</p> <p>Variety of technologies developed suitable for all areas and people in the programme</p>	Increased productivity and equity for crops, livestock and fish producers
Sub-component 1.4: Enhance and engender user friendly information and communication systems	<p>1. Carry out inventory of existing information and communication systems in the sector</p> <p>2. Design a client responsive sector wide information flow system based on existing systems and gaps and the sector strategy</p> <p>3. Provide support to roll out the</p>	<p>Easily accessible and functional information system including an interactive ICT platform</p> <p>Demand-driven information packages available to clients</p> <p>Agricultural Sector M&E</p>	<p>Access to information leading to informed decision making by policy and decision makers, managers in the ASDSP and other stakeholders</p> <p>Facilitate information</p>	<p>The information distributed is relevant and reliable</p> <p>A wide range of clients actually access the information</p> <p>The technical content and market information</p>	<p>Equitable increase in food security and income from production and trade in the main value chains realized</p> <p>Reduced disparity in productivity, incomes and consumer prices.</p>

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
	<p>agricultural sector communication strategy</p> <p>4. Support dissemination of information from a sector wide M&E system</p> <p>5. Collaborate with ASCU and other service providers in continuous updating of NAFIS and other information materials</p> <p>6. Develop an interactive a user-friendly ICT platform to provide agricultural information on value chains, service providers, market prices, etc.</p> <p>7. Pilot use of mobile telephony in dissemination of extension messages and market information</p>	<p>system aligned to NIMES</p>	<p>access leading to improved take up of market and business opportunities</p> <p>Improved access to market information leading to higher profit for producers and traders and cost savings for consumers, (male and female)</p>	<p>is valuable for a wide range of stakeholders in very different conditions</p> <p>That majority of men, women and youth have access to telephones and are literate enough to benefit</p>	
2. Natural resource management					
Sub-component 2:1. Promote adaptation to long-term climate change and inter- and	<p>1. Disseminate climate forecast to stakeholders (info by IGAD)</p> <p>2. Develop localized messages that will allow diverse</p>	<p>Enhanced awareness of the risks and effects of climate change among clients and strategies for</p>	<p>Enhanced potential for resilience of production systems as a result of actions taken based on</p>	<p>The climate forecasts are reliable and made available</p> <p>Resources for large</p>	<p>Sustained and equitable production and income in spite of the effects of the climate change</p>

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
intra-seasonal climate fluctuations in local development through the better flow of information to local communities.	<p>stakeholders to comprehend and act upon</p> <p>3. Assist the agric. offices in each county to develop local communication strategies appropriate to different users</p> <p>4. Disseminate relevant technologies for adaptation (to CC effects)</p> <p>5. Support the local development and implementation of tailored action plans for resilience based on information received,</p> <p>6. Identify and mobilize resources for climate change adaptation and mitigation</p> <p>7. Develop methods/ adaptation for PES and REDD+, etc.</p> <p>8. Create partnerships for carbon credit schemes</p> <p>9. Establish models for, and implement, investment funds for increased resilience</p>	<p>how to adopt production practices to these effects</p> <p>Increased awareness on the reasons for climate change and how to mitigate these, and of funding mechanisms available to support mitigation activities</p> <p>Facilities established to provide resources for investments that contribute to increased resilience to the effects of Climate Change</p>	<p>increased awareness of long-term climate predictions as well as medium-term weather forecasts</p> <p>Improved land husbandry and tree / forest management that have potential to reduce GHG emission</p>	<p>scale implementation of adaptation and mitigation strategies are available from internal and external sources</p> <p>The identified mitigation measures actually have a long-term effect on reduction of GHG emission</p>	<p>Contribution to the global mitigation of the GHG emission.</p>

