MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES

AND

COUNTY GOVERNMENTS

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II

UPDATED APRIL 2017

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ABBREVIATIONS AND ACRONYMS

ACU	Agricultural Coordinating Unit
ACP	African Caribbean Pacific
AfDB	Africa Development Bank
AGOA	Africa Growth and Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
AIGR-SC	Agricultural intergovernmental Relations Steering Committee
AIGR-TC	Agricultural intergovernmental Relations Technical Committee
ARD	Agriculture and Rural Development Group
ASAL	Arid and Semi-Arid Lands
ASCU	Agricultural Sector Coordination Unit
ASDS	Agricultural Sector Development Strategy
ASDSP	Agricultural Sector Development Support Programme
AWPs	Annual Work Plans
CAADP	Comprehensive Africa Agriculture Development Programme
CACU	County Agricultural Coordinating Unit
CCRAP	Climate Change Response Action Plan
CCU	County Coordination Unit
CECM	County Executive Committee Member
CIDPs	County Integrated Development Plans
COMESA	Common Market for Eastern and Southern Africa
CPF	Common Programme Framework
CPS	County Programme Secretariat
CSCs	County Steering Committees
CSG	County Steering Group
CSOs	Civil Society Organizations
DPs	Development Partners
EAC	East African Community
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food for Agriculture Organization
GDP	Gross Domestic Product
GHGs	Green House Gases
GoK	Government of Kenya
IGF	Intergovernmental Forum
IGS	Intergovernmental Secretariat
IGSC	Intergovernmental Steering Committee
IGTC	Intergovernmental Technical Committee
IMCC	Inter Ministerial Coordinating Committee
IFAD	International Fund for Agriculture Development
ITWG	Intergovernmental Thematic Working Group
ILO	International Labour Organization
JAS	Joint Agricultural Secretariate
JASSCOM	Joint Agriculture Sector Steering Commitee
KAPAP	Kenya Agricultural Productivity Programme
KNBS	Kenya National Bureau of Statistics
KES	Kenya Shilling
KJAS	Kenya Joint Assistance Strategy
KCSAPF	Kenya Climate Smart Agriculture Programme Framework
MDGs	Millennium Development Goals
MEC	Ministerial Executive Committee
M&E	Monitoring and Evaluation

MoALF	Ministry of Agriculture, Livestock and Fisheries
MTEF	Medium Term Expenditure Framework
MTIP	Medium Term Investment Plan
MTP	Medium Term Plan
MTR	Mid-Term Review
NASEP	National Agricultural Sector Extension Policy
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organizations
NPS	National Programme Secretariat
NPSC	National Programme Steering Committee
PPP	Public Private Partnership
PSP	Participatory Scenario Planning
SDGs	Sustainable Development Goals
SEK	Swedish Kronor
SID	Sustainable Institute of Development
SSA	Sub-Saharan Africa
SWAp	Sector Wide Approach
TA	Technical Assistance
TI	Transformation Initiative
USAID	United States Agency for International Development
USD	United States Dollar
VC	Value Chain
VCA	Value Chain Actor
VCD	Value Chain Development
VCCGs	Value Chain Core Groups
VCP	Value Chain Platform
V2030	Vision 2030
WB	World Bank
WTO	World Trade Organization

PREFACE

This programme document for the Agricultural Sector Development Support Programme Phase Two (ASDSP II) provides guidance to county and national governments towards implementation of the overarching Agricultural Policy. It has identified critical problems that hinder commercialization of agriculture in pursuit of economic development and food security. Moreover, the document details the implementation modalities and results framework for monitoring and evaluating programme progress and impact. In addition, the document details the inputs required from development partners, county and national governments towards its implementation.

Implementation can only succeed with total commitment, determination on the part of all sector stakeholders. The program is therefore intended to harness this commitment, determination and self-sacrifice of the value chain actors and service providers from both public and non-state actors.

This proposal has been developed through a structured consultation process involving the national and county governments, civil society and private sector actors. The Government of Sweden (GoS) and other development partners have also been consulted.

We are convinced that, if successfully implemented, this programme will change value chain actors' lives and create capacity among the value chain actors, their organisations and service providers that will continue to drive the sector to realize the overall national economic objective.

As Cabinet Secretary for the Ministry of Agriculture, Livestock and Fisheries and Chair of the Council of Governors Agriculture Committee, we are committed to implement this programme. Accordingly, we call upon all the stakeholders and development partners to support us in ensuring the programme realizes its outcomes and results.

Willy Bett

Cabinet Secretary,
Ministry of Agriculture, Livestock and Fisheries

H.E, Zacharia Okoth Obado

Chair, Council of Governors
Agriculture Committee and
Governor Migori County

PROGRAMME FACT SHEET

Programme Title	Agricultural Sector Development Support Programme Phase Two (ASDSP II)
Location of Implementation	Nationwide – All Counties and at the National level
Focus Sector	Agricultural Sector – Crops, Livestock and Fisheries
Period of Implementation	Sixty Months –July 2017 to June 2022
Programme Results	1. Productivity of priority value chains increased 2. Entrepreneurial skills of priority value chain actors developed and strengthened 3. Access to markets by priority value chains improved 4. Structures and capacities for consultation and coordination in the sector strengthened
Total Budget in KES	KES 5,692,500,000 (SEK: 569,250,000)
Amount Requested from Government of Sweden	KES: 3,600,000,000 (SEK: 360,000,000 including SEK 60,000,000 from EU through delegation agreement)
Own Leveraged Funding (Cash)	1. County governments KES 1,292,500,000 (SEK: 129,250,000) 2. National Government KES: 800,000,000 (SEK: 80,000,000)
Own in Kind Contribution	GOK both levels: KES 1,900,970,520 (SEK 190,097,052)
Brief Description	The intervention responds to the new overarching Agricultural Policy whose objective is "***Transformation of crop, livestock and fisheries production into commercially oriented enterprises that ensure sustainable food and nutrition security.*** Through the **development of selected priority value chains**, the Programme supports the new Swedish Cooperation Strategy for development cooperation with Kenya as it responds to Strategic Area 3 **"Better opportunities and tools to enable poor people to improve their living conditions"** The Programme builds on the ASDSP I and lessons learnt from other programmes in the sector. It will target Value Chain Actors from the primary producers to the consumers by supporting activities that will lead to the realization of the four results. The use of innovations as one of the means of empowering the youth and women in Value Chain Development is part of the larger national strategy of economic empowerment of youth and women. A robust Monitoring and Evaluation system adapted from ASDSP I and supportive of the sector M&E framework will be used.

1 INTRODUCTION

The Agricultural Sector Development Support Programme, Phase II (ASDSP II) builds on the achievements of ASDSP I. ASDSP I was initiated in January 2012 for a five-year period ending December 2016 and co-financed by the Government of Kenya and the Government of Sweden. However, in early 2016, the two governments agreed to extend the ASDSP I implementation period by six months through a no-cost extension to June 2017. Based on the success of the ASDSP I as a nation-wide Value Chain and Sector Development Support programme, the two governments also agreed to initiate the design of a five-year second phase of the programme. ASDSP II will consequently be implemented from July 2017 to June 2022.

ASDSP II will maintain the overall focus and approach of ASDSP I, which has proven to be relevant and effective. However, the design of the new Programme has been adapted to reflect the current institutional and policy setting in the Sector. Moreover, while the ASDSP II aims to consolidate effective and relevant ASDSP I approaches and results, it also provides an opportunity to adopt and implement approaches and structures that were not fully realized during ASDSP I, to ensure that they effectively support Programme objectives.

This Programme Document provides a road map towards the implementation of ASDSP II. It comprises the following six chapters:

- Chapter 1 introduces ASDSP II and relates it to ASDSP I
- Chapter 2 summarizes the country context in which ASDSP II will operate. This includes an overview of the socio-economic profile of Kenya, the main features of Kenyan agriculture, the environmental and climate related setting, and the current policy and institutional context. The Chapter also provides an analysis of the development problems which ASDSP II aims to address, and on this basis establishes the justification for the Programme.
- Chapter 3 provides an overview of the Programme goal and purpose, the key intervention strategies and a description of the outputs and outcomes that will be produced in the context of the Programme's two overall outcome areas or components, i.e.: i) commercially-oriented, environmentally resilient and socially inclusive Value Chain Development, and; 2) related Sector Coordination.
- Chapter 4 describes the Programme's implementation arrangements including its steering and management structure, organizational set-up, operational partnerships, M&E and reporting, financial management and budget.
- Chapter 5 provides an analysis of the assumptions on which the Programme is based and associated risks that may affect Programme implementation.
- Chapter 6 presents an overview of the approaches and actions the Programme will pursue to ensure financial accountability and sound institutional arrangements.

The Programme's Results Framework is included as Annex 2 while the Source of the Programme Budget and the Results Based Budget are provided in Table 1 and 2 respectively.

2 COUNTRY CONTEXT

2.1 Socio-economic profile

Political and geographical perspective: Kenya is a democratic county governed by a constitution promulgated in 2010 with three arms of government - the Legislature, Judiciary and the Executive. There are two levels of governments, the National and County with clearly defined functions. The country is located in East Africa along the equator and occupies an area of 587,000 km^2, of which 571,466 $km^2$is land mass. About 80% of the land area is arid or semi-arid, and only 20% is arable. The country has diverse physical features including Mount Kenya, the second highest mountain in Africa; Lake Victoria, the largest freshwater lake on the continent; and the Great Rift Valley, which runs from Northern to Southern Africa among other features

Demographic profile: The country has an estimated population of 44.2 Million[1] people with one of the highest fertility rate in world at 4.3% in 2014. Women comprise 50.1% of this population with an average life expectancy of 65 years. Men have an average life expectancy of 62 years. The majority of the people (80%) live in the rural areas. Of the total population, 43% are children in the age group 0-15 years, 35% youth (15-35 years), and 22% are above 35 years. About half of the population generates the national GDP. The country is fairly food secure but 11% of the children are undernourished, 26% under-five are stunted and 4% wasted. Although the adult literacy level is high, at 72%, a few parts of the country have low levels of literacy.[2]

Economic profile: The Country's economic performance since independence has been mixed. Recent years have seen an estimated 5-6 % growth. From the demand side, growth has mainly been driven by an increase in private consumption and rapid growth in capital investment. From the supply side, the major drivers of the economy have been: agriculture, forestry, and fishing; construction, wholesale and retail trade; education and services sector. Kenya has a vibrant private sector and comparatively well-educated workforce that provides a good platform to achieve its goal of vision 2030 of becoming a "*newly industrializing, middle-income country providing a high quality of life for its citizens in a clean and secure environment"*. The latest outlook of the economy by World Bank projects a positive future with an estimated GDP growth of 6% in 2017 compared to that of Sub Saharan Africa 4.1% and Europe of 2.6%. The most recent figure of GNI per capita for Kenya is USD 1,290 in 2015 and this places it among countries such as Bangladesh, Myanmar and Tajikistan[3]. Kenya has generally followed a stability oriented macro-economic policy, keeping budget deficits within manageable limits and limiting inflation through prudent fiscal and monetary policy. The latest Government of Kenya budget (2016/17) focused on security, infrastructure and education.

Transparency and accountability perspective: Kenya has embedded a strong will on transparency and accountability in Chapter Six of the Constitution. Despite this, there are challenges, key of which is corruption. However this is addressed by a robust free media and an active civil society, regular elections, an independent judiciary and an Ethics and Anti-corruption Commission.

Poverty perspective: World Bank estimates that Kenya's poverty head count ratio, i.e. percentage of population living below the poverty line (USD 1.5/day) is 46%. This means that 20.4 million people live below the poverty line with 16 million of them in the rural areas where agriculture is the

[1]KNBS, Economic Survey, 2015
[2]KNBS, Kenya Demographic and Health Survey, 2014
[3]World Bank Data, 2015

predominant economic activity. From a gender perspective, women in the rural areas account for 51% of the poor as compared to men at 49%[4].

Inequality perspective: Kenya was ranked 103 out of 169 countries making it the 66th most unequal country in the world[5]. Similarly, inequality in the 47 counties is extreme on all the variables. Inequality in Kenya and similarly in counties is rooted in history, politics, economics and social organization and manifested in the lack of access to services, resources, power and voice. Inequality continues to be driven by various factors such as: social norms and behaviours that fuel discrimination and obstruct access to resources; services not reaching those who are most in need of them; governance, accountability, policy or legislative issues that do not favour equal opportunities for the disadvantaged; and the unequal control of productive assets by different socio-economic groups. It is generally recognized that there is inequality between men and women in almost all aspects of life, whether social, economic or political. Forty-four per cent of women participate in decision making within the household while only 19% of members of National Assembly and 27% of the Senate in the current parliament are women.

The Government has put in place a number of initiatives to address inequality between counties and within social strata. These include the equalization fund, the Uwezo fund, Women Enterprise Fund, Youth Enterprise Fund and cash transfer schemes for the elderly and vulnerable children.

2.2 **Agriculture sector profile**

Agriculture and the economy: Agriculture remains the most important economic activity in Kenya contributing 30% to the Gross Domestic Product. In addition, it accounts for 27% of GDP through manufacturing, distribution and service sectors; accounts for 65% of the total export earnings, and; employs 80% and 18% of the rural and formal workforce, respectively. By extension, the economies of most of the 47 counties depend on agriculture. A 2015 World Bank Policy Working Paper[6] indicates that the average agriculture GDP for all the 47 counties is 51%, with Mandera accounting for the highest proportion(94%) and Nairobi the lowest (0%) (Annex 1). The crops, livestock and fisheries subsectors are the main components of the Agricultural sector contributing 72%, 18% and 3% of the Agricultural GDP respectively.

Agricultural Land: Kenya has an area of 587 million hectares out of which 576 million hectares is land mass. About 92 million hectares of the land mass is of high and medium agricultural potential while more than 490 million hectares (84%) is arid and semiarid. Growth of urban centres, subdivision of land into small uneconomic units (due to inheritance systems) as well as land degradation continues to reduce the area suitable for agricultural development.

Although there is scope to expand the area for agricultural development in the ASALs, this is limited by inadequate quantity and quality of water resources and unfavourable soil characteristics. It is however established that there is potential to open about 400,000 ha for agricultural development through irrigation. The future for agriculture will therefore be through intensification and substitution towards high value produce and products. The government must prioritise land consolidation through appropriate incentives to facilitate mechanisation. Kenya has a 640 km long coastline stretching from Vanga at the Tanzania border to Kiunga on the Somali border and is endowed with aquatic marine resources.

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[4]Institute of Economic Affairs, 2008

[5]KNBS, SID, Exploring Kenya's Inequality, Pulling Apart or Pulling Together, 2013

[6]WB, Policy Working Paper 7461, Bright Lights, Big Cities, 2015

Farming Systems: Kenyan agriculture is dualistic in nature, composed of a largely smallholder sub-sector and a relatively small number of large scale farmers and ranchers. The former is further sub-divided into subsistence farmers and pastoralists. Small-scale commercial farmers and ranchers are mainly found in the high and medium rainfall areas. In total, about 5 million small-scale farming families account for 75% of the total agricultural output and about 70% of marketed agricultural produce. Fishery activities on the other hand are carried out in fresh inland water bodies, the Indian Ocean and in the growing aquaculture systems. Like in livestock and crop farming subsectors, small scale fishing account for 94% by volume of all the fish captured.

Service provision: For a long time and until recently, support to agricultural development in Kenya has been mainly for production. There has been limited consideration of the other aspects of the value chain development such as inputs, transportation, marketing, trading and processing. Investments have been skewed towards public extension and research services and other agricultural services such as mechanization and input supplies that are supportive of producers only. This one sided attention to a single aspect of the agricultural value chain has the effect of limiting the growth of business orientation.

Most of the available extension services for small scale farmers are from public service providers. However, due to a freeze in employment within the public service coupled with natural attrition, the level of service provision has declined. The county governments are investing less in supporting extension services and instead investing more in short term productivity based interventions. The Agricultural Policy specifies actions for promoting appropriate, cost–effective and accessible extension services for different ecological zones, the roles of different service providers and the role of National and county governments in extension services.

The Cooperative movement which was very strong in small scale agriculture during the first three decades of independence has experienced deterioration of services due to governance related issues and inadequate capacity among leaders of the cooperative societies. Value chain actors have lobbied for revitalization of this important service through review of policies and regulations that govern the subsector.

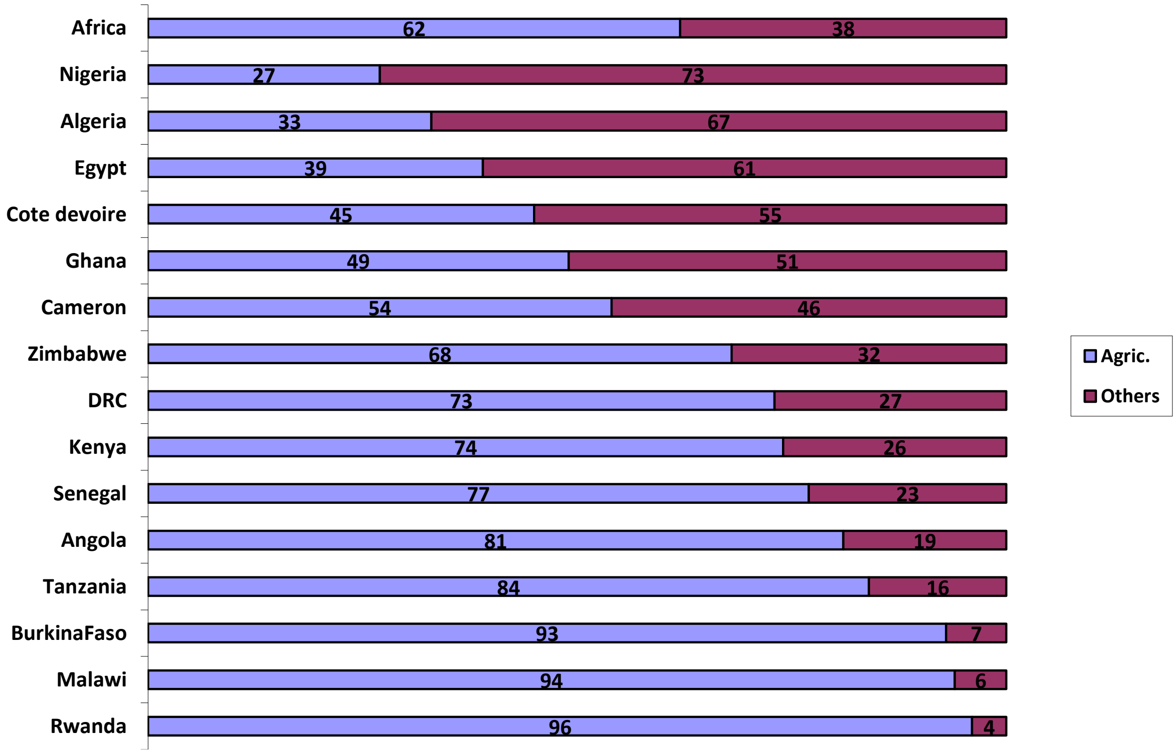
Productivity: Despite the skewed targeting of producers, productivity of most commodities generally is very low compared to global averages or similar economies in other regions. A comparative analysis of yield data of major agricultural commodities in Kenya and other countries by ASDSP facilitated Swedish International Agricultural Network Initiative (SIANI) shows that although Kenyan productivity is slightly better in the EA region, it is doing poorly compared to other countries in Asia, Europe and America. For example, average milk yield in Kenya is about 1.8 t/lactation compared with Israel's 12 t/lactation; maize production is 1.6 t/ha compared to Kuwait's 25t/ha; and banana production is 23 t/ ha while that of Indonesia is 55 t/ha. The low productivity is due to a variety of reasons, including climatic, topographical, technological and innovations, marketing, financial, insecurity, legal and regulatory frameworks and regional and international conventions.

Food self-sufficiency: Kenya is a net importer of major foods. In 2011, imports of food were valued at USD 1.5 Billion compared with USD 2.5 Million of exports. The major food import commodities include wheat, rice, edible oil and sugar despite the fact that there is great potential for self-sufficiency. Kenya imports over 300,000 MT of rice, 400,000 MT of wheat and 200,000 MT of sugar annually. The major reason for this imbalance is the inadequate capacity to increase the yields of these food commodities. According to draft Agricultural Policy 2016, the sectors of crops, livestock and fisheries have the potential to provide adequate supplies of all crop, animal and fisheries products to meet domestic food and nutrition needs as well as generate surplus for export.

Commercialization: Kenyan agriculture is not sufficiently commercialized to meet the aspirations of all the value chain actors. This contributes to worsening conditions of the small holder farmers as well as other value chain players in rural areas. Only 16% of agricultural produce is processed with the rest sold as raw materials, thereby forming the larger proportion of the market produce. The ASDSP baseline established that the average daily on and off farm per capita income among value chain actors was about 110 KES day. This is well below the poverty line of KES 200 per capita a day and only about 10% from lower middle income at KES 1190/day. The challenges to commercialization of agriculture include low productivity along the whole value chain arising from among others; low use of quality inputs which is expensive, high post-harvest losses and low mechanization, poor market linkages and inadequate business skills. Other issues are environmental degradation, poor resilience towards effects of climate change and inequalities among value chain actors.

Labour: Most of the small scale farm activities are labour intensive with women providing 74% of the labour force (Figure 1) and managing 40% of the small scale farms. Moreover, farming activities are managed by elderly people with a lower level of education affecting production and productivity. Youth on the other hand find agriculture to be less paying than white-collar jobs. They also do not have access to resources for agricultural activities such as land and financial assets. Due to low wages and the perception that farm activities are for the less educated, labour is becoming a major constraint for smallholder farmers, and in most cases, labour is expensive. A similar scenario applies in all other nodes of the value chains with the added challenge of inadequate technical knowledge and skills for marketing and trading, processing and quality control.

Kenya is a signatory to international labour conventions and cooperates with the Central Organization of Trade Unions to adapt these conventions.



Source: ILO

Figure 1: Share of economically active women in agriculture (%)

Women and youth

Women are generally segregated into certain nodes of the value chain that require relatively unskilled labour, reflecting cultural stereotypes on gender roles and abilities and inequalities with respect to access to education. In the fruit and vegetable export businesses, women constitute 80% of the workers in packing, labelling and bar-coding of produce. Such gender-biased segregation is often used to legitimize the payment of lower wages to women. The segregation and the casual or temporary nature of contracts limit their opportunities to acquire new technical and entrepreneurial skills, increasing the risk of redundancy if their jobs are automated or if men are favoured in technical training. Further, due to less access to resources women produce up to 25% less per hectare than men. However, providing women entrepreneurs with the same inputs and education as men could increase business income by 10-20%. Promoting the participation and productivity of women should therefore have a direct impact on improved food security and incomes as their earnings often gets to households.

The 2015 World Bank report classifies Kenya as a country with the highest rate of unemployment amongst the youth in Africa. While the youth account for 35% of the country's population, they account for about 80% of the country's unemployed workforce. In the last ten years, about 16 – 20 million youth entered the Country's labour market, with only a small fraction securing employment. As a result the unemployment rate more than tripled from 12% in 2006 to 40% in 2016..There is also a problem of underemployment that does not support an adequate living wage, with a national working poverty of 46% and 50% for the youth, implying that 50% of the youth who have a job live on less than US $ 1.25 per day. Since 2008, the Country has been experiencing increased social unrest, largely led by the youths. Given that the youth offer a dynamic work force that is innovative; with a high uptake of cutting edge technologies, and the ability to take on significant levels of risk, the Agriculture sector through value chain development presents a huge opportunity for the creation of their employment. However a constraint is that the bulk of the unemployed youth is poorly educated and without resources. Their potential in the context of the agricultural sector is therefore as workers, not entrepreneurs. The Government has in its policies and strategies, including the Agricultural Policy encouraged the pro-active participation of youth in government programmes. There is already a youth enterprise fund in addition to other initiatives.

2.3 **Environmental and climate change profile**

Environment: The agricultural ecosystems provide many goods and services of environmental, economic and social importance and make important contributions to sustainable livelihoods, food security and the national economy The environment provides goods such as natural resources used for food production, wild products like honey and gum Arabica, energy, and medicines. It is also a recipient and partial recycler of waste products from the economy and an important resource for recreation and other amenities.

However, the present agricultural practices especially by the producers have negatively impacted the environment e.g. loss of crop yields due to soil degradation and release of GHG like methane to the atmosphere. Agriculture contributed 33% of total emissions of GHGs in 2010 with 90% of this originating from livestock while forests through burning and other malpractices contributed 32%.

Forest ecosystems are being converted to other uses, with adverse environmental effects on long-term sustainability that endangers the country's water supplies; many freshwater ecosystems have been degraded by impoundment, excessive abstraction, land use changes and pollution while wetlands are also being drained for agricultural use. Coastal and marine ecosystems are under increasing threat from urbanization, poor waste management, shoreline modification, pollution, overexploitation of marine living resources, possible future oil and gas exploration, use of destructive fishing methods and invasive alien species. Mountain ecosystems have been subjected to a variety of uses and in the process have been susceptible to degradation through deforestation, illegal logging, poaching of wild plants and animals, destruction of habitats by fire and mining, grazing, encroachment for human settlements and agriculture as well as the effects of climate change. The level of environmental damage varies from county to county influenced by human activities within the county, activities of upstream counties and climate variability. The main threats to ASALs include expanding agriculture, charcoal production and fuel wood, uncontrolled fires, human settlements, land degradation, deforestation, overgrazing and invasive species.

The Government of Kenya recognizes the importance of the environment in achieving its economic and poverty reduction goals. Vision 2030 aims at "a nation living in a clean, secure and sustainable environment", guided by four major thrusts: conservation of strategic natural resources, pollution and waste management, sustainable utilization of the Arid and Semi-Arid Lands (ASALs) and high risk disaster zones, and environmental planning and governance. Importance of the environment in Kenya is further acknowledged in the Constitution, which provides for obligations, enforcement, agreements and legislations relating to environment. The National Environment Policy lists the important environmental components relevant to agriculture as agricultural land, Arid and Semi-arid Lands (ASALs). It also recognizes grasslands, forests, freshwater, wetlands, coastal and marine as well as mountains. However, despite the recognition in policies and strategies implementation remains low.

Climate Change: Agriculture in Kenya is mainly weather-dependent. The country is suffering from increasingly frequent and severe droughts. Climate change is exhibited through rising temperatures, and changing rainfall patterns. These results in increased frequency and intensity of extreme weather events such as droughts and flooding hence threatening sustainability of agriculture and the country's general development. Climate variability therefore continues to be the principal source of fluctuations in food production, particularly in the ASALs. Over the years, climatic extremes have wreaked havoc on the agricultural systems. In conjunction with other physical, social, political and economic factors, climate variability contributes to vulnerabilities such as economic losses, hunger, famine and displacement. This can be addressed through irrigation, water harvesting and soil conservation.

Severe weather and extreme climate events and other climatic fluctuations have a high influence on agricultural activities and performance of the general economies of the counties and the country. All agricultural value chains are affected by climate variability. For example, the El Niño-La Niña episode of 1997–2000 costed the country KES 290 Billion (about 14% of GDP during that period). The largest costs incurred during the La Niña droughts (1998–2000) were from loss of industrial production and other costs arising from reduced hydropower generation, as well as from crop and livestock losses. Some pastoral counties such as Marsabit, Turkana, Mandera and Wajir lost over 60% of their livestock culminating in emergency food crisis and long-term loss of household livelihoods.

In some cases, climate change may also provide new opportunities by reducing water scarcity and reduced occurrence of frost in the highlands. It is already demonstrated in Kenya that the poor, the marginal arid and semi-arid counties and the Western Kenya flood prone counties will be particularly vulnerable to climate change and increased variability.

2.4 **Policy and planning profile**

Policy: In the last few years, several new developments have impacted the Agricultural Sector not only at the national level but also at the global and continental levels. Globally, the Millennium Development Goals (MDGs) have been replaced by the Sustainable Development Goals 2015-2030. At the Continental level, the Maputo Declaration of 2003 has been re-confirmed and revitalized with the Malabo Declaration 2014. At the national level, the promulgation of the new Constitution (2010) was a major milestone changing the system of governance from a centralized to a devolved system. A key objective of the Constitution was to bring services nearer the people as well as empower local populations to make and influence decisions that affect their unique challenges. At the sector level, agriculture is one of the sectors whose activities were to the highest degree devolved to county governments. An overarching Agricultural Policy has been drafted and will provide the overall framework for the new Agriculture Sector Transformation and Growth Strategy, which will replace the ASDS (2010 to 2020)

Other subsector polices are also being reviewed to conform to the national Constitution while others are under development.

Global policy perspective

Sustainable Development Goals: In 2015, the United Nations launched the Sustainable Development Goals (SDGs) to replace the Millennium Development Goals MDGs. The SDGs go further than the MDGs to address key systemic barriers to sustainable development such as inequality, unsustainable consumption patterns, weak institutional capacity, and environmental degradation. SDGs ***No. 1 -*** End poverty in all its forms everywhere, and; ***Goal 2 -*** End hunger, achieve food security and improved nutrition, and promote sustainable agriculture; have a primary bearing to agriculture while several others are of significant importance[7].

Other important global policies affecting agriculture include the WTO's Agreement on Agriculture that recognizes the agreed long-term objective of the reform process initiated by the Uruguay Round reform programme to establish a fair and market-oriented agricultural trading system. The reform comprises specific commitments to reduce support and protection in the areas of domestic support, export subsidies and market access, and through the establishment of strengthened and more operationally effective rules and disciplines. The Agreement also takes into account non-trade concerns, including food security and the need to protect the environment, and provides special and differential treatment for developing countries, including an improvement in the opportunities and terms of access for agricultural products of particular export interest to these members. Although these agreements are in place, exports of Kenyan agricultural produce and products face major barriers that other countries have put in place to protect their farmers. Notwithstanding the agreement discouraging subsidies, most of the countries and especially those in the developed world have hidden as well as open subsidies restrict Kenyan agricultural exports.

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[7] Such as **Goal 5** – Achieve gender equity and empower women and girls, ***Goal 8*** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; ***Goal 12***- Ensure sustainable consumption and production patterns; ***Goal 13***- Take urgent action to combat climate change and its impacts; ***Goal 14***- Conserve and sustainably use the oceans, seas and marine resources for sustainable development; ***Goal 15 -*** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; and ***Goal 17***- Strengthen the means of implementation and revitalize the global partnership for sustainable development.

In addition to policies that are global in nature, there are other specific arrangements between regions such as the African Caribbean Pacific ACP- countries with EU, Africa Growth and Opportunity Act AGOA and others that have a bearing on the development of agriculture including bilateral and multilateral agreements. Some of the arrangements are supportive e.g. the AGOA supports the commercialization of exports for it provides ready market for textiles while others such as the ACP and EU EPAs introduce stringent requirements that limit the exportation of agricultural commodities to EU countries while opening markets for EU products to local markets with consequences of outcompeting local produce.

Regional policy perspective

Maputo and Malabo Declarations: In 2002, the New Partnership for Africa's Development (NEPAD) promulgated the Comprehensive Africa Agriculture Development Programme (CAADP), a framework for restoring agricultural growth, rural development and food security in the African region. The programme provides a framework for African governments, in collaboration with their development partners, for pursuing renewed and re-focused efforts to reverse decades of stagnating economic growth, low agricultural production and declining productivity, food insecurity and increased poverty. In 2013, the Heads of State and Governments furthermore issued the "Maputo Declaration on Agriculture and Food Security in Africa". The Declaration contained five important decisions regarding agriculture:

- Revitalize the agricultural sector through special policies and strategies;
- Implement CAADP at the national, regional and continental levels (commit 10% national budget to agriculture);
- African Union Commission, NEPAD, the FAO and other partners to continue their co-operation;
- Preparation of bankable projects under CAADP for the mobilization of resources, and
- Establishment of regional food reserve systems.

These decisions were reconfirmed and revitalized through the "Malabo Declaration" of 2014. These regional policies have continued to guide the development of agriculture in Kenya through the Kenyan CAADP Compact.

Other regional policies that influence the development of agriculture include the East African Protocol, COMESA and various Bilateral Agreements. One of the areas of cooperation under the EA Common Market Protocol is agriculture and food security, which aims to sustainably develop and promote agriculture with regard to crops, livestock, fish, forestry and their products; and ensure food security through access to quality and sufficient food. The protocol considers all aspects of food security, not least ensuring that food is effectively moved from areas of surplus to areas of deficit within the East Africa region. Such free movement can have positive as well as negative effect of agricultural development depending on the comparative advantages in each country. The East African Common Market (EACM) however provides the best opportunity for Kenya and partner countries for building value chains, because it provides a framework for exploiting economies of scale in the production and supply of food.

National policy perspective

The Constitution of Kenya (2010): The Kenya Constitution (2010) confers the mandate for providing overall strategic direction for the sector to the national government while leaving the implementation to the county governments. This has significantly influenced the development of agriculture in Kenya. More specifically, the National government maintains functions related to policy development, national planning, and research and capacity development while the county governments implement the policies. The responsibility for converting policies and national plans into tangible service provision supporting agricultural development and investment is the domain of the county governments. This is however not matched by available capacity (human resources, finances and equipment) in the respective county governments. For example, on average, only 3% of the county government's budget is allocated to the agriculture sector. Until now, the actual implementation of this functional arrangement has posed a challenge for both levels of governments, and considerable time has been spent trying to develop a common framework for implementation of the different functions. Although challenges still exist, there is a high degree of good-will between the two levels of government and a strong commitment to addressing these through the newly established Joint Agriculture Cooperation and Consultation Mechanism.

Vision 2030: This is the economy-wide overarching policy document and forms the foundation on which Agricultural Sector policy documents are derived and investment plans based. The Vision aims at establishing a globally competitive and prosperous nation with a high quality of life. It is founded on three pillars; economic, social and political with the Agricultural Sector forming a key element of the economic pillar. The focus for the Agricultural Sector is reforming of sector institutions; increasing productivity; transforming land use; developing arid and semi-arid areas; and increasing market access.

Agriculture Sector Development Strategy (ASDS): ASDS was developed as an Agricultural Sector response to vision 2030 targeting a 7% annual growth of the sector through implementation of prioritized areas during the period 2010-2020. The mission of the strategy is to develop an *"Innovative, Commercially oriented and Modern Agriculture*" by increasing productivity, commercialization and competitiveness of agricultural commodities and enterprises; and, developing and managing the key factors of production. Although the growth rate has not been realized, it has been rising over the years from 2.4% in 2011 to 6.2% in 2015 (Figure 2). From 2010 to 2013, Kenya experienced a steady increase of Sector growth but this dropped in 2014 partly due to changes in the institutional structure of the sector brought about by the implementation of the constitution, weather related issues and low global development that affected the export of agricultural products and services.

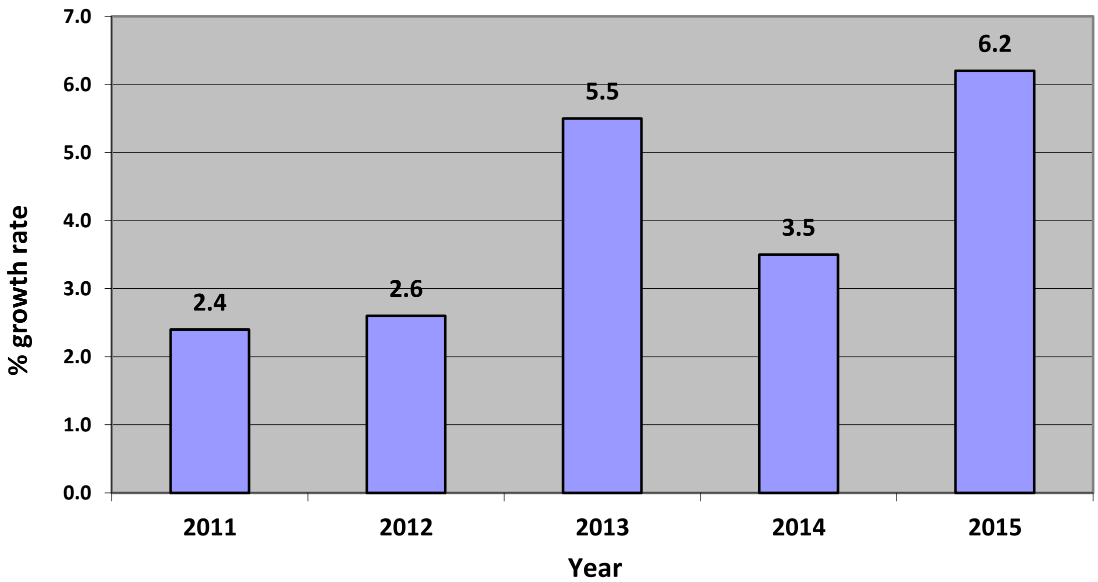

Figure 2: Agricultural growth rate (% GDP)

Agricultural Policy (draft): To ensure conformity to the Constitution, an overarching Agricultural Policy has been developed to guide the sector's development. Relevant sector stakeholders have been involved in the formulation of the new policy and it is expected that such consultation and cooperation among and within the various actors at the national and county government levels, private sector and civil society actors will continue. The Policy is in line with the Constitution with the broad objective of "*improving food and nutrition security and maximizing incomes through optimal utilization of resources in the agricultural sector*". It provides a road map to the realization of the Vision 2030 agricultural goals and targets. It provides measures towards sustainable use of natural resources, particularly land and water, which are expected to boost agricultural production and productivity. It takes cognizance that cross cutting issues, particularly agriculture in a changing climate, youth and gender have significant effects on agricultural development. It emphasizes the need for national and county governments to commit adequate resources to enable sustainable production of sufficient and diverse nutrient dense foods.