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Sub-component 2:2. Developing gender-sensitive responses to NRM-related barriers in the development of selected value chains through analyses and advocacy for policy changes	<ol style="list-style-type: none"> 1. Identify policy changes needed based on value chain analysis 2. Form ad hoc task forces to address policy constraints 3. Create partnerships with relevant organizations to guide and monitor the work of task forces 4. Strengthen socially sensitive community based mechanisms for NRM 	<p>Conducive regulatory and policy environment created</p> <p>Local solutions for efficient NRM management where possible implemented</p>	<p>Smoothly operating value chains based on sustainable use of natural resources</p> <p>New opportunities for sustainable value chains created</p>	<p>Validity of science evidence is accepted</p> <p>Capacity of policy-making system is sufficient</p> <p>That behavioural change is achievable</p>	(Ecologically) sustainable NRM
Sub-component 2:3. Ensure sustainability of ecosystem services through the development and application of sound technologies and practices	<ol style="list-style-type: none"> 1. Undertake mapping of ecosystem services and local dependence on healthy ecosystems 2. Develop and implement mechanisms for PES 3. Promote sustainable and equitable agricultural practices 4. Promote environmentally and socially friendly processing methods 	<p>Increased understanding of the value of ecosystem services</p> <p>Increased, sustained and equitable agricultural productivity</p> <p>Enhanced compliance with environmental norms and legislation</p>	<p>Sustainable and equitable ecosystem services and production with high-value output</p> <p>Sustainability and equitability of value chains</p>	<p>Widespread understanding of importance of healthy ecosystems can be generated</p> <p>Sufficient human capacity exists or can be developed</p>	Function of healthy ecosystem sustained

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Component 3: Value chain development					
Sub-component 3:1. Analyse and upgrade value chains able to generate employment, increased income and ensure food security and nutrition for all	<ol style="list-style-type: none"> 1. Undertake selection and design of market-led value chains with strong equity and poverty-reduction potential using participatory methodologies as appropriate 2. Conduct pilot tests on new and promising value chains, with male and female actors 3. Commission studies detailing the best ways of involving the target groups without compromising value chain effectiveness 4. Support forums for researchers, extensionists and farmers in order to promote technology transfer for increased productivity 5. Conduct a survey of service providers 	<p>Increased understanding of roles and responsibilities in the VC by actors and stakeholders</p> <p>Value chain action plan developed partly based on participatory analysis (see NALEP BBS/PAPOLD)</p> <p>Locally prioritized VCs identified for further development, based on analyses at district / county / national levels</p> <p>Trust, and fair and stable relations among actors in the VC created</p> <p>Local, regional and markets created</p>	Increased and equitably distributed income from production, trade, and employment as a result of design of prioritized VCs	<p>Benefits from value chains are spread among all involved stakeholders</p> <p>Value chain development is gender sensitive and considers special needs and opportunities for youth, women and men</p> <p>VCs selected suitable for the conditions and situations in the entire programme area</p> <p>Increased incomes from VCs developed will lead to improved affordability and access to food and other social needs</p>	Improved welfare in terms of both income and food security and nutrition of all target groups

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Sub-component 3:2. Increase market access for men, women and youth by improving rural infrastructure and other related trade interventions.	<ol style="list-style-type: none"> 1. Initiate actions to formulate instruments for enhancing public-private partnerships for investments that contribute to VC development 2. Include VC consideration in the county (district) planning for development and rehabilitation of infrastructure 3. Lobby for removal of policy barriers to movement and trade of goods across counties / districts 4. Sensitize stakeholders on health and safety standards to improve marketability of products 5. Up-scale and out-scale research results, sustainable post-harvest technologies and off-farm processing techniques 	<p>Functioning and equitably accessible marketing systems created</p> <p>Improved infrastructure for trade (roads, market places and storage facilities)</p> <p>Improved modalities for farm gate marketing through cooperation with companies, cooperatives and individual initiatives</p> <p>Fairland stable trade relations in the value chain</p> <p>Increased value-addition opportunities for all</p>	Reduced transaction costs for actors throughout the value chain	<p>Coordination between different planning levels</p> <p>Resources for investment also available for the remote parts of Kenya</p>	Increased trade and reduced handling costs leading to cheaper and more reliable supply of food for consumers; higher share of the commodity price for all producers
Sub-component 3:3. Improve access to financial services	<ol style="list-style-type: none"> 1. Identify banks and financial institutions to enter into co-financing and guarantee schemes 2. Support credit guarantee 	<p>Improved access to relevant and affordable financial services for actors in the VCs</p>	Improved business and production opportunities for men, women and youth.	<p>Stable Kenyan and global economy,</p> <p>Conducive policy reforms in the financial</p>	Increased investment, both in numbers of investors and in amount invested, leading to increased return from trade