Other important policies: that will impact agricultural development include the National Environmental Policy and the Climate Change Response Strategy whose mission is to strengthen and focus nationwide actions towards climate change adaptation and GHG emission mitigation. The Climate Change Response Action Plan (CCRAP) details these commitments and engagements of the stakeholders including agriculture on how they will respond to the strategy. By implementing the CCRAP, the Sector will be contributing to the realization of the Green Economy Strategy and Implementation Plan whose objective is to support a globally competitive low carbon development path through promoting economic resilience and resource efficiency, sustainable management of natural resources, development of sustainable infrastructure, and providing support for social inclusion. In addition to the Plan, the Climate Change Act 2016 has been put in place to provide for a regulatory framework for enhanced response to climate change; to provide for mechanism and measures to achieve low carbon climate development, and for connected purposes. Agriculture as a major user and polluter of environmental and natural resources is prioritized as one of the sector whose activities through commercialization should be used to contribute to realization of the plan.

The sector has recently formulated a Kenya Climate Smart Agriculture Framework Programme (KCSAFP) whose objective is "to promote climate resilient and low carbon growth sustainable agriculture that ensures food security and contributes to national development goals in line with Kenya Vision 2030". This objective will be realized through strengthened collaboration and coordination between and among the national and county governments; commercialization of agriculture; building resilience and associated mitigations; and raising awareness and strengthen mainstreaming of communication systems and supporting local stakeholders to access and adopt methodologies as well as influence the local planning systems.

There is an overall gender policy for Kenya and a draft policy for the sector was formulated in 2013.

A range of issues cut across these policies and strategies, which need to be considered in the design and implementation of sector programmes, including the following:

- Low production and productivity
- Poor marketing, market uncertainties and low value addition
- Unpredictable weather patterns and rainfall variability (climate change)
- Ineffective and inefficient intergovernmental and inter-sectorial linkages and coordination
- Inadequate structured interactive farmer-government fora
- Weak governance in farmer organizations and farmer cooperatives
- Declining agricultural land area
- Deteriorating environment, especially watersheds and land

- High post-harvest losses
- Unfavourable taxation and tax regimes
- Limited access to agricultural finances
- Inadequate demand-driven research for development
- Inadequate insurance facilities
- Low national and county budgetary allocation to the agricultural sector
- Low youth participation in agricultural development
- Trade barriers

Planning, monitoring, evaluation and communication

Planning for implementation of policies is well anchored in the public sector with the Ministry of Devolution and Planning taking the lead role of the national planning while the respective county finance and planning departments play a similar role at the county government level. The sectors at the national level have their planning instruments that they use in order to ensure sector policies are implemented to contribute to the realization of the national vision. The instruments used at national level include the Medium-Term Plans (MTP), Medium-Term Investment Plans (MTIP), and Medium Term Expenditure Frameworks (MTEF), strategic plans, programmes/projects and Annual Work Plans (AWPs).

Planning at the county government level follows similar trend where the County Integrated Development Plans (CIDPs) are developed. The CIDPs are informed by sector development plans that are supposed to be developed through a comprehensive stakeholder consultation process. The current initial batch of CIDPs were however not well developed due to inadequate time available for sectors to conduct a comprehensive consultation and moreover, there was inadequate capacity for planning and budgeting in most of the counties. The Constitution demands increased public participation in planning for budgets and policy development, and both levels of government have promoted this through organized public budget hearing forums. Although this is being undertaken, there is need for better strategies to provide opportunities for the private sector and civil society actors to be actively involved in all the planning processes. Inadequate use of evidence-based planning is also a major challenge at both levels of government.

Linked to planning are monitoring, evaluation and communication, which are important ingredients in policy reform processes. M&E enables stakeholders and decision makers know whether the policy is making any changes (positive or negative) to the beneficiaries and to the overall economic development. Currently, the MoALF at the national level has structures in place for monitoring and evaluation. All state departments of the MoALF have monitoring units. They are however not well linked to provide a ministerial monitoring and evaluation perspective. There is however disjointed subsector level indications of output achievements as a result of efforts by the respective departments.

At the devolved government level, only a few counties have monitoring and evaluation units at the sector level to monitor and evaluate progress of sector plans. This is partly a result of inadequate capacity at the counties and also the manner in which devolution of some of the services were carried out. At both levels of government, there is no structured system of data collection and management, hence non-availability of consistent or up-to-date sector statistics that affect planning. Although at the national level the KNBS has data that is mainly derived from the Sector, the system of collection and storage of such data is not well streamlined. The inadequacy, inconsistency and inaccessibility of the Sector data are a serious challenge to policy formulation, implementation and evaluation.

Acknowledging this less than desirable status, the MoALF, in collaboration with the county governments, is in the process of establishing a comprehensive sector performance monitoring and evaluation system, which is being developed with support from several development partners, including Sweden through ASDSP I.

Communication of information to different interest groups at both levels of government is not well structured. Efficient communication provides opportunities for public dialogue and knowledge sharing for decision-making and evidence-based planning at all levels. However, recently, with ASDSP I support, the MoALF in cooperation with the county governments have agreed to establish an Agriculture Intergovernmental Communication Strategy, with a view to streamline communications between the two levels of government.

Aid effectiveness and alignment

Although Kenya's reliance on development assistance is limited to about 5% of the national budget, the Agricultural Sector budget benefits from a big proportion of this development aid, which constitutes about 30% of the national-level sector budget. At the national level, the biannual thematic Development Partners Forum, chaired by the Deputy President, constitutes an important forum for dialogue between the GoK and DPs on aid effectiveness and accountability. There are no such structures at the county government level partly due to lack of clarity of the DPs' engagement with county governments.

A large number of donors and international NGO's are present in Kenya, and internal DP coordination at the national level is pursued in the Development Partners Group and in technical working groups organised according to the Medium Term Expenditure Framework. Many development partners are active in the agricultural sector, including Africa Development Bank (AfDB), European Union (EU), Food and Agricultural Organization (FAO), Germany, IFAD, Japan, Sweden, United States of America (USA) and World Bank (WB). The internal DP coordination in the agricultural sector takes place in the context of the Agriculture and Rural Development Donor Group (ARDDG). Mechanisms to facilitate alignment, and harmonisation and mutual accountability at the national level includes the Kenya Joint Assistance Strategy (KJAS) and at the sector-level the ASDS Code of Conduct.). A new multi-party Code of Conduct for the agricultural sector (between the national and county governments, development partners and other key stakeholders) is now being developed in the context of the newly established Joint Agriculture Sector Cooperation and Consultation Mechanism (JASCCM) , which supports coordination at three levels, the national, intergovernmental and county levels.

2.5 Institutional setting

The institutional sector setting in which ASDSP II will operate has changed significantly compared to the setting at the onset of ASDSP I. The current setting can be summarized as follows.

Devolution

In accordance with the Constitution of Kenya (2010), a wide range of agricultural functions have been devolved to the county governments. In the context of the core Agricultural Sector (crops, livestock and fisheries), most service delivery functions have been devolved and are now the responsibility of the county governments. The bulk of the functions for translating policies into tangible developments for the realization of agricultural commercialization are therefore in the domain of county governments.

The transfer of functions to county governments was, for a variety of reasons, accelerated compared to the originally foreseen schedule. Consequently, and due to funding constraints faced by the county governments, the transfer of functions has not been matched by available capacity (human resources, finances and equipment) in the respective county governments. The county governments are now well structured. They consequently form an important institutional reference point for ASDSP operations. However, significant capacity deficiencies and service delivery gaps remain, which points to the need for ASDSP to further strengthen its support to building the service delivery and sector management capacity of county governments to complement efforts to strengthen commercialized value chain development.

Rationalization of national government ministries

In fulfilment of the Constitution regarding the ceiling on the number of ministries at the national level, the wider Agricultural Sector now comprises consolidated and reduced number of ministries. Specifically, the national government established the Ministry of Agriculture, Livestock and Fisheries (MoALF) in place of the previous ministries of agriculture, livestock and fisheries. Other ministries of key importance to the Sector, and Value Chain Development more specifically, include the Ministry of Industry, Trade and Cooperatives; the Ministry of Water and Irrigation; the Ministry Environment and Natural Resources; the Ministry of Devolution and Planning and the Ministry of Lands, Housing and Urban Development.

The functions that remain with the MoALF include policy formulation, development of regulations and standards, agricultural research, national planning and monitoring and capacity building.

The consolidation of national ministries and the devolution of functions to county governments have had major implications for both horizontal and vertical sector coordination. Additionally, these factors have necessitated internal institutional restructuring and reform within the MoALF to align the Ministry's structure and procedures to its reduced mandate, establish mechanisms for consultation and cooperation with county governments, and unleash the potential efficiency gains resulting from merging agricultural, livestock and fisheries related functions into one consolidated structure. However, this internal restructuring process is still at a nascent stage. This, along with the capacity gap at the county level, affect the prospects for effective priority setting, coordination and service delivery in the core Agricultural Sector (agriculture, livestock and fisheries) as well as horizontal coordination in the wider sector.

In order to address these issues, the newly approved JASCCM coordination mechanism proposes the establishment of structures for inter-ministerial coordination between sector ministries and structures to strengthen the intra-ministerial coordination and rationalization of the MoALF's three State Departments.

Reformed mechanism for sector coordination

The consolidation of national ministries has changed dynamics with respect to horizontal sector coordination, as most of the consolidated sector ministries now perform several of the ten sector functions covered by the ASDS. Likewise, the devolution of functions to county governments has necessitated an increased focus on establishment of mechanisms for intergovernmental, or vertical, coordination. The complexity of aligning horizontal and vertical sector coordination has greatly increased because the 2012 Intergovernmental Relations Act defines the new intergovernmental structures along the lines of ministerial domains. Consequently, the intergovernmental coordination structure for 'agriculture' covers crops, livestock and fisheries, corresponding to the domain of MoALF or the 'core' Agricultural Sector.

Partly because of this increased complexity, the former ASDS coordination mechanism, which covered the wider Agricultural Sector, was discontinued in early 2014. The MoALF, in partnership with three Development Partners (EU, Germany and Sweden) subsequently established the MoALF Transformation Initiative (TI) in 2014. This was aimed at restructuring MoALF; establishing effective mechanisms for intergovernmental coordination; consolidating policies and strengthening sector monitoring and programme coordination. The MoALF TI thus primarily focused on the 'core'

Agricultural Sector, though it has also intended to strengthen the MoALF's capacity to reach out to other national ministries and stakeholders.

However, in early 2016 the MoALF, Development Partners and county governments identified a need to deepen and widen the ownership of the agricultural sector coordination effort, define a new strategic and planning framework for the sector to replace the ASDS, and strengthen the attention to change management within the Sector. Consequently, the Ministry, county governments and Development Partners embarked on a process to reform TI with a view to establish a broader and intergovernmental based Sector coordination mechanism. As a result of this effort, the Joint Agricultural Sector Consultation and Cooperation Mechanism (JASCCM) was established by the second Agriculture Intergovernmental Forum in November 2016.

In light of the critical roles played by both levels of government in agricultural development, the mechanisms for intergovernmental consultation are considered the 'back-bone' of JASCCM. However, as effective consultation between MoALF State Departments and within county governments is also recognized as being of high importance, JASCCM may also support consultation mechanisms within these institutions. However, this guidance is provided on the understanding that such internal consultation is the prerogative of the MoALF leadership and county governments, respectively.

JASCCM is currently supported by the EU, Germany, Sweden, USAID, FAO and AGRA, among other development partners. In light of the recent establishment of JASCCM, any Sector coordination support by ASDSP II should be aligned with this new structure.

Emergence of intergovernmental coordination structures

The core Agricultural Sector now operates in the context of the intergovernmental institutional framework prescribed in the Intergovernmental Relations Act 2012. With the establishment of JASCCM, the intergovernmental coordination structure for the core Agricultural Sector includes the following structures:

- **Inter-Governmental Summit (IGRS):** The Summit provides overall political direction to the agricultural and other sectors. It is a meeting between the President of the Republic of Kenya and the Governors of the 47 Counties supported by the Intergovernmental Relations Technical Committee (IGRTC).
- **Inter-Governmental Forum for the Agricultural Sector (IGF):** The Forum is chaired by the Cabinet Secretary, MoALF and the Chair of the Council of Governors. The IGF is mandated to ensure overall sectorial consultation between the two levels of government. They meet on a yearly basis to resolve sector issues affecting both levels of government. Other sector stakeholder, including members of the Agriculture and Rural Development Donor Group, may join special sessions of the IGF.
- **Joint Agriculture Sector Steering Committee (JASSCOM):**): The JASSCOM is a platform for regular sector steering meetings between high-level national and county decision-makers. Other sector stakeholder, including the leadership-Troika of the Agriculture and Rural Development Donor Group may join special sessions of the JASSCOM.
- **Joint Agriculture Sector Technical Working Groups (JAS_TWG):** The four Inter-governmental Thematic Working Groups established under the MoALF Transformation Initiative have been replaced by four **JAS-TWGs.** Each JAS-TWG comprises of 3 members appointed by

the CS–MoALF, 3 appointed by the CoG and a member from the Joint Agriculture Secretariat. Other sector stakeholders may be invited to joint JAS-TWG meetings.

- **Joint Agricultural Secretariat (JAS):** The current IGS has been replaced by the JAS to provide secretariat function for the IGF, JASSCOM and the JAS-TWGs. It prepares for the IGF consultations and implements its resolutions. The JAS also houses the sector M&E node.

New sector management tools

As an integral part of its support to sector transformation and development, the JASCCM will spearhead the development of key tools for effective coordination and management of the agricultural sector. This will include the following sector management tools:

- The **Agriculture Transformation and Growth Strategy** (ATGS). This new sector strategy will replace the 2009 Agricultural Sector Development Strategy. The ATGS will be based on evidence-based analysis of current and future challenges and opportunities, with a view to identify national targets of key food security and export value chains that will make the country food secure and transform agriculture by year 2020, and to identify the country's and specific counties' comparative advantage in the key value chains
- The Agriculture Sector Master Plan (ASMP). The ASMP will replace the Mid-term Investment Plan framework (which builds on the ASDS). This plan will link to the sector results framework contained in the ATGS and the priorities set out in the Agricultural Policy, and be closely linked to the MTP, CIDPs, County Agricultural Sector Plans, to ensure strong alignment between sector goals, sector performance monitoring and planned and actual sector investments. The Common Programme Framework (CPF) concept promoted under the MoALF Transformation Initiative will to the extent possible be applied in the development of the ATGS and ASMP.
- A sector performance monitoring and evaluation system (currently under development)
- An Agriculture Intergovernmental Communications Strategy
- A partnership Code of Conduct

These instruments will be compliant with CAADP and therefore fulfill Kenya's obligations under the Kenya CAADP Compact.

2.6 Achievements and lessons learnt

The achievements and lessons learnt from implementing ASDSP I and other major programmes in the sector are important to inform the design of ASDSP II. They include but are not limited to the following.

Value chain development, commercialization and private sector engagement

- In all counties, value chain platforms were established for each of 3 prioritised value chains supported by ASDSP I, in total 143. This represented a new approach to value chain development characterised by public sector facilitation of value chain coordination and stakeholder consultation, combined with stakeholder led implementation of value chain initiatives. *However, the VCPs are still emerging, and a strong emphasis needs to be put on how to ensure the institutional sustainability of the VCPs.*

- In total, the programme reached out to 563,347 value chain actors. Out of these 46 per cent were male, 36 per cent female and 18 per cent youth.
- Income by male headed households increased by 78% from KES 81,263 in 2013 (ASDSP baseline) to KES 145,505 in 2016. For women headed households, the income increased by 25% from KES 59,288 to KES 66,877, and for youth by 15% from KES 61,130 to 74,473.
- Several value chains had remarkable productivity gains like banana from 1,721 kg/acre to 3,248 Kg/acre, maize 1,115 Kg to 2,015 kg/acre, milk from 4.9 l/day and cow to 8.8l/day and fish in ponds from 0.6 kg/ sqm to 1kg/sq/m.
- Even if there were exceptions, overall the Programme played a limited role as a broker of stakeholder-led value chain coordination across counties and at the national level. This was partly a consequence of the Programme's organizational structure, with the core operational unit the CCUs, which by definition are county-focused. This weakness to pursue VCD beyond county borders restricted ASDSP's role as a facilitator of effective Value Chain Development. *ASDSP II must therefore proactively pursue VCD across counties, i.e. at the regional and national level*.
- The extended concept approach was a good initiative as improved gap analysis in value chains encouraged partnerships, enabled mobilisation of resources, and enhanced leveraging of investments, increased transparency and reduced duplication. *A modified version of this approach should be continued.*

- The "software approach" to a large extent was good as it reduced community dependence on donor funds hence prompting an attitude change that needs to be nurtured. In the long run, it will also encourage business orientation. There is however need to support groups to pursue application of innovative technologies. *This can be in the form of grants or loans but should also be mobilised from partners who are providing hardware*.

- Use of information communication technology (ICT) by implementers and beneficiaries enhanced the effectiveness of delivery of services and information sharing at all nodes of the value chains. *ICT should therefore be further emphasised in phase II of the programme.*

  The programme piloted an innovative mechanism for nurturing agri-preneurs through an incubation process based on a business entity with support from various service providers. This heralded a shift from the traditional extension processes. ASDSP II will further explore the viability of this approach and how it can be applied to nurture innovative agri-businesses and supportive technologies aligned to "strategic" value chains with regional and national spread. It is a process that is gaining currency with other Partner organisation in the sector like GIZ's Green Innovation, DANIDA's Green Growth and FAOs Youth Programme.
- ASDSP still faces issues of 'getting the value chain approach right'. In particular, the business and market orientation of the VCPs and the ability to engage the private sector need strengthening. As part of its efforts to enhance its focus on commercialization of value chains, the Programme needs to embrace the business sector, i.e. avoid the tendency to define the 'private' sector as anything 'non-public'. During ASDSP I, the term 'private sector' has primarily referred to NGOs, farmer organizations and cooperatives, etc. Likewise, the Programme needs to complement its current focus on 'push' focused VCD with an increased focus on 'pull' focused VCD. Value chain interventions should also be underpinned by proper business plans and be financially or commercially viable. *A deliberate and targeted action to strengthen the Programme in promoting*

a culture of entrepreneurship and seek more alliances with the business community should be pursued.

- The programme spent considerable resources on capacity building of programme staff and collaborators on value chain development and other relevant areas. *It is important that capacity among staff and collaborators generated under phase I is not lost so that future resources can focus on service providers, value chain actors and coordination structures.*

Integrating gender and social inclusion concerns in value chain development

- ASDSP I's efforts to pursue social inclusion concerns through the integration of women and youth in value chains have been reasonably effective. In particular, phase I supported establishment of gender and social inclusion thematic working groups at the two implementation levels to pursue social inclusion concerns in value chain development.. However, most of the implementing teams lacked capacity and had a misconception that there is a contradiction between commercialization and social inclusion. Phase II should deepen this work by facilitating the value chain actors to do an assessment of the implementation of the gender integration action plans and revise them. *Further, continued sensitisation and actions to integrate women and youth in all the segments of the value chain will be necessary*.
- The programme facilitated the development of strategic gender and social inclusion action plans (GSAP) and gender and social inclusion growth pathways. Further, a deliberate attempt was made to organize the value chain segments in to women groups, youth groups and mixed group value chain actors with an aim for the women and youth categories to realize their agency in value chain development, which should be carried into ASDSP II. *The full integration of the gender and social inclusion action plans into the overall value chain action plan needs to be pursued further and rigorous follow up on the implementation is necessary.*
- Women and young value chain actors still face higher entry barriers than adult males in value chain development as they have less access to assets, credit, services and markets among others, thereby hampering the implementation of the action plans. *These obstacles needs to be addressed especially through innovative funding mechanisms to improve their access to resources.*
- The ASDSP baseline found that 61% of male, 58% of female and 61% of youth headed households were food insecure. In 2016 this had changed to 32.8%, 38% 42% respectively. This is a great achievement but it should be noted that relatively to male headed households, female headed households are now more food insecure. The ETE also showed that generally, on-farm income had increased for all three gender categories but on the other hand that disparities had also increased. As women and youth are important in increasing agricultural productivity, emphasis should be put on*: i) strengthening value chain segments with high prospects for women and youth empowerment and ii) creating more opportunities for women and youth engagement in male dominated value chains through innovation grants.*

Integrating Environmental Resilience

- Commercialization without regard to the environment can lead to severe negative impact on future livelihoods. ASDSP I environmental resilience sub component managed to put in place measures for value chain sustainability at the same time responding to other environmental challenges outside the value chain. This was achieved through analysis of all the value chain nodes, isolating the possible environmental negative and positive impacts and developing necessary mitigation measures. This was followed by the preparation of the Programme's Strategic Environmental Assessment (SEA) report, the first of its kind in the agriculture sector in Kenya. The SEA served as an important reference document in addressing environmental issues by Value chain actors and especially within the extended concepts. *However as noted in the ETE, environmental resilience and climate change is still not sufficiently integrated in value chain development and therefore need strong attention. This will continue to be addressed in the extended concept, and ensuring environmental and climate change resilience will be an important element in the business plans. Increasingly addressing environment and climate change resilience should be seen as an opportunity, not a burden.*
- ASDSP I efforts to mainstream the Participatory Scenario Planning (PSP) approach was considered a major success as a method of providing climate and weather information to value chain stakeholders. *However, insufficient follow-up action was taken by VC actors in response to the forecasts and advice communicated through the PSPs.. Therefore , ASDSP II must facilitate that the potential of PSP is better acknowledged among higher level decision-makers, and PSP continues as an important instrument to trigger climate related action among value chain actors.*
- Development of resilience maps was important in guiding value chain development in a number of counties with targeted environmental resilience interventions, like application of conservation tillage, soil conservation and use of drought resistant crops. These activities have helped enabling the environment to withstand intensive stress with marked increase in productivity. *The utilisation of this tool will be scaled up in phase II.*
- Other resilience technologies promoted by the programme include solar powered irrigation in Kajiado and Wajir and application of solar water heating in the Kabiyet dairies. *These technologies increased value chain competitiveness and can serve as inspiring examples for up-scaling in phase II*.
- Generally the negative effect of the present severe drought on the income for the value chain actors is considerable. This shows that more has to be done in environmental and climate change resilience. But there are exceptions where addressing the possible effects of adverse weather has been quite effective. *There is need to learn from these positive experiences and look into ways of up scaling and out scaling them*.

Role of ASDSP county structures and support to county level sector coordination:

- The CCUs and the CSCs have been instrumental in positioning ASDSP as the only functioning nation-wide programme following devolution, and in establishing sound and constructive linkages with most county governments despite the many challenges resulting from the devolution process. The CCUs and CSCs have the potential to play important roles in facilitating the coordination of programme investments and interventions at the county level, and in facilitating the provision of capacity building support towards improved sector management by the county governments. The establishment of the CCUs and CSCs is thus a major achievement, *and further integration of these into county government structures to* *institutionalize efficient and sustainable devolved structures should be considered and pursued.*

- Besides the need to create county government ownership of local ASDSP supported interventions, the long-term viability of *the Programme's very cost-heavy organizational structure of the Programme is an important aspect to consider.*

Although ASDSP I performed reasonably well in engaging Value Chain Actors, it also encountered criticisms from some leaders who did not fully appreciate its role, mission and ways of doing business. Some county leaders saw ASDSP I operations as a threat to their devolved responsibility. The situation was aggravated by the attitudes of some ASDSP staff that that were reluctant or slow in adjusting to the devolved system of governance. These initial setbacks in the implementation of ASDSP I would have been minimized if a proactive communication strategy had been in place to guide implementation. *This means that the early development of a communication strategy is crucial.* The communication strategy should ensure that the expectations to and roles of various partners should be spelt out early enough to avoid the type of conflicts which delayed phase I take off.

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- Inadequate human and financial resources are available among various sector institutions to develop, implement and evaluate conducive policies, strategies, plans and regulations necessary for efficient value chain development and agricultural sector growth. ASDSP *I started to address these issues but efforts need to be intensified under ASDSP II.*

National and intergovernmental Sector coordination

- The major changes resulting from devolution and restructuring of national government agencies, and particularly the collapse of the ASDS coordination mechanism, have affected the implementation of ASDSP's Sector coordination initiatives. In particular, with the discontinuation of ASCU, the ASDSP lost its main mechanism for delivery of Sector coordination results under Component 1. The Programme adapted to the situation by supporting the MoALF Transformation Initiative and lately by supporting efforts to establish the JASCCM. While this resulted in a primary focus on the core Agricultural Sector (crops, livestock and fisheries – as opposed to the wider Sector as defined in the ASDS), it has ensured the continued relevance of the Programme's Sector coordination effort. *There is need to further consolidate and mainstream JASCCM to ensure that it evolves as a sustainable consultation and cooperation mechanism for the agricultural sector in Kenya*.
- Through its operational support to the IGS and its support to establishing the ITWGs, ASDSP I played a major role in facilitating gradual improvement in agricultural intergovernmental relations between the two levels of government. In the devolved context, the ASDSP, with its existing structures of collaboration in all counties, is well positioned to support coordination in the counties, between counties, and between National and county governments. *Care must be taken during ASDSP II to ensure that the Programme's Sector coordination efforts at each of these levels are mutually supporting and reinforcing.*

ASDSP as a sector-wide programme

The original intention of establishing the ASDSP as a formal SWAp has proven to be unrealistic in light of limited commitment of DPs and the government towards application of SWAp in Kenya generally, and in the Agricultural Sector specifically. The ASDSP has effectively acted as a nation-wide Value Chain Development programme focusing on facilitation of stakeholder-led coordination of equitable and environmental resilient Value Chain Development. *During ASDSP II, the Programme should capitalize on this strength and further build its capacity in VCD at the county as well as cross-county and national levels. This will be done while exploring opportunities to build collaborations which give face to movement towards SWAp.*

Intervention strategies and operations

- The ASDSP's demand-driven, stakeholder-led and partnership-based intervention strategies have proven to be very effective and a key to the Programme's success in engaging Value Chain Actors in the VCPs and creating stakeholder ownership to value chain interventions. Specifically, it has resulted in an increasing degree of co-financing of value chain interventions by stakeholders, thereby leveraging scarce ASDSP resources. *ASDSP II must build on this success by gradually reducing its level of control over and financial support to VCD initiatives, thereby increasingly leaving the initiative to Value Chain Actors.*
- ASDSP has pursued an innovative approach as a public sector agent supporting demand-driven and stakeholder-led value chain development. It is not surprising that the Programme therefore has faced problems engaging business sector agents and applying a strong focus on commercial and business-focused solutions to value chain gaps. In order for the Programme to strengthen its performance in this regard, the organisational structure of the NPS and CCUs during ASDSP II must be adjusted to increase the technical focus on and capacity to engage business actors and push commercial and business-oriented VCD solutions. *This calls for a higher proportion of staff that possess specific expertise in VCD and market solutions including possibly staff sourced from the business sector.*
- Overall, ASDSP I have been successful in maintaining full operations at the county level, in spite of the occasional strained relationship between the national and county governments. Many other national programmes operating across multiple counties have also found it difficult to establish constructive relations with the concerned county governments, as a result of which operations have faced serious delays. A key lesson learnt in implementation of programmes and projects across the two levels of government is that it *is critically important that project designs and operational approaches explicitly respect and acknowledge the devolved system of government, and that they maintain constructive relations with the county governments*.

2.7 Justification

As evident from the analysis in the previous sections, there are many challenges that hamper commercialization of agriculture but there are also opportunities that can be exploited to address these challenges. The opportunities include the growing interest of county and national governments to prioritize agricultural commercialization, the overarching Agricultural Policy that is pro-commercialization, growing interest by women and youth in agriculture that is supported by government policies and strategies, and the new sector coordination and consultation framework. Others include the willingness of stakeholders to adapt and mitigate against climate change and environmental depletion, and the experiences and lessons from ASDSP I and other sector programmes.

Considering that there are many programmes in the sector, ASDSP II will address a few of the problems that hinder commercialization, but whose outcomes will nevertheless contribute significantly to the realization of the Sector goals. The justification of ASDSP II therefore rests upon satisfactory answers to the following questions.

- How relevant will ASDSP II be to implementation of the overarching Agricultural Policy?
- What problems will ASDSP II address?
- How can ASDSP II feasibility, effectiveness and efficiency be enhanced to maximize impact and sustainability?

How relevant is ASDSP II to implementation of the overarching Agricultural Policy?

The problems that ASDSP II will address are some of the major challenges that hinder commercialization of agriculture, which is the objective of the Agricultural Policy. ASDSP II is therefore relevant to the policy to the extent that the Programme outcomes contribute to the realization of the policy goal. The VCD approach applied by the Programme will lead to increasing equitable production and productivity of at least three prioritised VCs in each county, facilitate market linkages and help in the reduction of post-harvest losses. When supporting the VCs, the programme will address climate resilience and environmental and natural resource depletion. Many environmental and climate change challenges will be turned into opportunities for business. In addition, the programme will strengthen intergovernmental relations by supporting the institutional structures established for consultation, cooperation and coordination at the national, intergovernmental, county levels. This will result to harmonized implementation of the policy by the different stakeholders.

What problems will ASDSP II address?

The Agricultural Sector, as described in section 2.2 and 2.3, continues to face many challenges, as a result of which the Sector over the recent years has experienced modest growth, which primarily has been driven by the highly commercialized horticulture and dairy sub-sectors. ASDSP II will aim to address the following problems that hinder commercialization of agriculture:

- Low productivity along the entire value chain,
- Inadequate entrepreneurial skill among the VCAs along the entire VC including service providers,
- Low access to markets by VCAs
- Weak and inadequate structures and capacities for consultation and coordination within the Sector.

Low productivity: This is one of the major constraints to agricultural commercialization and is more pronounced at the small scale producer level, including specifically among women producers. However, productivity is generally low in all the value chain nodes with women showing better improvement in productivity at the trade node. The low productivity is associated with subsistence level of production, the aging population in the sector, inadequate skills especially in business, low access to quality inputs, low levels of value addition and processing, postharvest losses, prevalence of pests and diseases, environment and climate change effects, declining agricultural land potential, including poor soil health and continued and increasing ecosystems degradation.

Inadequate entrepreneurial skills: Commercial VCD like any other business requires sound understanding of business development concepts. Inadequate entrepreneurial skills in agriculture is mainly due to lack of business training among the agricultural Value Chain Actors especially at the lower level of the VC and also due to limited access to information and shortage of competent business development service providers. The lack of business plans among VCAs throughout the VC nodes is a strong indicator that lack of business skills in agriculture is a major obstacle to commercialization. This inadequacy in entrepreneurial skills cuts across both women, men and youth although the levels of education and culture are factors that also influence the understanding of business development concepts.

Low access to markets by VCAs: Access to markets is critical for sustainable development of VCs. As discussed in chapter 2, there has been an excessive focus on supply driven production and insufficient attention on the facilitating factors that are associated with market access. At all the VC nodes, there are limited market linkages resulting from prevalence of disorganized groups (for women, men and youth managed) with limited access to production services such as knowledge, market information, market access tools (Contract farming, commodity exchange facilities, information systems, etc.) These limitations are more severe for women managed businesses than male managed businesses. However, with respect to organizational and access to financial services, women managed businesses are doing better[8]. Other barriers to market access include poor infrastructure such as poor roads, unaffordable energy and inadequate water.

Weak and inadequate structures and capacities for consultation and coordination: As discussed earlier, there are many different actors in the sector broadly grouped into three categories, the public, private and civil society. These play different roles in the development of agriculture, including value chains. The stakeholders are acting at different administrative levels with varying institutional support. Therefore, and in light of the constitutional division of work between the two levels of government, consultation and cooperation is necessary to ensure effective policy development and implementation.

ASDSP II efforts will be employed towards addressing these problems, with a view to strengthen commercialization of agriculture in accordance with the objectives of the Agricultural policy.

How can ASDSP II feasibility, effectiveness and efficiency be enhanced to maximize impact and sustainability?

Based on the problem analysis, ASDSP II feasibility, effectiveness and efficiency will be enhanced by adapting the Programme's focus, approaches and structures as follows.

- **Support development of three county specific prioritized value chains with effective linkages beyond the county:** This will enhance the Programme's capacity to 'follow the value chains' and serve to enhance the impact of small-holders and larger-scale value chain actors alike by more effectively linking local VCD action with larger markets, and linking 'supporting' value chains to 'strategic' value chains. There will be deliberate efforts to upscale development of value chains across borders, that is, between counties, at national, regional and international levels.
- **Emphasis on value chain commercialization:** This will include significant and systematic strengthening of engagement of business actors in the Programme's VCD structures and activities, application of a stronger focus on commercialization as a leading principle for the VCD effort, and mainstreaming commercial business practices in VCD activities. The result of this will be increased volume of traded agricultural goods, locally, nationally and globally.

Effective integration of environmental and climate change resilience in VCD: This will ensure that the variability and unpredictability brought about by climate change will be considered in the development of the value chain and that therefore VC actors are cushioned or able to adapt to and mitigate climate change effects. The value chain development effort should aim to not only maintain but preferably increase and enhance the productive capacity of the environment and the natural resource base. .The programme will continue its effort to build the capacity of stakeholders to respond

[8] ASDSP I Baseline studies and End Term Evaluation report

to climate change risks and opportunities and to provide accessible weather information, which will support the stakeholders to institute early action. It is also important to support stakeholders to appreciate the local resources have a direct or indirect impact on value chain development and especially on productivity.

- **Support appropriate value chain innovations for economic empowerment of youth and women in VCD**: This will harness the large number of women already engaged in value chain development and the growing interest of young people to undertake business along the value chain. It will also facilitate the creation of more opportunities for women and youth engagement in male dominated value chains through the establishment and operationalization of an innovation grant.
- **Support the agreed sector coordination and consultation framework**: This will involve supporting establishment of the JASCCM structures and tools by assisting consolidation of consultation structures, formulation of strategic plans and the implementation of annual work plans. This will be done in collaboration with other development partners and programmes.
- **Integrate ASDSP II coordination structures into the sector coordination and consultation framework:** This will be done by attaching programme specific structures to the JASCCM sector coordination framework. Where possible, programme structures will also be utilized as Sector coordinating structures, particularly at the county level.
- **Integrate ASDSP I capacity (staff and equipment) into ASDPII coordination structures**: This will involve retaining existing ASDP I human resources and transferring the material resources including vehicles and computers to the new programme structures to avoid delays in the implementation of ASDSP II.

3 PROJECT DESCRIPTION

3.1 Goal and Purpose

The Overall Goal: The national vision for the Agricultural Sector as elaborated in V2030 is an "innovative, commercially-oriented and modern agriculture". This vision is captured by the Sector through the draft Agricultural Policy 2016 as: "innovative, sustainable and commercially oriented crops, livestock and fisheries production". In line with the Agricultural Policy, the Overall Goal of ASDSP II is to contribute to**:** ***Transformation of crop, livestock and fisheries production into commercially oriented enterprises that ensure sustainable food and nutrition security.*** As the Sector currently contributes about 30% of the national GDP, the achievement of this goal will contribute immensely towards attainment of V2030 objectives and hence warrants careful monitoring. Four indicators have been identified to track progress in this respect: 1) *percentage increase in agricultural sector GDP*; 2) *percentage reduction in rural poverty of male and female population; 3) percentage reduction in chronically food insecure female or male headed households; and 4) percentage increase in "on and off farm" employment*.

The Purpose: Key problems that hinder commercialisation of the agricultural sector were considered and prioritised as part of identifying the justification for ASDSP II. On this basis, and in order to contribute to the goal of commercialising agriculture with a view to meeting the national objectives for food and nutrition security, employment and poverty reduction, the Programme Purpose shall be: "***To Develop Sustainable Priority Value Chains for Improved Income, Food and Nutrition Security"***. The key plank of sustainable value chains is bringing value chain actors together to address common VC barriers leading to efficiency across the entire value chain. This efficiency will lead to two important results that will be monitored for sustainability of the value chains: 1) *percent change in gross margins of value chain actors by gender, and 2) value chain actors level of satisfaction with share of revenue*. The increased productivity underpinning improved gross margins over time indicates a state of stable and improving conditions in the factors of production including environmental resilience, and is therefore an important indicator of sustainability.

3.2 Key intervention strategies

ASDSP II will build on the successful experiences gained from the intervention strategies applied by ASDSP I. However, they will be adapted to match the current context and complemented by additional strategies.

a) **Inter-sectorial focus:** While the Agricultural Policy 2016 will be the strategic reference point for the ASDSP II, the Programme will apply inter-sectorial perspective with respect to its Value Chain Development and sector coordination work. Consequently, while the JASCCM coordination mechanism supported by the ASDSP primarily relies on the sector definition provided by the Agricultural Policy, the Programme will emphasize the need for such mechanism to reach out horizontally to other relevant sub-sectors, which contribute to agricultural commercialization. Similarly, ASDSP II will pursue collaboration with relevant value chain supporters irrespective of their sectorial affiliation, and support county level sector coordination irrespective of whether individual counties have applied the same sector definition as the Agricultural Policy.

b) **Demand-driven and stakeholder-led Value Chain Development:** The primary function of ASDSP II is to network Sector actors at all levels to facilitate mutually inclusive, demand-driven identification of value chain bottlenecks and Sector transformation issues needing attention. ASDSP II will thus facilitate stakeholders to set their own agenda rather than prescribe these to them.

c) **Partnership-based investment and implementation:** Value Chain Actors are the primary implementers of ASDSP II supported value chain interventions. Interested Value Chain Actors will thus take the lead in identifying VCD solutions, raising the resources needed for their implementation, and for implementing the same. ASDSP II will therefore only act as a facilitator of operational VCD partnerships, not as an implementer. There is still need to mobilize, and unlock the resources with the private sector and donor partners in order to deliver on sustainability of VC development. This will leverage engagement in and financing of value chain initiatives, thus ensuring sustainability. ASDSP II will be embedded in relevant county government structures and pursue sector coordination initiatives at the county, inter-county, intergovernmental and national level in partnership relevant sector actors at each of these levels. It will also seek partnership with the EU, Germany, USAID, FAO and any other DPs concerning joint or aligned programming. Special efforts will be made to facilitate mutually beneficial cooperation with business sector agents.

d) **Harmonization with government structures and procedures:** ASDSP II will use applicable national or county government procedures for programme implementation and integrate its steering and coordination structures into respective government structures.

e) **Commercial and 'pull-focused' Value Chain Development:** ASDSP II will put strong emphasis on ensuring that Value Chain Development actions agreed upon by VC stakeholders are commercially viable and driven by partnerships. These partnerships may involve commercial agents whenever possible, and cover all parts of the value chain. Based on the foundation provided by county-focused value chain development, inter-county and national Value Chain Development will be pursued where applicable. This will enhance the 'pull-focus' of ASDSP's Value Chain Development effort, increase trade and further enhance the impact generated, also for smallholders, women and youth.

f) **Rights-based integration of smallholder women and youth in VCD:** The Programme will specifically prioritize economic inclusion of women and youth in Value Chain Development to facilitate their right to economic development. It will stimulate the creation a constructive economic environment that contributes to stabilization, resilience and economic empowerment for women and youth in Value Chain Development through the establishment of an innovation grant. This will be pursued on the premise that there is no contradiction between economic inclusion of the smallholders, women and youth and the pursuit of agricultural commercialization.

g) **Resilience-focused and climate smart approach to value chain development:** ASDSP II will continue to emphasize the need that environmental and climate resilience considerations are integrated into and considered as an integral aspect of commercial value chain development. This calls for an emphasis on application of green growth and Climate Smart Agriculture approaches when defining VCD solutions in line with the Kenya Climate Smart Agriculture Framework Programme (KCSAFP). This will be pursued on the premise that there is no contradiction between addressing environmental and climate resilience and the pursuit of agricultural commercialization.

h) **Exit strategy:** The programme is designed to ensure the capacity of Value Chain Actors and service providers is built and consolidated gradually and in accordance to identified needs. Enabling institutions, such as the Value Chain Platforms, that have been established under phase I, will be receive capacity building Support and be rationalized to create efficiencies and facilitate their institutional sustainability. Moreover, the programme will work towards linking VCAs to other service providers especially to address the barriers to VCD. In addition, the county governments will be encouraged to increase their co-financing to the Programme so that in the future, little external assistance will be required.