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
	<p>facilities, co-financing with banks and providing matching grants for youth, women and other vulnerable groups</p> <p>3. Develop a framework for transparent, accountable and inclusive provision of crop and livestock insurance services to the sector</p> <p>4. Undertake training of business advisors</p> <p>5. Strengthen the capacity and sensitivity of grassroots formal and informal financial intermediaries</p> <p>7. Develop and execute MOUs with banks and institutions</p> <p>8. Conduct savings education</p> <p>9. Establish an inventory of existing agro-enterprises and ownership and management by sex and age</p>	<p>Improved access to relevant and affordable risk-mitigation services by all</p> <p>Establishment of innovative services and financing instruments supported and products targeted to specific groups (e.g. youth)</p>	<p>Reduced risks throughout the VC for all</p> <p>A broader target group reached with financial services</p>	<p>sector in Kenya</p> <p>Development partners and other organization supporting rural development following the Code of Conduct to avoid distortion of the financial market</p>	<p>and production in the agricultural sector,</p> <p>A broader group, including men, women and youth having resources to invest in production and trade in the agricultural sector leading to a larger group benefiting</p>

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Sub-component 3:4. Strengthen value chain organizations	<p>1. Support the development of VC groups based on the development of CIGs and other types of interest groups to adopt the VC concept</p> <p>2. Build horizontal linkages by assisting established groups with formalities to form viable producer groups and legal entities</p> <p>3. Build vertical linkages through establishment of County Value Chain Platforms based on the concept of stakeholder forums</p> <p>4. Provide appropriate sensitization and training in value chains and value-addition enterprises</p> <p>5. Provide mentoring and field and exchange visits to foster exchange of learning and inspiration between VCGs</p>	<p>Empowered target groups present along the value chain</p> <p>Strong horizontal links formed</p> <p>Establishment of vertical links facilitated</p> <p>A broader range of target groups involved</p> <p>Sustainability of stakeholder forums improved</p>	<p>Commercialization of inclusive small-scale production systems</p> <p>Increased flow of commodities through trade</p> <p>Reduced transaction costs through increased efficiency in the value chains</p> <p>Improved representation and benefits to women and youth throughout the value chain</p>	<p>Conducive role of Government at different levels supporting empowerment and independence of the groups</p> <p>Well-functioning legal and organizational structures providing a predictable and reliable framework for interaction between different actors in the VC</p>	<p>Traders, producers and consumers benefit from strong and sustainable organization structure for horizontal and vertical interaction in VCs</p>

Component	Output / activity	Outcome	Direct impact	Assumptions (linking direct impact to final)	Final Impact
Sub-component 3:5 Identification and piloting of ideas of promising new value chains	1. Compile 'bank of ideas' for piloting new promising technologies and practices 2. Identify, support and disseminate new ideas linked to the Innovation Fund	New practices being tried in production and processing encouraged	New practices leading to increased, equitable and diversified production	Availability of relevant ideas Functional dissemination system	New technologies adopted have a positive effect

Annex II: ASDSP Log frame

Narrative Summary	Outcomes	Indicators	MOV
<p>Goals:</p> <p>Goal: to support the transformation of Kenya’s agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute poverty reduction, improved food security in rural and urban Kenya</p>	<p>Based on the objectives in the ASDS and <i>Vision 2030</i>:</p> <p>The agricultural sector contributes additional KES 80 billion annually to GDP</p> <p>Agricultural sector GDP growth maintained at 7.0% p.a.</p> <p>Reduction of poverty of XX households (male & female-headed) in Kenya that can be attributed to the agricultural sector</p> <p>Improved food security for XX number of people related to the agricultural sector- disaggregated by gender and age</p>	<p>National Income</p> <p>Gini coefficient</p> <p>Reduce rural poverty in programme areas from 47.2% by 10% for LoP</p> <p>Famine alerts</p> <p>Reduce population needing food aid by 5% for LoP</p>	<p>Annual Economic Survey</p> <p>Ministry of Planning, Economic Development and Vision 2030</p> <p>Kenya Household Budget Survey</p> <p>Commissioned survey</p>
<p>Purpose: ‘increased and equitable income, employment and improved food security of the target groups as a result of improved production and productivity in the smallholder farm and off farm sectors’</p>	<p>Increased on- and off-farm income by equitable 5% per annum and 6 % respectively and improved food security and nutrition by 10 %</p>	<p>On-farm income increases by 5% p.a</p> <p>Off-farm income increases by 6% p.a</p> <p>Food security increases by 10%</p> <p>Productivity for major food crops increases by 10 %</p>	<p>Household survey</p> <p><i>Economic Review of Agriculture</i></p>

Narrative Summary	Outcomes	Indicators	MOV
<p>Component 1: Sector wide Facilitation and Coordination</p> <p>To promote the development of transparent system required for realizing the ASDSP and the ASDS, and wider sector coordination and harmonization</p> <p>To help create the enabling institutional environment required for the realization of Components 2 and 3</p>	<p>Functional sector wide institutions and coordination in place at all levels</p>	<p>Functional sector wide institutions at all levels</p> <p>Improved coordination and synergy among programmes and project</p> <p>Sustainable structures for sector coordination</p>	<p>Instruments for establishing the institutions</p> <p>Outputs from institutions created e.g. Annual reports</p>
<p>Component 2: Natural Resource Management</p> <p>To promote the long-term activities equitable and sustainable use of the natural resource base for agricultural development</p> <p>To help create the ecologically-secure and enabling environment required for the realization of Component 3</p>	<p>Improved environmental sustainability and resilience to climate change through adaptation of gender responsive production practices.</p>	<p>Sustained and equitable agricultural growth by 7% per annum</p> <p>Reduction in food aid by xx %</p> <p>Reduced effects of floods and drought</p>	<p>Annual socio-economic survey</p>
<p>Component 3: Value Chain Development</p> <p>To promote the long term, viable and equitable commercialization of the agricultural sector</p> <p>To help create the enabling conditions for meeting national goals on achieving food security and good nutrition, gender equity and sustainable livelihoods</p>	<p>Viable value chains which create increased and equitable income and employment and improved food security</p>	<p>Agricultural trade and value addition increases by 10%</p> <p>Increased employment and incomes by 5% p.a by sex / gender</p> <p>Food insecurity is reduced by 10%</p> <p>Increased value addition by 10%</p>	<p>Reports from field stations</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
Component 1: Sector wide coordination and facilitation Sida KES 1,020,000,000, GoK KES 1000,000.000				
<p>Sub-component 1.1: Develop client responsive institutional framework for sector wide coordination</p> <p>To enhance and develop institutional capacity for SWAp. This will entail strengthening the capacity of ASCU to coordinate the activities of various actors in the sector</p> <p>To establish a National Agricultural Programme Secretariat (NPS) to manage the programme including providing support to County Secretariats</p> <p>To establish the National Extension Regulatory Board to be responsible for the development of pluralistic demand driven agricultural extension services</p> <p>To establish the Agricultural Sector Programmes Steering Committee (ASPSC)</p>	<ol style="list-style-type: none"> 1. Set up NPS, ASPSC and other programme specific structures 2. Support to ASCU, (including Sector coordination group, TWG, IMCC, etc.) 3. Support the development of a sector wide M&E and information management system 4. Set up and support the Decentralized Coordination Units (later the County Coordination Units) 	<p>Improved coordination and joint programming through adoption of SWAp by development partners</p> <p>Improved aid effectiveness</p> <p>Improved productivity in agriculture</p>	<p>Regular meetings between DPs and government on sector coordination</p> <p>ASPSC in place and operational, ratio of programmes in the sector reporting to the committee</p> <p>Compliance with the signed Code of Conduct (CoC), monitored, according to the criteria defined in the CoC</p> <p>Staffing, mandate and operation of the NPS.</p> <p>A mechanisms for regulation and quality control of extension service providers in place and operational</p> <p>ASCU's fulfilment of its role as sector coordination unit</p>	<p>Sida 300,000,000</p> <p>GoK 700,000,000</p>