3.3 Description of Results

Based on the lessons learnt in the implementation of ASDSP I, the changed policy and institutional environment and the analysis of the key problems hindering commercialization of agriculture, ASDSP II interventions will aim at reducing barriers that have hitherto hindered the commercialization of the Agricultural Sector. This will be done by creation of an enabling environment for effective Sector transformation and coordination at the national, intergovernmental, cross-county and county levels. The following section provides an outline of the main outcomes and outputs to be delivered through ASDSP II interventions.

Outcome 1: Productivity of priority value chains increased

Low productivity along the whole value chain was identified as one of the key barriers to commercialization of the Sector affecting VCAs at all levels and manifested in low levels of production, irregular supply of traded value chain commodities, high levels of post-production losses, little value addition as well as high prices of inputs and low prices of products. In combination, these factors tended to discourage innovations and investments in the Sector and locking primary producers into a subsistence level of production. The Programme interventions in this area will therefore be directed towards building the technical capacity of all VCAs in pre- and post-production management, supporting the environment and aligning interventions to changing climatic elements as a means of improving productivity of all VCAs for the priority value chains. Opportunities for more involvement of women and youth in value chain development will be actively pursued. Programme interventions will aim at unlocking and achieving two key outputs: enhancing the capacity of existing service providers and promoting innovations for identified opportunities or resolution of identified barriers as explained below. Effective implementation of these interventions will be tracked through three key results*: 1) percentage increase in utilisation of service providers by value chain actors, and;2) percentage reduction in VCAs' post production losses*.

Output 1.1: Capacity of existing service providers on identified opportunities enhanced

Inadequate or substandard service provision in the Sector was ranked highly during consultations with stakeholders. It therefore follows that improving capacity for service delivery at all levels would lead to improved productivity for the sector. Since ASDSP II will not be directly providing extension and other services, the Programme will support activities that build the capacity of the existing ***production-related*** service providers in the sector so that they can reach out to the VCAs at all levels. The programme will provide such capacity building support to public as well as private sector service providers, and service providers operating within and/or across each node in the value chain. Their main role is to impart ***production-related*** skills or services that improve productivity of the value chain including application of climate smart approaches. In this regard, it is important to understand that the reference to 'production' does not only include the producers of the raw material but is applicable for all value chain nodes. The activities to build capacity of service providers will be demand-driven based on value chain stakeholders' identification of gaps (opportunities) within the existing capacity. These gaps will be indicated in the action plans of the individual Value Chain

Platforms (VCPs, Value Chain Groups (VCGs) and Value Chain actors. It is difficult at programme document level to prescribe or predetermine the opportunities that will be identified since these will vary widely from VC to VC, and from county to county depending on existing capacity. However broad level activities include establishment and supporting the strengthening of value chain groups and platforms and identification of existing service providers. The activities can also include short term training of service providers to improve their skills. It should cover not only technical and advisory aspects but also business aspects, i.e. help non-state providers to approach service provision as a business

In recognition of the unique support required by strategic value chains that spread across counties and taking cognisance of the potential of the incubation initiative in addressing the need for nurturing niche entrepreneurs to grow or accelerate growth of SMEs linked to VC development, the programme will continue to support the initiated incubation processes and explore possibilities of either out scaling them or nature them knowledge centres. The effectiveness of the implementation of these activities will be tracked through two indicators; 1) *number of opportunities identified per value chain 2) number of service providers trained on identified opportunities per value chain by gender*

Output 1.2: Value Chain Innovations with high prospects for women and youth empowerment supported

The purpose of ASDSP II interventions under this output is to support the operationalization of innovative ideas, approaches, technological packages and supportive enterprises for promising value chains. Innovators will be supported with emphasis on women and youth. Support will be in the form of grants with high priority to women, youth including those being mentored through the incubation centres, The grants to women and youth are intended to: i) help them find entry points for participation in male dominated value chains for enhanced visibility and economic agency ii) strengthening value chain segments with high prospects for women and youth empowerment. Grants to other innovators and the incubation centres will fill gaps in value chains to support development and acceleration of agro-based SMEs or practices. The effectiveness of the implementation of these activities will be tracked through three indicators; *1) No of innovations in identified opportunities promoted 2) no of innovations in identified opportunities implemented by gender*

Output 1:3 Climate smart agriculture interventions, practices and technologies for value chain development enhanced

Climate smart agriculture is an approach for transforming and reorienting agricultural development under the realities of climate change. All actions that target increased productivity in ASDSP II supported prioritised value chains should be responsive to the changing and varying climatic elements and enhance the capacity of the environment to recover from such shocks. This can be achieved by enhancing climate smart interventions in all value chain nodes. Efforts to increase productivity should be sustainable and without negative impact on the environment. Therefore, in Value chain development, the minimum aspiration among value chain actors should be to maintain the productive capacity of the resource base they depend on, preferably it should be increased The short term risks associated with unfavourable weather needs to be reduced and value chain actors need to be able to adapt to events of shocks and long term stress. Such activities are also likely to reduce greenhouse gas emissions. While climate smart agriculture is a very broad and wide-ranging concept, ASDSP will specifically apply this approach with a focused on pursuing climate and environmental resilience and risks as this directly affect the prioritised value chains. One of the key considerations here will be efficient use of natural resources, e.g. different sources of renewable energy, water efficient irrigation technologies, etc. Efficient and environmental friendly use of inputs is another area to be promoted. This includes approaches like integrated pest management, conservation agriculture, solar powered irrigation etc.. These actions concern all nodes in the value chain including consumption habits. The effectiveness of the implementation of these activities will be tracked through three indicators; *1) Number of climate smart technology providers supported, 2) Number and type of climate smart agriculture technologies in use, and 3) number of VCAs using climate smart technologies by gender*

Outcome 2: Entrepreneurial skills of priority value chain actors strengthened

Over the years, the government and development partners have spent considerable resources building the productive capacity of VCAs through skills development, research and technology transfers but these efforts have not always translated to significant commercialization of the sector. The ASDSP baseline in 2013 showed that Kenyan agriculture is far from commercialized, in fact, it relies mostly on subsistence farming.

The government increasingly recognizes this problem as being partly caused by absence of "business mind-set' among the VCAs. This particularly affects the producers at the lower end of the value chains. As part of facilitating the required change in mind-set, ASDSP II in consultation with partners will approach its financial support to VCD interventions as 'investments'. Consequently, all VC analysis, planning and interventions will be based on thorough market analysis and business planning that increases income and leads towards commercialisation. Identification of business opportunities including green growth will be strongly on the agenda. Greater efforts will also be put in nurturing agro-based SMEs through an incubation process, among other approaches. This is expected to result in a higher proportion of value chain actors focusing their enterprises on profitability and financial viability, which is expected to lead to more significant growth and development of better institutionalised and hence more sustainable agro-based enterprises. This outcome will be tracked for effectiveness through: 1*) Increase in number and diversity of business plans implemented*

Output 2.1: Entrepreneurial skills of service providers for VCAs Enhanced

The government through various agricultural programmes has promoted the concept of *Kilimo Biashara* (Farming as Business). These efforts however have not led to successful progress in commercializing agriculture mainly because the private and public service providers who are expected to impart business skills to the VCAs lack capacity and vision. It follows therefore that in order to effectively inculcate a business culture among the VCAs; there is a need to strengthen the entrepreneurial skills of the service providers as well as the value chain actors. ASDSP II is not a training programme and will therefore pursue this effort through of partnership with relevant actors. This capacity building of service providers will take many forms including supporting the existing and emerging incubation centres to nurture entrepreneurial skills. Better equipped service providers who can orient the value chain actors effectively on entrepreneurship will result in increasing business orientation and commercialization of actors in priority value chains and will be tracked through the following indicator*: 1) no of service providers trained in entrepreneurial skills ,, and 2) Increase in numbers of value chain actors implementing viable business plans by gender.*

Outcome 3: Access to markets by priority value chain actors improved

Under this outcome, ASDSP II will address barriers that have hindered market access to all VCAs through support to "soft" market access interventions, e.g. facilitating market linkages, improved market information and targeted marketing. This will specifically include support to improving farm gate marketing through collaboration with companies, cooperatives, individuals and eco- branding compliant products and services. Market intelligence systems will be established especially as business solutions. . Value Chain Actors will also be sensitized to comply with health safety and eco-standards in food production. It is acknowledged that poor roads and lack of security, electricity, on- and off-farm storage and other infrastructure services may hinder market access. These barriers fall outside the domain of the programme. However, such issues will be cascaded from the VCAs to the relevant authorities through the established Sector coordination structures and value chain platforms. The effectiveness of these interventions will be tracked through: *1) Increase in number of value chain actors accessing markets by gender 2) % increase in number of market segments 3) increase in handling capacity of the market segments,*

Output 3.1 Market linkages between VCAs for priority VCs improved

Some of the key constraints to commercialization as perceived by higher end VCAs i.e. processors, distributors and consumer outlets is low volumes, irregular supply and poor quality of products which impacts negatively on prices. This means that in addition to improving productivity, it is also important to achieve reasonable volumes of acceptable standards that would generate economies of scale in collection, processing and distribution through aggregation. To attract competitive pricing, one approach will be to support eco-processes for products with eco-foot-prints, which can attain eco-labelling and therefore target premium markets. ASDSP II interventions will continue to support efforts to strengthen producers groups such as Value Chain Groups (VCGs), cooperatives, associations etc. to achieve this objective. The aim will be to merge smaller entities into larger federations like Unions, cooperatives and private companies. ASDSP II will pursue this initiative through the Value Chain Platforms (VCPs) at the county as well as the VCPs to be established at the regional and national levels. Existence of these VCPs is not only an important entry point for cost-effective service delivery for improved productivity and delivery of quality products, but also provides a forum for lobbying and resolving conflicting interests of VCAs and hence Value Chain justice. The results of these activities will be tracked through*:1) Number of value chain actors groups aggregated, , 2) number of market linkage instruments signed and operational*

Output 3.2 Access to market information by VCAs improved

Market information is a powerful tool for VCD as it guides VCAs on what to produce, how much, at which quality, and when. It guides producers in producing 'what the market wants' and not necessarily 'what they can produce'. It is a key ingredient of business planning. However, getting the right information for effective decision making by VCAs can be problematic. The main challenges include information asymmetry with the producers having very low access compared to other VCAs, poor dissemination of information among many suppliers, low integrity of data, delay in accessing information and in some instances high cost of access. ASDSP II will therefore support initiatives by service providers to provide real time information for identified needs. This may entail collecting primary or secondary data and packaging of information in a manner that is easily accessible and understood by VCAs, and development of a user-friendly market intelligence systems for actors participating in the incubation process. In some instances, service providers such as financial institutions and agro input dealers will be willing to provide needed information because it creates opportunities for sale of their products. Some initiatives may therefore entail establishing platforms for conducting transactions among VCAs. Others may entail development of eco-production tracking and labelling mechanism in line with demands of niche markets. Besides, ASDSP II will learn from recent pilot market research conducted in five counties to out scale a comprehensive market research for the remaining prioritized value chains. To monitor progress in the implementation these interventions, the following indicators will be tracked*: 1) number of market information providers supported; 2) Number and type of market information provided 3) number of VCAs using the market information by gender.*

Output 3.3 Access to financial services by VCAs improved

Financial services are required by all actors in a value chain to enable them to perform their respective activities effectively. Hence, ASDSP II interventions under this output will aim to facilitate access to and availability of financial and insurance services to enable Value Chain Development. To do so, it will advocate with financial and insurance service providers and policy makers to expand or strengthen existing facilities, and build capacity and support the development of new services. Pursuit of these activities will be closely coordinated with the support towards VCA business planning mentioned under outputs 2.1 and 2.2. More specifically, ASDSP II will continue to use the Programme's credit guarantee funds to establish partnerships with credit and insurance providers with the purpose of increasing the availability of and access to credit while mitigating risks based on commercial viability of the enterprises. The Programme will also support Value Chain Actors to gain access to the loan and grant facility to be established under the EU Productive Agriculture Programme.

While the programme will focus on enabling provision of financial services to all actors along the entire Value Chain, special emphasis will be given to women and youth. In this regard, ASDSP II will set aside grant funds for assisting women and youth who have innovative ideas but are unable to access funds through the other credit channels. It will also specifically support the development of alternative models for accessing credit and insurance facilities by Value Chain Actors that have difficulties in accessing such facilities. This output will also support actions aligned to growing a green economy. The Programme will also explore the workings of existing guarantees under the Credit Guarantee Scheme and recommend to Sida possible changes or modifications to enhance utilization and efficiencies. This output will be tracked through**; 1***)–number of VCAs accessing financial services by type and gender; 2) volume of financial services assessed by type*

Outcome 4: Structures and capacities for consultation, collaboration, cooperation and coordination in the sector strengthened

Agriculture is multi-sectorial and complex and VC development needs to be tackled through collaborative efforts and coherent actions among all relevant sector actors. Strong, inclusive and integrated partnerships at all levels are necessary. No single policy addresses sustainable agriculture comprehensively and neither can a single institution have the sole responsibility to implement its policies. Institutionalized national and county coordinating structures and mechanisms are therefore important for the realization of the Sector goals.

The most important development in the Sector is the promulgation of the Constitution in 2010 that created two levels of government, the national and county governments. This brought about changes in the institutional arrangements that call for effective consultation and cooperation between the two levels of government, as well as between the newly consolidated national ministries.

In this context, the Sector has established the Joint Agricultural Sector Consultation and Coordination Mechanism (JASCCM) as a framework for consultation and cooperation in line with the Intergovernmental Relations Act 2012. As mentioned in section 4.5 while the primary focus and backbone of JASCCM is to strengthen cooperation and consultation between the two levels of government, it also supports coordination at the national and county levels, respectively. Therefore, ASDSP II will rely heavily on JASCCM in pursuit of outcome 4.

The outputs under this outcome will be strengthened partnership structures, tools and capacities for consultation, collaboration, cooperation, and; effective coordination in the Sector at all levels. Pursuing this outcome aims to create a conducive policy, planning and institutional environment aims that will effectively support value chain development. It will also aim to boost policies and strategies, which are inclusive and which will strengthen environmental and climate change resilience of VCD initiatives. To ensure that this support to creation of an enabling policy and institutional environment results in a tangibly setting for effective VCD, , the satisfaction of the VCAs pertaining to this effort will be measured. This outcome will be realized through the following outputs.

- Initiatives for establishment of the structures for consultation and coordination supported
- Capacities of the established structures for consultation and coordination enhanced
- Participation of stakeholders in consultation and coordination structures enhanced
- Sector policies, strategies, regulations and plans prepared and launched

The realization of this result will be measured by: *, 1) % of VCAs satisfied with structures by gender, , 2) Number of VCD-relevant strategies, policies and sector management tools formulated and implemented,*

Output 4.1 Initiatives to establishment of structures for consultation and coordination supported

The Programme will deliver this output during the first year of implementation. The structures to be established will include sector-level structures as well as Programme level structures.. In the establishment of these structures, the inclusion of private sector, civil society and other stakeholders such as women and youth will be prioritised. In addition to supporting intergovernmental JASCCM structures, the programme will support coordination structures at each level of government, if such structures are a considered priority by the concerned level of government

- The structures for the multi-layered sector coordination are described in Chapter 4 and include the national coordinating; the JASCCM intergovernmental cooperation and consultation institutions; the county coordinating institutions (CoG, CECM Caucus, County Steering Group (CSG), County Steering Technical Committee (CSTC) and County Coordinating Operational Secretariat (CCOS)); and the ASDSP II coordinating institutions (National Programme Secretariat (NPS) and County Programme Secretariat (CPS)). In light of the diversity with regard to the institutional set-up in each of the 47 counties, each county will be supported to implement an inventory of county coordination structures, and to rollout local coordination structures, which are aligned with JASCCM

The achievements of this output will be measured by; 1)_*the number and types of steering, coordination, consultation and management structures in place, 2) number of structures with operational procedures (e.g. work plans) and guidelines at various levels of policy development, implementation, evaluation and communication.*

Output 4.2 Capacities of the established consultation and coordination structures enhanced

Coordination structures are institutions in themselves because they have responsibilities manifested in roles and relationships that they play. For the structures to play their role effectively, they must have clarity of policy framework and organizational setup, human resources and competency, financial and other material resources and political support. The Programme will therefore work towards supporting the coordination structure and strengthen their capacities in order that they play their role effectively.

As a priority, operational and capacity building support will be informed by five-year strategic plans developed by each coordinating structure. The strategic plans shall then be broken down into annual activity plans clear on milestones for the realization of their overall responsibilities.

For the structures to function effectively, human capacity in terms of numbers and professional competency will be a prerequisite for the operationalization of coordination. The respective levels of government will deploy competent individuals at the respective structures who will operationalize the coordination. The Programme will support enhancing of operational capacity of the individuals assigned. The competencies in the areas of policy development including policy agenda setting, formulation, adoption, implementation and evaluation will be enhanced, as will capacities to mainstream thematic issues like women and youth and environmental and climate change resilience..

In addition to the five year strategic plans, the structures will be supported to formulate other steering documents that will enhance the transparency and accountability of the structures such as the annual work plans, quarterly and annual reporting, communication strategy and procurement plans. One of the key areas for capacity building associated with policy processes is the evidence based management, evaluation and communication. At both levels of governments, priority will be given towards enhancing capacity in these areas.