Narrative Summary	Output/ Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 1.2: Support capacity building for the sector and ASDSP implementation</p> <p>To build the capacity of sector players at national and county levels to have clear roles and define their relationships in line with the new constitution.</p> <p>To harmonize planning at county and national levels</p> <p>To coordinate programme implementation aligned with programme processes, sector wide M&E, communication, and increased stakeholder participation in planning</p>	<ol style="list-style-type: none"> 1. Undertake gender sensitive institutional/ capacity analysis and training needs assessment of the sector 2. Design capacity-building models (curricula and programme) 3. Identify and select suitable service providers to implement training programmes in accordance with public procurement regulations 4. Identify existing training opportunities in the sector and make these available for several actors 5. Develop gender sensitive capacity building strategy for the sector 	<p>Institutional capacity, technical institutional and social, assessed and training needs defined in the sector including private sector (socially sensitive)</p> <p>Training curricula developed based on TNA addressing SWAp and value chain activities</p> <p>Training modules implemented that respond to needs and are designed specifically for target groups</p>	<p>Socially sensitive training needs assessments including private sector.</p> <p>Strategy and action-plans for capacity building including most actors in the sector developed</p> <p>Curriculum and programmes based on TNA</p>	<p>Sida 400,000,000</p> <p>GoK 200,000,000</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 1.3: Collaboration and networking</p> <p>To improve linkages between researchers, educational institutions, extensionists, and producers</p> <p>To develop mechanisms for mainstreaming crosscutting issues of gender, youth, HIV and human rights in programme activities</p>	<ol style="list-style-type: none"> 1. Workshops and other events bringing together value chain producer groups, researchers and extension workers 2. Collaborate with AIRC and other stakeholders to develop content and mechanisms for dissemination of relevant agricultural innovations 3, Engagement of a variety of service providers in extension and other support to farmers and other land users 4 A course on gender and other cross-cutting for all actors 5 Establishment of a National Extension Regulatory Board 	<p>Appropriate technologies identified and adapted.</p> <p>Technologies disseminated to actors in the value chains through a variety of mechanisms.</p> <p>Research needs communicated to research communities.</p> <p>Extension service provided to clients of high quality and standard.</p>	<p>Value chains actors access appropriate technologies all along the chain</p> <p>Reciprocal feedback loops between actors in VC and relevant researchers</p> <p>Examples of relevant new and improved technologies that have improved the performance of VCs, captured and documented</p> <p>Development and implementation of gender sensitive methodologies all across the value chain, and VC specialized for other groups addressed by the programme</p>	<p>Sida 120,000,000</p> <p>GoK 50,000,000</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 1.4: Enhance user friendly information and communication systems ASDSP</p> <p>To develop an information system appropriate for the devolved government and the new value chain approach.</p> <p>To generate information for monitoring and evaluation in conformity with SWAp and also to feed into the National Monitoring and Evaluation System (NIMES)</p> <p>To provide stakeholders at all levels with timely and appropriate information to make informed business decisions relating to their stage in the value chains</p>	<ol style="list-style-type: none"> 1. Carry out inventory of existing information and communication systems in the sector 2. Design a sector wide information flow system based on existing systems and the sector strategy 3. Provide support to roll out the agricultural sector communication strategy 4. Support dissemination of information from a sector wide M&E system 5. Collaborate with ASCU and other service providers in continuous updating of NAFIS and other information materials 6. Develop an interactive ICT platform to provide agricultural information on value chains, service providers, market prices, etc. 7. Pilot use of mobile telephony in dissemination of extension messages and market information 	<p>A functional and gender and vulnerability sensitive information system including an interactive ICT platform. M&E system aligned to NIMES Demand-driven information packages available to clients</p>	<p>Number of clients, male and female, that can access the ICT based services, including monitoring of feedback comments and information provision by users,</p> <p>Number of hits and calls to the ICT information system-disaggregated by gender</p> <p>Use of M&E system in management and decision making in the sector</p>	<p>Sida 200,000,000</p> <p>GoK 50,000,000</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
	Component 2: Natural Resource Management Sida 800,000,000, GoK 0			
<p>Sub-component 2:1. Promote adaptation to long-term climate change and inter- and intra-seasonal climate fluctuations in local development through the better flow of information to local communities</p> <p>To increase national ecosystem resilience in the face of climate change through improving information flows to local communities appropriately packaged for different users</p>	<ol style="list-style-type: none"> 1. Disseminate climate forecast to stakeholders (info by IGAD) 2. Develop localized messages that will allow stakeholders to comprehend and act upon 3. Assist the agric. offices in each county to develop local communication strategies 4. Disseminate relevant technologies for adaptation (to CC effects) 5. Support the local development and implementation of tailored action plans for resilience based on information received, 6. Identify and mobilize resources for climate change adaptation and mitigation 7. Develop methods/ adaptation for PES and REDD+, etc. 8. Create partnerships for carbon credit schemes 9. Establish models for, and implement, investment funds for increased resilience 	<p>Awareness of the risks and effects of climate change among clients, men and women and strategies for how to adopt production practices to these effects</p> <p>Awareness of the reason/causes for CC and how to mitigate these, and of funding mechanisms available to support mitigation activities</p>	<p>Participation in and benefit from CC related programme (such as REDD+)</p> <p>Special VC related Indicators linked to the monitoring of the national CC strategy such as awareness</p>	<p>Sida 400,000,000</p> <p>GoK 0</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 2:2. Developing gender sensitive responses to NRM-related barriers in the development of selected value chains through analysis and advocacy for policy changes</p> <p>To remove regulatory and policy factors that constrain ecologically sustainable value chain development.</p>	<ol style="list-style-type: none"> 1. Identify policy changes needed - based on value chain analysis 2. Form ad hoc task forces to address policy constraints 3. Create partnerships with relevant organizations to guide and monitor the work of task forces 4. Strengthen community based mechanisms for NRM 	<p>Conducive regulatory and policy environment</p> <p>Implementation of local solutions for efficient NRM management where possible</p>	<p>Examples of situation-specific changes of policies relevant for the operation of the value chain described and disseminated</p> <p>Gains made from policy changes for different actors</p>	<p>Sida 190,000,000 GoK 0</p>
<p>Sub-component 2:3. Ensure sustainability of ecosystem service through the development and application of sound technologies and practices</p>	<ol style="list-style-type: none"> 1. Undertake mapping of ecosystem services and local dependence on healthy ecosystems 2. Develop and implement mechanisms for PES 3. Promote sustainable agricultural practices 4. Promote environmental friendly processing methods 	<p>increased Understanding of the value of ecosystem services</p> <p>Increased equitable and sustainable agricultural productivity</p> <p>Compliance with environmental norms and legislation</p>	<p>Impact analysis (ecological and socio-economic) carried out for each value chains,</p> <p>Criteria for environmental consideration used in selection of VC – checklist developed and used</p>	<p>Sida 210,000,000 GoK 0</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
Component 3; Value chain development Sida KES 3,010,000,000 GoK KES 0				
Sub-component 3:1. Analyze and upgrading of value chains, able to generate equitable employment, ensure food security and nutrition and increased income	<ol style="list-style-type: none"> 1. Undertake selection and design of market-led value chains with strong equity and poverty reduction potential using participatory methodologies as appropriate 2. Conduct pilot tests on new and promising value chains 3. Commission studies detailing the best ways of involving the target groups without compromising value chain effectiveness 4. Support forums for researchers, extensionists and farmers in order to promote technology transfer for increased productivity 5. Conduct a survey of service providers 	<p>Increased understanding of roles, responsibilities and constraints in the VC by the actors and stakeholders,</p> <p>Value-chain action plan developed partly based on participatory analysis (see NALEP BBS/PAPOLD)</p> <p>Locally prioritized and inclusive VCs identified for further development, based on an analysis at district / county / national levels</p> <p>Fair and stable relations between actors in the VC, trust developed local and regional markets</p>	<p>Meetings and other contact between actors in the VC</p> <p>Gender (and other target groups) specific indicators of participation and benefits at all levels in the VC</p> <p>Implementation of actions according to the action plan</p> <p>Sustainable linkages between actors in the VC</p> <p>Trade between local areas</p>	<p>Sida 310,000,000</p> <p>GoK 0</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 3:2. Increase market access (for men, women and youth by improving rural infrastructure and other related trade interventions.