The role of the non-state actors in policy processes is very important and is recognized in the implementation of the Constitution. Therefore, the structures should have capacities to engage these stakeholders through provision of opportunities for involvement and participation. The structures at all levels will be supported to develop mechanisms for engagement of non-state actors including supporting their internal coordination structures and ensuring their representation in the coordination structures.

Specific for ASDSP II, the coordination structures at the national and county levels shall be established taking into account the existing competencies to avoid delayed implementation. The steering instrument for the programme coordination at all levels will be the Programme Document and the subsequent annual activity budget plans that will be specific to each coordination structure.

Capacity for coordination is not complete without factoring in the financial requirement and other supportive materials. The Programme will prioritize the needed material support at each level and factor such needs in the annual work plans. Most of the recurrent needs including staff emoluments and extraneous allowances, office accommodations and their associated costs (water, electricity) are part of non-cash contribution by the Government of Kenya whereas materials such as computers and stationery will be part of the costs directly met by the Programme budget.

The achievements of this output will be measured by*: 1) Number of structures with operational instruments (e.g. work plans) and guidelines, and; 2) percentage achievement of implementation of the operational instruments and guidelines*

Output 4.3 Participation of stakeholders in consultation and coordination structures enhanced

Coordination of Value Chain Development will determine the success of the Programme. At each level, the important actors need to be part of the coordination, policy and other sector transformation processes as well as the implementation of the ASDSP. The roles of the various actors in the context of the sector and the level and focus of the individual coordination structures will determine the level and focus of participation of each stakeholder constituency in each of the coordination and consultation structures. Consideration of equity in participation at all stages of implementation of JASCCM initiatives and in the Programme is important especially with respect to gender (men, women, and youth), geographical location and VC nodes. The operational mechanisms for these structures will specify roles of the different stakeholders and provide opportunities for their participation.

Broad activities to achieve the output and guide each level of the structures in detailed activity planning will include taking inventory of stakeholders and developing a framework for stakeholder consultation

The achievement of this output will be measured by the 1) *number and type of stakeholders participating in coordination, cooperation and consultation structures, 2)Number of operational partnerships, and 3) level of satisfaction of stakeholders in the participation of coordination*

Output 4.4 Sector management tools (policies, strategies, plans, M&E system, etc.) prepared and launched

It is not enough to have competent multilayer and multidisciplinary coordination structures but these structures should have capacity to develop conducive and effective sector management tools, such as policies, strategies, planning frameworks, monitoring and evaluation systems, communication frameworks, etc. that will guide the development and transformation of the sector. Additionally, the Programme specific coordination structures need to develop guidelines such as operational manuals for all four result areas and other strategic Programme documents for achievement of outputs and outcomes.

The ASDSP II will therefore support the national government in the development of sector management and transformation tools and frameworks in cooperation and consultation with the county governments and other sector stakeholders in the context of JASCCM. In this regard, the Programme will specifically prioritise support to such tools and frameworks, which are of particular relevance to environmentally resilient, socially inclusive and commercially oriented Value Chain Development. At the county level, the Programme will support the adoption of the policies through regulations and County Integrated Development Plans. Programme implementation guidelines will be prepared to steer the Programme and guide implementation of the four result areas. Another guideline is the application of innovations to support youth and women in value chain development...

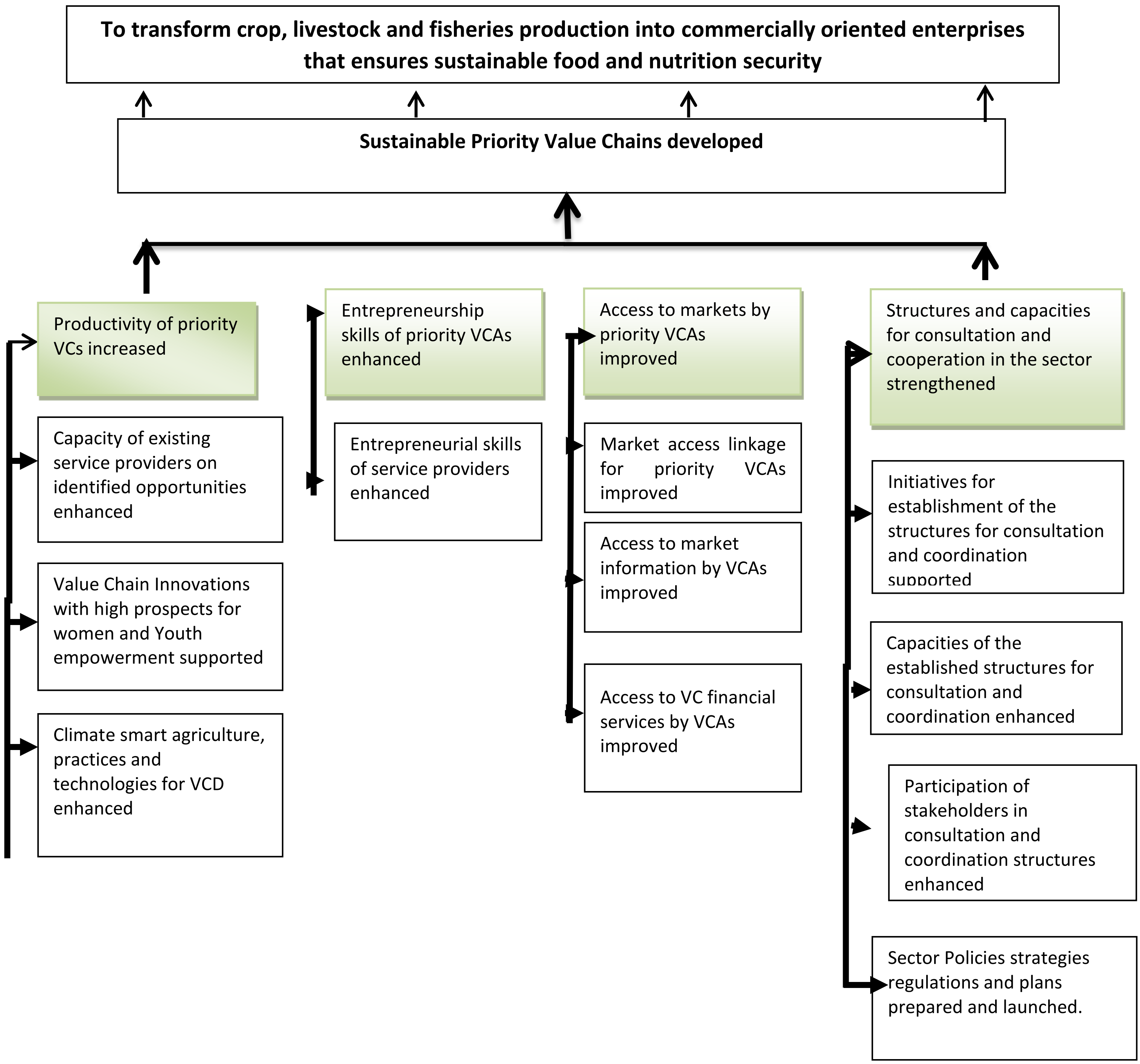
JASCCM will implement activities within the following broad areas:

- Analysing existing sector transformation and management tools and determine the need for revision, strengthening and/or rationalisation thereof
- Develop relevant sector transformation and management tools
- Preparing strategies and guidelines for operationalization of these tools
- Rolling out the prepared steering documents

ASDSP specific guidelines will be developed by the Programme.
The achievement of this output will be measured by the following indicators: 1*) number of sector transformation tools inventoried,* 2*) number of policies, strategies and plans launched and rolled out for implementation*

Figure 3 provides a summary of the results pathway of the Programme

Figure 3: ASDSP Results Framework



4.0 IMPLEMENTATION

Implementation of the Programme will focus on the effectiveness and efficiencies in the delivery of sustainable results for the Value Chain Actors and sector cooperation actors as well as the institutions implementing the Programme, while at the same time militating against risks.

4.1 Agreement period

The programme will be implemented during a period of five years starting from 1st July 2017 to 30th June 2022 and upon signing of the Agreement between the Government of Kenya and the Government of Sweden and witnessed by the Chair of the Council of Governors. There will be provision for other Development Partners to join the Agreement should they be willing to co-finance the Programme during any time of the Agreement period.

4.2 Budget

The total Programme budget is KES. **5,692,500,000** comprising of KES 3,000,000,000 from the Government of Sweden, KES 600,000,000 from the European Union and KES 2,092,500,000 in cash from the Government of Kenya. In addition to the cash contribution, the Kenya government through the national and county governments will invest KES 1,900,970,520 in the form of human resource and its associated recurrent budget for office accommodation and related services such as electricity and water. The contribution from the European Union will be channelled through the Government of Sweden. The Government of Kenya cash contribution, which is 36.8% of the total Programme cash budget, will be co-financed by both National Government at KES 800,000,000 and 47 County governments at KES 1,292,500,000. Table 1 shows the source of Programme financing while Table 2 shows the budget summary and its allocation to the two levels of government and on broad activity areas. The bulk of the national budget will be used to fund capacity development in the counties.

Table 1: Source of funds for the Programme

Budget source	**Sweden**	**EU**	**National**	**County**	**Total**
KES	3,000,000,000	600,000,000	800,000,000	1,292,500,000	5,692,500,000
SEK	300,000,000	60,000,000	80,000,000	129,250,000	569,250,000

Table 2: Summary of the budget and its allocation to the two levels of government (KES)

Broad activity areas	**National**	**County**	**Total**
Sector Coordination	800,000,000	800,000,000	1,600,000,000
VCD Capacity Development	200,000,000	2,040,000,000	2,240,000,000
VCD Innovation	137,079,200	1,715,420,800	1,852,500,000
Total	**1,137,079,200**	**4,555,420,800**	**5,692,500,000**

Exchange rate: 1 SEK = 10KES

The budget is further linked to result areas (Table 3) which will guide implementing units in preparation of annual activity budgets that will be reviewed by stakeholders and recommended by respective programme steering committees before they are approved by CECMs at the counties and by the JASSCOM at national level.

Table 3: Results based budget

Result area	Budget in KES ('000)					
	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Production of priority VC increased	310,014	470,014	410,014	410,014	330,014	1,930,070
Entrepreneurial skills of VCAs strengthened	256,972	416,972	356,972	356,972	276,972	1,664,860
Access to markets by VCAs improved	73,764	73,764	90,014	90,014	170,014	497,570
Structures and capacities for coordination in the sector strengthened	250,000	370,000	370,000	360,000	250,000	1,600,000
Total	**890,750**	**1,330,750**	**1,227,000**	**1,217,000**	**1,027,000**	**5,692,500**

In addition to the direct cash investment to the Programme, GoK will meet costs of staff implementing the Programme as well as the office accommodation and other associated recurrent costs as shown in table 4

Table 4 GOK in kind contribution

Item	Budget in KES
Staff	1,448,433,480
Office Space	85,537,940
Old Vehicles	103,400,000
New Vehicles	263,600,000
Total	**1,900,970,520**

If the GoK in kind contribution is considered in addition to the cash, GoK contributes almost 4 billion Kenya shillings, about 53% of the total programme budget.

4.3 Geographical coverage

This will be a countrywide support programme implemented in all the 47 counties and at the national level. Due to its focus on value chain development and coordination of the stakeholders in the sector, the outreach of implementation will be expected to include the sub-counties and wards in each county. Wards will therefore be the first point for generation of data and information for implementation and reporting. This will ensure equity within gender groups and the geographical areas in participation in Value Chain Development and in the coordination of stakeholders in the Sector within the same levels.

4.4 Implementation modality

Agriculture is a multidisciplinary and multilayer sector whose development demands engagement of various actors at different levels. ASDSP II is primarily designed to enhance the capacity of different Value Chain Actors at different levels to tackle the problems that hinder agriculture development. In particular, the programme will support the development of at least three prioritized value chains in each county, and Sector consultation, cooperation and coordination structures at all levels. This will ensure that Sector policies, strategies and plans are implemented.

4.4.1 Sector consultation and cooperation

The objective of the Sector consultation and coordination is to provide a framework for the support and intensification of cooperation and consultation between the national and county governments, between actors at each of the two levels of government, and among other stakeholders for enhanced development of crops, livestock and fisheries.

At the national level, the emphasis will be strengthening capacity at intergovernmental operational structures including the Agriculture Inter-Governmental Forum (IGF), Joint Agricultural Sector Steering Committee (JASSCOM), Joint Agriculture Sector Technical Working Groups (JAS-TWG) and the operational secretariat, the Joint Agriculture Secretariat (JAS) to deliver on the JASCCM strategic plan. The JAS will prepare a five year strategic plan to provide strategic direction for JASCCM and stipulate the main coordination tools and results for each of the priority areas of the JASCCM. This Plan will be discussed with stakeholders and approved by the IGF and JASSCOM. . JAS will also prepare Joint Annual Costed Work Plans (JACWP) with reference to the five-year plan, which will be approved by JASSCOM and IGF. These annual work plans will indicate the support to be sourced from the ASDSP and other programmes.

In addition to supporting intergovernmental JASCCM cooperation, the Programme will support national inter-ministerial coordination structures (Figure 4) in accordance with the JASCCM coordination framework. Like with the intergovernmental cooperation, the national inter-ministerial coordinating structures will prepare a 5-year Strategic Plan with support from NPS. The Plan will be approved by the competent Coordinating Committee and will include the national inter-ministerial coordination tools and the results framework. The national inter-ministerial coordination structure will prepare annual work plans.

At the county level, the Programme will support capacity development of respective county sector coordination structures (Figure 4). The umbrella county Sector coordinating structure will prepare a Strategic Plan with support from the County Programme Secretariat. The Plan will include tools for Sector coordination. The secretariat for the umbrella county sector coordination will thereafter prepare annual work plans that will be approved by respective steering committees.

In addition to these three levels of coordination, the Programme will support inter-county sector coordination structures. However, this support will be part of the Strategic Plan for the county coordination. The Programme may support specific structures for inter-county coordination where it is not possible to do so through the respective county strategic plans.

4.4.2 Value Chain Development

During the design of ASDSP II, all counties chose their three priority Value Chains (Table 4) using the agreed criteria. The counties of Bomet and Nandi were allowed to develop four VCs. During the consultations with the counties, most of the counties chose the Value Chains that were supported during ASDSP I. A few new VCs were also chosen. There may be slight changes in the selected Value Chains depending on the priorities during implementation but most of the important considerations in the selection of the VC are the role of the VCs in equitable economic development of agro-SMES and food and nutrition security of the county. Considering that most of the value chains supported by ASDSP I had not ‘graduated’by the closure of the Programme, the support to the same value chains should continue under ASDSP II until they have reached maturity.

The Value Chain Development will mainly be implemented at the county level. At the regional and national level, VCD support by the Programme will be both supply and demand driven will be supplementary to what the counties are doing. "Supply driven" is where the NPS recognizes an opportunity for further intervention and growth of a certain Value Chain under development. "Demand driven" on the other hand, is where respective counties see opportunities that are either within or beyond their boundaries.

The need for development of VCs has been informed by identifying a number of problems including low production and productivity; inadequate entrepreneurial skills; low access to markets, weak and inadequate structures and weak capacities for consultation and coordination. The latter problem will be addressed under Sector coordination while the other three problems will be addressed through VCD. Three main strategies to be used by the Programme in addressing the identified problems include: 1) enhancing capacities of service providers in the counties on the identified opportunities and promoting innovations on the identified opportunities 2) through agricultural Public Private Partnerships (PPPs)) 3) supporting an incubation process, and 4) Support to sector coordination.

The current national PPP policy is primarily geared to support large scale infrastructure projects. However agricultural PPPs are very diverse in terms of scale and objectives. The challenge is to cover the diversity of Value Chain systems and include Value Chain Actors as major stakeholders. To overcome these challenges, the Programme will promote innovations in VCD through agricultural PPPs as practised elsewhere and not necessarily according to the national PPP policy. In so doing, some fundamental requirements of the PPP policy that have to be integrated in the Programme PPP include ensuring existence of common objectives; sharing of risks, sharing of mutual benefits; non-discrimination and complementarities of human and financial resources between the private and public entities. Other requirements are good governance including setting clear objectives and rules; implementing regular Monitoring and Evaluation that use well-established, open and competitive processes to select PPPs for public participation and transparency at all stages of implementation. For agricultural innovation PPPs to succeed, it will be necessary to improve partners' capacity to design, manage and participate in the respective PPPs.

Table 4: Priority Value Chains in each County

County	Priority Value Chains				County	Priority Value Chains		
Baringo	Goat Meat	Dairy	Honey		Mandera	Camel milk	Meat goat	Tomatoes
Bomet	Dairy	Potatoes Maize	Ind. Chicken		Marsabit	Meat Goats	Camel Milk	Kales
Bungoma	Dairy	Ind. Chicken	Tomatoes		Meru	Dairy	Bananas	Ind. Chicken
Busia	Ind. Chicken	Groundnuts	Fish		Migori	I/ Chicken	Dairy	S/ potatoes
E/Marakwet	Dairy	Ind. Chicken	I/Potato		Mombasa	Ind.chick en	L.Vegetables	Fish
Embu	Dairy	Bananas	Ind. Chicken		Muranga	Dairy	Bananas	French Beans
Garissa	Camel milk	Beef	Tomatoes		Nairobi	Dairy	Kales	Broilers
Homa Bay	Watermelon	Fish	Sorghum		Nakuru	Dairy	Pyrethrum	Fish
Isiolo	Beef	Camel milk	Tomatoes		Nandi	Dairy	Maize	Ind. Chicken Fish
Kajiado	Cow milk	Tomatoes	Beef		Narok	Dairy	Beef	Maize

County	Priority Value Chains				County	Priority Value Chains		
Kakamega	Dairy	Maize	Ind. chicken		Nyamira	Dairy	Banana	L. Vegetables
Kericho	Ind. Chicken	Dairy	Tomatoes		Nyandarua	Dairy	Irish Potato	Fish
Kiambu	Dairy	Ind. Chicken	Bananas		Nyeri	Dairy	Beef	Irish Potatoes
Kilifi	Cassava	African Bird Eye Chili	Ind. Chicken		Samburu	Beef	Honey	Maize
Kirinyaga	Dairy	Bananas	Rice		Siaya	Mangoes	Fish	Ind. Chicken
Kisii	Dairy	Bananas	Ind. Chicken		T/Taveta	Dairy	Bananas	Ind. Chicken
Kisumu	Ind. Chicken	Fish	Cotton		T/River	Mangoes	Beef	Fish
Kitui	Ind. Chicken	Green grams	Sorghum		T/Nithi	Dairy	Bananas	Ind. Chicken
Kwale	Chillies	Ind.Chicken	Passion Fruit		T/Nzoia	Dairy	Maize	Ind. Chicken
Laikipia	Maize	Dairy	Meat goat		Turkana	Fish	Sorghum	Meat Goats
Lamu	Fish	Ind. Chicken	Cashewnuts		U/Gishu	Cow milk	Passion	Poultry
Machakos	Dairy	Ind. Chicken	Mango		Vihiga	Dairy	Bananas	Ind. Chicken
Makueni	Green grams	Ind. Chicken	Mangoes		Wajir	Camel milk	W/ melon	Ind. Chicken
					West Pokot	Meat goat	Honey	Ind. Chicken

Enhancing capacities of service providers At the county level and where the foundational structures on VCD are not completed, the Programme will support their establishment and completion as was done during Phase I. The foundations include the establishment and aggregation of value chain groups, platforms and organizations and the analysis of gaps in each chain. In principle the programme will not support the formation of new value chain groups but rather work on aggregation of existing ones into viable business enterprises.