</p> <p>To provide and improve marketing structures in order to reduce marketing costs and wastage</p>	<ol style="list-style-type: none"> 1. Initiate actions for formulation of instruments for enhancing public-private partnerships for investments that contribute to VC development 2. Include VC consideration in the County (district) planning for development and rehabilitation of infrastructure 3. Lobby for removal of policy barriers to movement and trade of goods across counties / districts 4. Sensitize stakeholders on health and safety standards to improve marketability of products. 5. Up-scale and out-scale research results, sustainable post-harvest technologies and off-farm processing techniques 	<p>Functioning and accessible marketing systems</p> <p>Improved modalities for farm-gate marketing through cooperation with companies, cooperatives and individual initiatives</p> <p>Fair and stable trade relations in the value chain</p> <p>Improved infrastructure for trade (roads, market places and storage facilities)</p> <p>Increased value addition opportunities for all actors</p>	<p>Shift of distributional gains in the development of the market chains</p> <p>Increased incomes for all actors</p> <p>Reduced fluctuations in whole-sale and retail price for selected commodities, considering seasonal factors</p> <p>Case based analysis of relations in selected value chains to capture stability in the trade relations (including contractual arrangements) in the value chain</p>	<p>Sida 200,000,000, GoK 0</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 3:3. Improve access to financial services for men, women and youth</p> <p>To ensure the flow of commercial credit to actors along the value chain, including vulnerable categories</p>	<ol style="list-style-type: none"> 1. Identify banks and financial institutions to enter into co-financing and guarantee schemes 2. Support Credit guarantees facilities, co-financing with banks and providing matching grants for youth, women and other vulnerable groups 3. Develop a framework for transparent and accountable provision of crop and livestock insurance services to the sector 4. Undertake training of business advisors 5. Strengthen the capacity of grassroots formal and informal financial intermediaries 7. Develop and execute MOUs with banks and institutions. 8. Conduct savings education 9. Establish an inventory of existing agro-enterprises 	<p>Improved access to relevant and affordable financial services for actors in the VCs</p> <p>Improved access to relevant and affordable risk mitigation services</p> <p>Establishment of innovative services and financing instruments</p> <p>Products targeted to specific groups (e.g. women, youth)</p> <p>developed in association with complimentary packages including capacity building, and provision of opportunities</p>	<p>Number of clients, men, women and youth, accessing credit and other financial services, specific reference to youth, women, men</p> <p>Existence and use of new types financial services</p> <p>Take-up of financial services as part of value chain tailored package</p>	<p>Sida 1,452,000,000</p> <p>Including credit guarantee 1,232,000,000</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
<p>Sub-component 3:4. Strengthen value chain organizations</p> <p>To promote the increased participation of vulnerable target groups, including women, young people and others, in post-production as well as production segments of the value chain.</p>	<ol style="list-style-type: none"> 1. Support the development of Value-chain groups based on the development of CIGs and other types of interest groups to adopt the value chain concept. 2. Build horizontal linkages by assisting established groups with formalities to form viable producer groups and legally recognizable entities. 3. Build vertical linkages through establishment of County Value Chain Platforms based on the concept of Stakeholder forums. 4. Provide appropriate sensitization and training in value chains and value-addition enterprises 5. Provide mentoring and field and exchange visits to foster exchange of learning and inspiration between VCGs 	<p>Increased benefits to actors along the value chain</p> <p>Strong horizontal links among value chain groups formed</p> <p>Strong vertical links among different value chain forums</p> <p>Broader range of target groups involved</p> <p>Functional stakeholder forums at county and National forums</p>	<p>Improved effective representation of women and youth throughout the value chain</p> <p>Number of GICs / VC-groups with a business plan</p> <p>Composition and function of VC platforms</p> <p>Establishment of inclusive small and medium scale associations for commodity trade</p>	<p>Sida 470,000,000 GoK 0</p>