As mentioned earlier, the Participatory Scenario Planning process aimed at rolling out seasonal climate forecasts was highly appreciated by stakeholders during Phase I. ASDSP will continue to work on this and ensure its institutionalisation.

The value chain groups, organizations and platforms will identify capacity gaps that require intervention and support service providers to address them sustainably. Where no such providers exist, a private sector actor will be hired through the "call for funding" proposal to work with the Value Chain Actors in filling the identified capacity gaps. The value chain business plan(s) will form the basis for these calls for funding. A business plan will only be considered if it merits the following: it is assessed to have positive impacts on all Value Chain Actors; it provides a specific emphasis on smallholder producers as a foundation of agribusiness development; it provides resilience mechanisms against environmental risks and climate change. The financing of the business plan will be either through grants and loans or both with the Programme providing grants through innovation mechanisms and loans through linkages with financial institutions. Special attention will be paid to women and youth. In particular, the financial institutions implementing the Swedish-USAID credit guarantee will be linked to the Value Chain Actors to provide the needed loans. For sustainability, the value chain organizations will be supported to establish self-financing mechanisms including credit and saving facilities and services from varied Financial Services Associations (FSAs). Further, the investment proposals initiated under ASDSP I will be further strengthened and rolled out.

Considering that the need for Value Chain Development will be specific to each VC and to each county, the need for investment will differ from case to case and from place to place. The guidelines for funding will therefore be developed indicating eligibility criteria, funding ceilings and grant to loan ratio for each grant and additional considerations such as appraisal and evaluation criteria as well as resilience mechanisms.

The value chain business plans will be submitted by legal entities for consideration by vetting committees. The legal entity could be a group of producers, transporters, traders, agro-processors, agro-input dealers or any agri-business entity in contract with VCAs. The entities whose business plans are considered successful will be expected to provide services directly or through service providers to all the partners contributing to the Value Chain Development.

Considering that there are other projects whose thrust is Value Chain Development, there will be need to seek synergies with these, especially those funded by DANIDA, EU, GIZ, IFAD, JICA, USAID, WB and WFP. It is expected that this will provide additional capacity and financing to improve VCD and lower the cost and risk of financing for financial service providers.

4.4.2.1 Promoting innovations on the identified opportunities

Innovation in this Programme Document refers to new ideas, approaches, technologies and ways of doing things. Innovations in VCD will be realized through grants to service providers to enable them solve identified problems innovatively, and through grants to youth and women so that they can play synergistic roles in VCD. The former is where the VCAs and or the identified service provider(s) have new ideas, technologies or practices that will address the gaps identified at any of the VC nodes or where it is found that the innovation will benefit players within a Value Chain. The latter is where there will be deliberate targeting of youth and women so that they engage in Value Chain Development at any node of the VC.

i. **Grants on VCD Innovation**: This approach aims at bringing in a new technology, idea or practice that will facilitate the VCAs at any VC node to tackle identified problems with a purpose of achieving better results. The Programme will therefore set aside grant funds to be provided to VCA organizations, not individuals, to advance a new idea, technology or practice. The request for grants will be made by the respective VCA organization on identified innovative opportunities or by an agribusiness entity on the pull side of the VC. Either of the requesting entities will then facilitate implementation of the identified innovation to solve the identified problem. It will be necessary for each county to appraise critically the innovation in question to avoid taking every intervention as an innovation. A guideline on what qualifies as an innovation will be included in the Programme Implementation Plan (PIP/F). This guideline will take cognizance of the different needs of VCs and counties. Another important consideration will be that any innovation targets Value Chain Actors as groups, associations, cooperatives or federations, and not as individuals.

ii **Women economic empowerment through VCD innovations**: Women play a key role across the Value Chains in developing the Kenyan agriculture. For example, they account for 75% of labour in production. They are however faced with numerous constraints associated with lack of assets, training, infrastructure and financing. They also have poor market access and lack appropriate policies and time to engage in VCD. For example at producer level, women have limited access to land, improved farm inputs and mechanized farming equipment. At the trade, transport and processing levels, there is limited access to processing equipment, inadequate processing and business skills as well as limited marketing knowledge. Most of these challenges will be addressed through targeted capacity enhancement to service providers and provision of innovation grants to women for specific activities in the development of value chains.

iii **Youth economic empowerment through VCD innovations:** In this Programme, youth empowerment refers to a situation where youth derive economic benefits from participating in Value Chain Development at any VC node. The measure of economic empowerment will be job creation either as an employer or an employee at any stage of the VC. Youth face many constraints that hinder their participation in VCD including insufficient access to knowledge, information and education; limited access to land; inadequate access to financial services; limited access to markets and limited involvement in policy dialogue. Similar to women empowerment, most of the challenges will be addressed through capacity enhancement of service providers. Innovation grants be provided to specific activities carried out by the youth in VCD so that the knowledge gained from service providers can be harnessed to increase economic benefits of VCD, including specifically activities supporting green growth initiatives.

4.5 Organizational setup and responsibilities

The JASCCM structure is shown in figure 4.The set up at the intergovernmental level has been agreed upon but the national and county level cooperation and consultation structures are yet to be agreed.

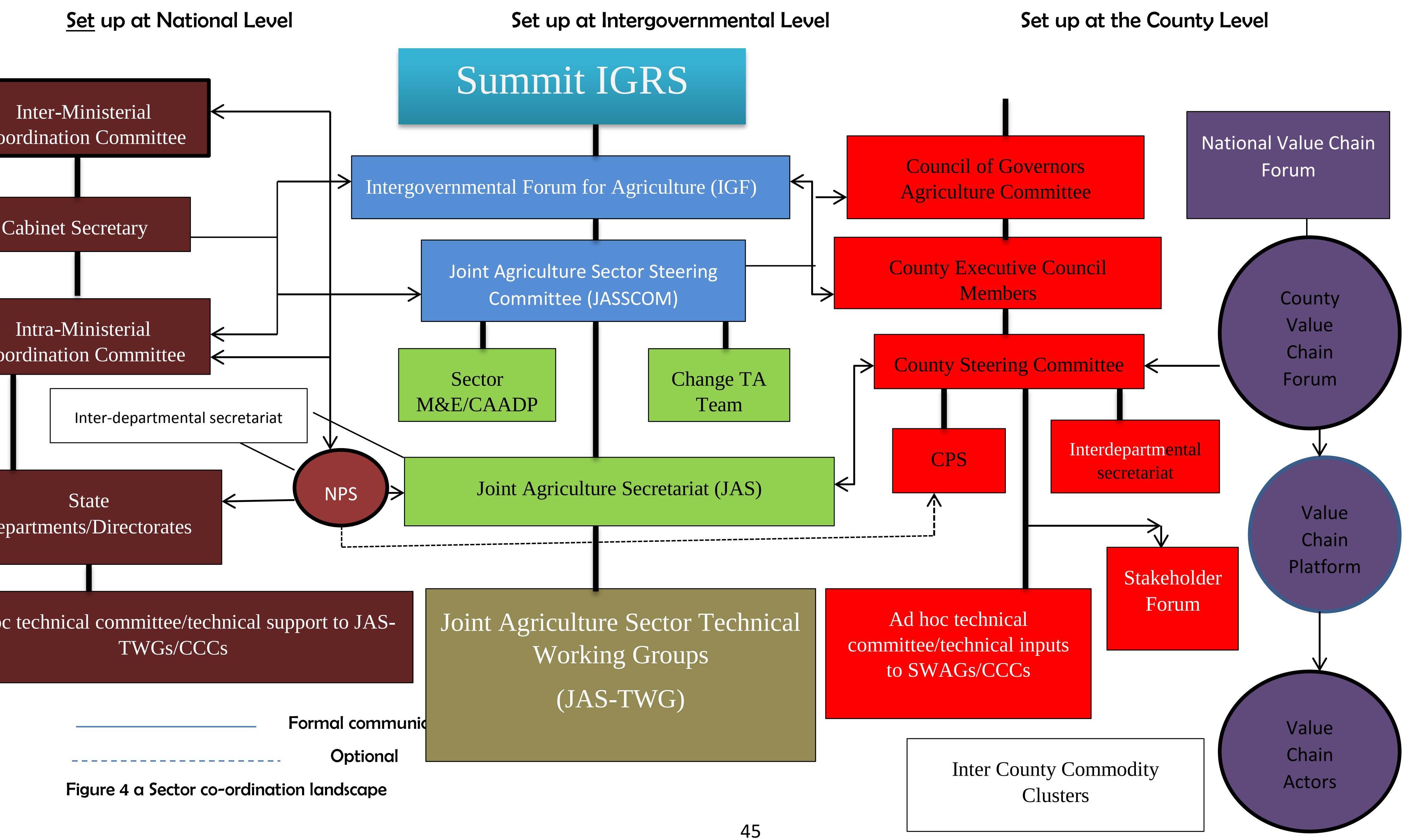


Figure 4 a Sector co-ordination landscape

Roles of coordination structures

While each level of Government is responsible for developing its own mechanism of coordination, the JASCCM consultation and cooperation mechanism focuses on the intergovernmental relations between the two levels of Government and is consistent with the Intergovernmental Relations Act 2102 (13)

The mechanism is composed of:

1) Intergovernmental Forum (IGF) for Agriculture as the highest level of consultations between the two levels of government in the sector but also has special sessions meant for wider stakeholder consultation.

2) Joint Agriculture Sector Steering Committee (JASSCOM) is the core regular decision-making organ in the mechanism. The committee will be co-chaired by Cabinet Secretary Agriculture, Livestock and Fisheries and the Chair Council of Governors Agriculture Committee and may invite other stakeholders to joint special sessions or agenda points. JASSCOM or a sub-committee appointed by JASSCOM will act as the National Programme Steering Committee (NPSC) for ASDSP II by providing strategic direction as well as overall oversight to the Programme management.

3) Joint Agriculture Sector Technical Working Groups (JAS-TWG) for intergovernmental technical consultations. The JAS-TWGs will deliberate on issues that relate to the technical area of responsibility of each working group, and prepare and submit working group reports and resolutions to the Joint Agriculture Sector Steering Committee. The following JAS-TWGs have been instituted:

- Policy, Legislation and Standards
- Monitoring, Evaluation and Communication
- Research, Extension and Capacity Building
- Inputs, Joint Programmes and Projects.

4) County Commodity Clusters (CCC) – platforms for commodity specific technical consultation between county governments and national government and other technical experts

5) Ad hoc platforms as decided by JASCCOM

The **Joint Agriculture Secretariat (JAS) will** serve as the secretariat for these cooperation and consultation platforms.**-)**. The secretariat will have a number of professional staff competitively recruited among national and county government staff and appointed by the JASSCOM. The JAS Committee will comprise three experts from each level of Government, including the JAS Coordinator, Deputy Coordinator, M&E Expert and three Sub-sector Experts. Additionally, the secretariat will include a Gender and Youth Expert. Support staff (two Secretaries, Logistics Officer, Accountant, and Driver) will be provided by the National government. The JAS office is to be located away from Kilimo House and the COG Headquarters to maintain a measure of independence.

The mechanism will provide steering and coordination services to common programs and projects in the sector, including ASDSP II. Members of the ARD Donor Group will be invited to join IGF sessions while DPs will be represented at the JASSCOM through the ARDDG Troika.

County Steering Committee

The JASCCM does not set out specific structures for coordination at county level as this is the prerogative of individual county governments. The need for establishment of consultation mechanisms will depend on the exact sector specific set-up preferred in the individual counties. However, as nation-wide sector planning, monitoring and reporting depends on contributions from County Governments, and because County Governments are required to contribute to intergovernmental sector initiatives (e.g. policy initiatives), it is desirable that County Governments adhere to a set of **minimum standards for county level sector consultation and cooperation** to facilitate effective sector management at the county level and county engagement in intergovernmental consultation. Such standards will be defined in a collaborative process in the context of the efforts to provide capacity building support to county governments for improvement of agricultural sector management and service delivery in ambit of the upcoming National Capacity Building Strategy, which is at the final stage of development.

However, ASDSP will support county governments to establish a County Steering Committee (CSC) based on the coordination setup in the counties. The CSC will have the following functions in the implementation of the Programme.

- Approve annual county Programme work plans and budgets;
- Ensure Programme budgets are captured in the county budget estimates;
- Approve semi-annual and annual Programme (technical and financial) reports;
- Ensure that the county co-financing budget is factored in the county MTEFs and
- Act as the last body for conflict resolution between national and county governments on matters of the Programme.

Programme implementation structures

i. ASDSP National programme secretariat

The ASDSP as a nation-wide programme is anchored in the Ministry of Agriculture, Livestock and Fisheries at the national level. It will be operating under the Joint Agriculture Sector Steering Committee (JASSCOM) Refer to figure 4. It will be attached to JAS and relates to the national government set up through the inter-ministerial coordination committee.

Considering that most of the VCD activities will be carried out in respective counties, the main function of National Programme Secretariat (NPS) will be technical and strategic capacity support to all units in the counties. The National Programme Secretariat will not be engaged in the day-to-day management of the Programme at the counties. This will be a function of respective counties.

The main functions of NPS will be to:

- Provide support to JASCOM through JAS in order to strengthen Sector coordination structures within the three levels – national, intergovernmental and county;
- Compile annual work plans for presentation to JASSCOM??;
- Implement national level VCD activities including brokering, cooperation and partnerships;
- Provide TA support to implementing units
- Follow up on audit issues with all implementing stations;
- Organize Programme bilateral meetings;
- Organize monitoring missions in consultation with JAS and counties;
- Follow up on funds requisition and disbursements;
- Formulate and provide the overarching Programme steering documents and
- Procure joint/common Programme goods and services competitively and in accordance with government procedures.

iii, County Programme Secretariat

At each county, ASDSP II will be present through a County Programme Secretariat (CPS) composed of four specialists. The CPS will be supported by two experts in grant and data management and communication. It will draw TA support from the NPS depending on need. The CPS will be anchored at the county sector coordinating unit such as the County Steering Committee. Where no such a group is in place, the county will designate the CPS as the coordinating unit reporting to the relevant technical committee of the Sector coordination committee and directly to the NPS. The relevant committee of the steering group will provide strategic as well as overall oversight to the Programme management at the county. The technical committee will report to the county steering Committee that will in turn, report to CECMs and County Commodity Cluster Groups.

Like the NPS, the County Programme Secretariat will be the coordinating structure for Programme implementation at each county. In most cases, it will also be the secretariat for County Steering Groups. It will therefore play similar roles as those of NPS but at the county level. These include:

- Supporting CSC to strengthen sector coordination within the county;
- Ensure the county budget appropriates and reflects the programme in the county annual financial budgets
- Making county activity budget Programme plans;
- Compiling Programme annual work plans and presenting them to CSC;
- Coordinating the implementation of VCD activities;
- Requesting TA support from NPS;
- Writing county Programme reports (semi-annually and annually);
- Organizing Programme bilateral meetings;
- Organizing monitoring missions for CSC and other stakeholders as requested;
- Following up on funds requisition and disbursements;
- Following up on expenditures and returns and
- Procuring Programme goods and services competitively and in accordance with government procedures.

i. Staffing

ASDSP I spent considerable resources on capacity building programme staff and collaborators on value chain development and other relevant areas. It is important that this capacity is not lost so that future resources can focus on service providers, value chain actors, especially women and youth and coordination structures and not capacity building of staff.

In order to avoid delays implementation of the programme and to focus resources on beneficiaries, Government of Kenya undertakes to retain five current programme staff at the national programme secretariat and all current staff at the county coordination units. The arrangements for this will be agreed upon between the county and national governments.

The TA should also be recruited immediately the Agreement is signed so that it is in place during the first month of the Programme's implementation.

Technical assistance

The NPS will be supported by a Technical Assistance (TA) consortium of national and international experts. TA will be recruited by the MoALF in consultation with the Embassy of Sweden and other donors to the programme. A long-term advisor will be attached to the NPS and will seek local and international experts as per the needs from national and county governments. The TA will also provide expertise on quality assurance of the Programme implementation. The expertise that will be required includes business development, policy, devolution and institutional development, gender in development, Monitoring and Evaluation, grant management, environment and climate change resilience.

4.6 Financial management

ASDSP II financial management will be harmonized with the GoK financial systems to reflect the Development Partners' commitment to the aid effectiveness agenda. This will also ensure smooth operations as well as accountability. Considering that the funding to the Programme provided by Sweden and other DPs fall under the category of Conditional Grants and that implementation is in all the 47 Counties, financial management will be mainly at the county government level by the respective department responsible for agriculture. At the national level, the financial management of the Programme will be performed by the MoALF. The national and county Programme secretariats will be responsible for the day-to-day management of Programme funds at both levels of government. The county programme secretariat will make financial reports to the relevant technical committee of the Sector coordination mechanism and directly to the NPS. Utilisation of funds at both levels will be based on agreed annual work plans.

4.6.1 Funds requisition and Disbursements

Agreed County specific activity-based work plans and budgets will be the basis of requisition of funds. Development of work plans and budgets will be harmonized with the county and national budgetary processes. The implementing department at the county level will ensure that the plans are included in the county budget framework. County Programme work plans will be discussed with the National Programme Secretariat. The National Programme Secretariat will requisition funds from Development Partners through the MoALF state department responsible for agriculture. The proportionate county funds will be transferred to respective county treasuries after approval of the work plans by the JASSCOM. The funds will be disbursed by Sweden and other Development Partners through the National Treasury to county treasuries and to MoALF for onward transmission to the Programme accounts (at national and counties).

DPs may also disburse funds directly to Programme secretariats at the national and county levels depending on the specific Agreement between the respective DPs and GoK. It is however advisable that the donor disbursement mode is aligned with GoK procedures if such funds are appropriated Funds not appropriated may be disbursed directly to Programme secretariats but only to support specific work plan activities that are in harmony with result frameworks and are agreed to by the respective parties. County governments and the national line ministry will ensure that allocated GoK counterpart funds are wholly released to Programme accounts in accordance with the specific Programme Agreement.

4.6.2 Accounting for programme funds

The Programme secretariats at the counties and the national level will account for funds disbursed through the normal accounting structures, Figure 5. In addition, there will be annual audits of the Programme resources by the National Audit Office complemented by external audits. County Programme secretariat will provide expenditure returns to the National Treasury through the line county department and county treasury. They will copy to NPS to enable the compilation of a national report. Similarly, the National Programme Secretariat will file returns through the line Ministry. Semi-annual and annual reports will also include financial components. Where DPs have disbursed funds directly to the Programme secretariats, the secretariats will report directly to DPs. A copy of such reports will be sent to the National Treasury through the respective ministry in respect of the national secretariat and through county treasuries in respect of county secretariats.