Narrative Summary	Output/Activity	Outcome	Indicators	Budget (KES)
Sub-component 3:5 Identification, piloting and up scaling of ideas of promising and inclusive new value chains	<ol style="list-style-type: none"> 1. Compile 'bank of ideas' for piloting new promising technologies and practices 2. Identify and disseminate new ideas linked to financing opportunities. 	New practices being tried in production and processing	<p>The existence of a bank of relevant new ideas and how it is accessible</p> <p>New products entered into the market, e.g. sold in the super-markets and local shops</p>	Sida 578,000,000 GoK 0

Annex III: ASDSP Budget

Activities	ASDSP / Sida	ASDSP GOK	Total
	Million KES		
Component 1: Sector-wide coordination and	1,020	1,000	2,020
Sub-comp. 1.1: Develop an inclusive institutional framework for sector wide coordination including sector	150	300	450
Sub-component 1.1.B Support to ASCU	150	400	550
Sub comp. 1:2: Support Capacity Building for sector wide coordination and ASDSP Implementation	400	200	600
Sub-comp. 1.3: Collaboration and networking	120	50	170
Sub-comp.1.4: Enhance user friendly information and communication systems and roll-out of sector M&E	200	50	250
Component 2: Natural Resource Management	800	0	800
Sub-comp. 2:1. Promote adaptation to long-term climate change	400	0	400
Sub-comp. 2:2. Developing appropriate responses to NRM barriers in the development of selected diverse	190	0	190
Sub-comp. 2:3. Ensure equitability and sustainability of Ecosystem service	210	0	210
Component 3: Value chain development	1,778	0	1,778
Sub-comp 3:1 Analyze and upgrade diverse value chains	310	0	310
Sub-comp. 3:2. Increase equitable market access by improving rural infrastructure	200	0	200
Sub-comp.3:3. Improvement of men women and youth access to financial services, including capacity building	220	0	220
Sub-comp. 3:4. Strengthen value chain organizations	470	0	470
Sub-comp. 3:5 Identification, piloting and up scaling of ideas of promising and inclusive new value chains	578	0	578
TOTAL	3,598	1,000	4,598
TA Support			
International long-term support	130	0	
Short-term national and international	126	0	
Total TA	256	0	256

Activities	ASDSP / Sida	ASDSP GOK	Total
	Million KES		
Grand Total MKES	3,854	0	
MSEK (1 SEK = 11 KES)	350	0	
Implementation	3854	1000	
Credit Guarantee to be assessed separately	1232	0	1,232
GRAND TOTAL (GOK+SIDA) ASDSP	5,086	1,000	6,086

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