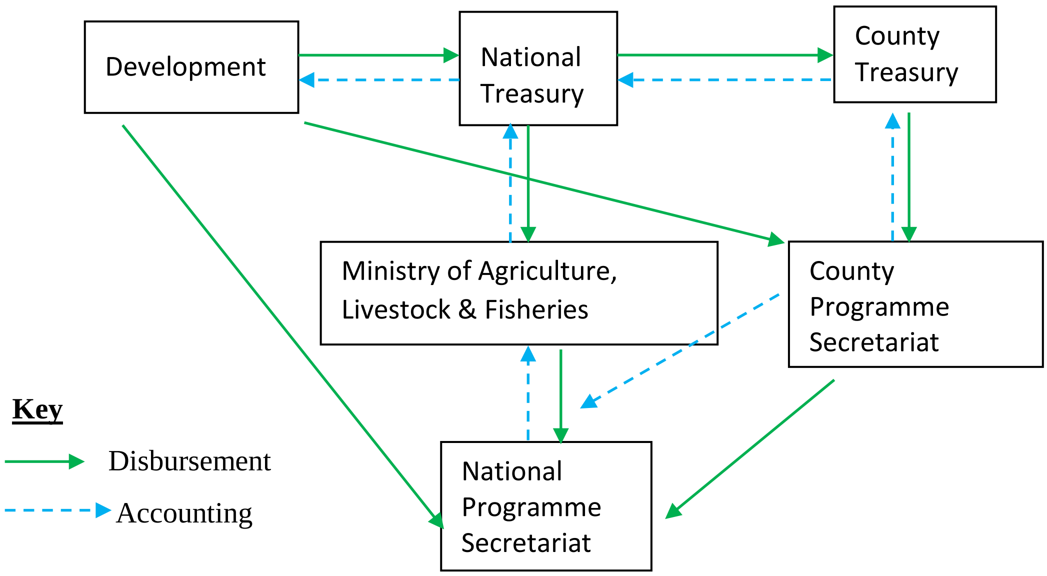


Figure 5: Appropriated funds disbursement and accounting channels

4.7 Performance monitoring, evaluation and reporting

Since implementation of the Programme will be undertaken at the county and national government levels, the oversight responsibility for this function will be vested in the JASSCOM. Planning of most of activities will be done at county level however, for harmony, the supervision and strategic planning of Programme activities at county level will be supported by the NPS. The County Steering Committee (CSC) will ensure that information from stakeholders is received by CPS on time and in the required format. The NPS will have the additional function of aggregating information obtained from the counties in order to arrive at national Programme information for purposes of reporting The AIGR- JAS will ensure that accurate information from the counties is received by the NPS on time.

Programme Monitoring and Evaluation

A Monitoring and Evaluation (M&E) system helps to improve performance and achieves results. Its goal is to improve current and future management of outputs, outcomes and impacts. The Programme M&E system will be set up to help in assessing performance and to link the past, present and future actions.

Performance monitoring – This is aimed at continuously assessing progress and effectiveness in the implementation of the Programme in order to determine if the planned outputs, deliverables and schedules have been achieved so that action can be taken to correct deficiencies as quickly as possible. This function will be performed by the Programme teams at both county and national levels. The internal information management system developed under ASDSP I will be revised to match the new programme outputs for tracking implementation progress at both levels of government. The internal monitoring system is critical for sound management, keeping the Programme management informed about the day-to-day performance and provides a basis of decision-making for appropriate corrective actions that may become necessary during the course of implementation.

Programme evaluation- This is a systematic and objective examination of the relevance, effectiveness, efficiency and impact of activities in light of specified objectives. The idea in evaluating programmes is to isolate errors so that they are not repeated and to underline and promote successful mechanisms for current and future programmes.

An important goal of evaluation is to provide recommendations and lessons to Programme managers and implementation teams that work in the Programme and for the ones that implement and the programme. The major evaluations will be performed at Mid Term Review (MTR) in 2020 and at the end of the Programme in 2022. Both the MTR and end of Programme evaluation will be conducted by competent and independent external consultants. The MTR will assess whether the Programme is on track and is achieving its objectives as set in the Programme log-frame. It will also assess the relevance, effectiveness and efficiency of Programme approaches, strategies organizational set-up and partnership arrangements. The review will assess the technical aspects, Value Chain Development, integration of women and youth in VCD, environmental resilience and capacity building for VCD. Process-related aspects like the Programme's approaches towards creating an enabling environment for Sector consultation and coordination, operational partnerships and engagement of VCD stakeholders especially the private sector agents will also be assessed. The review will also make recommendations for the remaining part of the Programme period including reallocation of resources from slow moving activities to the more promising activities that have greater potential for desired impacts.

The end of Programme evaluation will be conducted about 6 months before closure of the Programme. The independent evaluation will focus on the extent to which the Programme will have succeeded in meeting its set objectives through an assessment of the intermediate outcomes and final PDO outcomes and where necessary, recommend follow up action. A result framework which illustrates the outcome and intermediate outcome indicators is presented in Annex 2.

Targeted baseline studies and case studies: Under ASDSP I, comprehensive baseline studies and capacity needs assessments were conducted in all the 47 counties. However, further studies may become necessary during implementation of ASDSP II to provide more in-depth understanding of various issues in VCD or to integrate Value Chain Actors. Such studies will involve undertaking more targeted and in-depth analyses of specific Programme issues to explain observed trends and policy and other changes in the Programme's operational environment. Baseline studies for eventually new prioritized Value Chains will be conducted to establish starting points.

The Management Information System for M&E support –

Phase I developed an elaborate Management Information System **(**MIS) based on the results- based management strategy of project monitoring and evaluation (planning, budgeting, monitoring, reporting, and evaluation). An international M&E expert evaluating the system noted that the design and objectives of the system were fully compatible with the best national and international practice.

The system design enables efficient linkage of the results chain from inputs – activities – outputs – outcomes – purpose and ultimately the programme goal. The MIS was web-based and therefore allowed the tracking of these indicators in real time and online. . Further the MIS system is compatible with '*Open Data Kit'* programme which can be used to design mobile phone 'Apps' to upload data records from individual lower-level agro producer level.

The system had a comprehensive baseline indicator as well as communication platform for information management and captured information from the implementation units

The MTR (mid-term review) recommended that the ASDSP logical framework should be reviewed with a view to reducing the number of indicators being tracked within the ASDSP MIS / M&E system.

The end of term evaluation found the system very valuable in the provision of the needed data from the many reports that were county specific. However it had not been fully utilized by stakeholder for decision making and planning,

In phase II this system will be informed by a review and improvements on Phase I M&E system and will respond to the needs of the various stakeholders. Moreover, the recommendations from the end-term evaluation (ETE) will be undertaken during Phase II implementation. Unlike in Phase I, data tool that responds to all results areas with pre-determined indicators on outputs, outcomes and impacts will be developed early enough. This data tool will also specify the division of labour in reporting with specifics on the roles of various stakeholders in data generation, analysis, reporting and communication/dissemination.

In addition, a strategic plan that will provide targets on all programme activities will also be part of the implementation framework. These targets will be useful in tracking whether intended results will be achieved within the planned period.

Deliberate effort has been made to make the results framework for Phase II simple with fewer indicators than those of Phase I and therefore more user friendly and less expensive in its management. Whereas there were over 90 indicators in phase one, there are about 50 indicators in ASDSP II, the MIS will be simplified and customized to take into account the following situations:

i. Specifically, Automation of data capture and reporting from the beneficiary level to location, ward and county levels. ASDSP II will therefore invest in the necessary software and hardware for data capture and transmission at county and national levels;
ii. Implementation and planning needs of the counties;
iii. Aggregation and collation of county information at the national level;
iv. Programme Monitoring and Evaluation;
v. Data needs of any Development Partner wishing to co-finance or collaborate with ASDSP II and
vi. Knowledge management

Reporting requirements

The Programme implementing teams will, at a minimum, produce reports to comply with the Programme reporting requirements. Hence, in addition to financial reports, which are mainly for compliance, technical and progress related reports will include:

i. **Thematic reports**: These will be ad hoc reports prepared when specific issues or processes need attention to secure proper monitoring and learning. The demand for these reports may originate from County Programme Steering Committees, IGSC, MoALF or participating DPs
ii. **Performance monitoring reports:** These reports will be produced monthly, quarterly and annually by every implementing unit. The reports will provide information and will also be used in tracking analytical progress in implementation of work plans. Reports will be of use in analysis of factors affecting implementation during the reporting period and will be presented on a quarterly basis by the Programme secretariats to the local Programme oversight committees.
iii. **Policy briefs and guidelines –** During implementation, issues may arise that require clarification in order to ensure common approaches and understanding. When such situations arise, the NPS will be required to issue guidelines to implementing units to ensure uniformity of implementation across counties so that information generated can be aggregated and analysed.
iv. **Status reports** – These reports are intended to provide critical feedbacks and updates on Programme implementation and public relations. The reports may be tailored for internal Programme staff or external stakeholders. These types of reports will be particularly useful in managing stakeholder expectations. Some of the issues that the reports could cover are key achievements and challenges during implementation. Since ASDSP II has committed to good governance, the reports could also be used to serve as accountability and transparency documents showing VCD progress, funds utilization, complaints' handling. The demand for

such reports will be determined by the NPS and the CPS guided by IGSC and CPSC respectively.

4.8 Communication and Information Sharing

The objective of communication is to transfer information from the sender to the receiver. Therefore, an important goal of communication is to ensure that the information sent is understood by the receiver. Communication provides a feedback loop to inform the sender that the message sent was understood by the receiver.

The JASCCM plans to develop an Agriculture intergovernmental communications strategy as effective intergovernmental communication is of paramount importance for effective sector consultation. There are also efforts underway to develop a communication strategy for MoALF. The smooth implementation of ASDSP II will need a Communication Strategy at an early stage because devolution has fundamentally changed the context of implementation of the Programme. This strategy has to be harmonized with the above mentioned overarching strategies.

The objectives of the ASDSP II Communication Strategy will be to:

i. Convey progress in implementation of the Programme and achievements realized. This will be particularly useful to external stakeholders who may want to upscale or replicate Programme interventions;
ii. Manage the internal and external stakeholder expectations of the Programme;
iii. Encourage all implementing units to perceive themselves as parts of one Programme in order to mitigate the risk of the units developing into silos. In this connection, ASDSP II will put in place a platform for networking by the implementing units to facilitate sharing of information and experiences. Such networking platforms include corporate webmail, WhatsApp, Twitter and Facebook.
iv. Provide a mechanism for complaints handling. Complaints may emerge from the Programme staff or external stakeholders. A way of communicating with complainants and handling the disputes should form part of the Communication Strategy.
v. Share information on the Programme's implementation as part of transparency and accountability framework.

The frequency of communicated messages will depend on the intended audience, content and channels of communications chosen. The ASDSP II website will be particularly useful to external stakeholders in getting information on the Programme implementation. To ensure that communication messages and channels are effective, the Strategy should embed an annual audit to assess the utility of the channels applied. The audit may include customer satisfaction surveys among other tools and needs to be done by an independent service provider.

5 RISKS AND ASSUMPTIONS

Kenya will hold its general elections in 2017 and it is assumed that the structures that have been put in place to manage the elections will ensure peaceful elections and no disruptions to normal operations after the elections. Macroeconomic stability is important in facilitating investment decisions by Value Chain Actors, it is assumed that macroeconomic stability especially price, exchange and interest rates will not vary wildly during the Programme period.

It is further assumed that the commitment towards 'joint action' in the context of intergovernmental coordination on the part of MoALF, county governments and DPs will remain high and be further broadened to ensure high effectiveness of the future coordination mechanisms (Table 5). Through this commitment, it is hoped that a mechanism for coordinating Sector activities and investments will be nurtured. Similarly, it is assumed that positive perceptions on the county level operations of the Programme by Value Chain Actors and county governments will remain high and increasing thus enabling increased partner contribution especially the private sector towards joint activities and sustainability.

On the regional and international front, it is worth noting that ASDSP II will be implemented at a time when there is considerable political and economic uncertainty in some of Kenya's key trading partner countries, particularly in the EAC. Further, it is assumed that the changes that are taking place internationally e.g. the migration and refugee problems in Europe, Brexit and the new Government administration in the US will not lead to any major shift in development approach and orientation.

These developments expose the Programme to several critical risks which are summarized in Table 4, including their rating and proposed mitigation measures. Overall, the Programme's risk rating is assumed to be medium.

5.1 Country level risks

Generally, the Kenya government has to borrow funds to cover budgetary deficits that arise from lower revenue collection compared to expenditure. When borrowing is from domestic sources, it sometimes leads to increased interest rates. Shortfalls in revenue could also lead to reduced budgetary allocation to the Sector. These two assumptions are unfavourable to investments in the Sector and could affect or delay transfer of government counterpart funds to the Programme.

5.2 Sector level risks

The Agricultural Policy defines the Agricultural Sector as comprising of the crops, livestock and fisheries subsectors. This narrow approach appears to leave out important subsectors like water and environment which are essential for Agricultural Value Chains. The MoALF therefore needs to define and implement a working relationship with all institutions and sectors that are relevant to ASDSP II.

The key risk to the Programme at the Sector level is the assumption that the two levels of government will work harmoniously together and that the proposed institutional framework for Sector consultation and coordination will be adhered to taking into account the required resources. Otherwise, the required environment for policy implementation, regulatory services provision and investments for Value Chain Development will be difficult to realize.

Agriculture in Kenya is heavily dependent on rainfall. Variability in rainfall due to climate change patterns can adversely affect Value Chain Development. Hence there is need for the Programme to incorporate reliable emergency response and disaster mitigation mechanisms or develop linkages with climate risk reduction institutions such as the National Drought Management Authority.

The Agricultural Policy emphasizes production and commercialization of crops, livestock and fisheries yet the value chain approach being adopted would require that the Ministry coordinates its efforts with different institutions involved in other functions of a value chain. As the Ministry adjusts to these external needs, more institutional changes may become necessary. Already, the recent addition of Blue Economy function to the Ministry is a pointer to prospective institutional changes that may affect implementation of the Programme.

5.3 Internal Programme risks

Governance –The likely risk in this regard would be either misallocation or misappropriation of funds. It is expected that both levels of government will promote transparency as well as efficiency in management of the Programme.

Institutional – ASDSP II will be implemented within an intergovernmental institutional framework. This exposes the Programme to a possibility of delay in implementation if the national and county governments do not quickly agree on how to streamline the current county level setup and adequately provide the human and financial resources to successfully implement the Programme.

Technical capacity – The recruitment of staff for the JAS will not necessarily be based on previous experience in managing programmes or business skills that are needed to guide Value Chain Development. Hence there is likelihood that staff may lack the technical capacity to manage ASDSP II. Current competent and experienced ASDSP Staff may be deployed to other areas.

Fiduciary weakness – This relates mainly to financial and procurement management. The current NPS staff members have several years' experience in managing and reporting on projects or programmes. However, at the county level, that capacity is undeveloped for both staff and oversight organs. This risk is compounded by a weak procurement capacity and the long delays in public procurement in Kenya.

Design - A key expectation of the programme is that private or business sectors and NGOs will actively participate in implementation of the Programme. This is not assured unless profitable links in the Value Chain management are crafted.

Monitoring and reporting – Although ASDSP I had an elaborate MIS to provide data for internal Programme management and external evaluation, it still suffered from delays in take-off. This system needs to be simplified and made accessible to collaborators.

Table 5: Key risks and mitigation measures

Identified risk	Risk rating	Proposed mitigation measures	Residual risk
I. Country level			
Political polarization	M	Implementation of the Programme is mainly devolved to county governments.	L
Budgetary constraint	M	The Finance Agreement will lock the government to honour its obligations	L
II. Sector Level			
Climate variability	M	Providing Value Chain Actors with weather forecasts enables them to take adaptation measures and coping mechanisms such as weather indexed insurance services.	L
Environmental Risks	M	Subjecting the value chain actors to technologies which makes the value chain more resilient is part of the package to increase productivity and thus income, and presenting green growth initiatives as commercial opportunity.	
Functional intergovernmental Sector consultation	M	Strengthen governance structures in order to manage expectations, create ownership and perception of engagement and involvement.	L

Identified risk	Risk rating	Proposed mitigation measures	Residual risk
and coordination structures			
III. Programme Level			
Governance	M	The Finance Agreement will clearly indicate that funds misappropriated or not used for the intended purposes will be refunded by the implementing agency and no further funding extended to that agency until the situation has been rectified to the satisfaction of the National Treasury. The Programme design includes features to assure transparency, accountability and good governance of the Programme. A strong emphasis on social accountability and independent verification mechanisms are included.	L
Institutional	M	Institutional changes are expected at any time and at any level in response to Sector demands. One way to ensure that such changes have minimal disruption to the Programme is to anchor implementation on strong Value Chain Platforms.	L
Staff Transfers and redeployment	H	A MoU between the National and County government will ensure that ASDSP I staff is remaining within the programme. .	L
Technical capacity	M	A capacity needs assessment will be undertaken when JAS is established. Capacity gaps will be filled through appropriate consultancies and capacity building undertaken where necessary.	L
Financial management	M	The Project will build on the capacity developed under ASDSP Phase I. However in case of the JAS and county level implementation, a capacity assessment will be undertaken and an action plan for capacity building developed.	L
Grant Mechanisms	M	Procedures developed during ASDSP I will be reviewed where necessary and documented in programme implementation framework. Capacity building of partners accessing funds will undertaken	L
Procurement	M	Capacity building will be undertaken where necessary and Phase I experiences utilized.	L
Monitoring and reporting	M	Customize MIS to automatically capture and transmit data from the Programme sites. An active communication with stakeholders will be put in place to sustain stakeholder interest.	L
Overall rating	M		L

H = High M = Medium L = Low

6 SUSTAINABILITY

The design and implementation of a programme influences its sustainability. The design of ASDSP II adhered to principles of inclusivity, simplicity and flexibility, which are necessary for sustainability. The design is informed by existing national and Sector policies as well as regional and global initiatives. The design of ASDSP II takes into consideration accurate contextual and institutional analysis alongside institutional capacity and governance while integrating sustainability in the Programme's two components. Moreover, the design put priority on results for the institutions, Value Chain Actors and the environment.

The World Bank criteria for assessing sustainability has been applied in ASDP II, namely assessment of institutional sustainability that considers whether functional institutions will be self-sustaining after the Programme ends; household and community resilience that looks at the capacity of the communities to anticipate and adapt to changes through organized systems; environmental sustainability that considers whether the Programme's activities are environmentally sustainable i.e. do not cause harm through overexploitation of fauna and flora, and; structural change that looks into whether the Programme will have a long term effect on poverty alleviation especially for the disadvantaged groups in society.

6.1 Institutional sustainability

The Programme will be managed by existing institutions at the county and national levels which are also recognized by the Constitution of Kenya, Intergovernmental Relations Act, Executive Order No 1 of 2013 and No 2 of 2016 and respective County Executive Orders. Component two activities will aim at strengthening capacities of institutions managing the Programme at the national, intergovernmental and county levels. Some of the capacity needs have already been documented including policy analysis, organizational management, evidence-based planning and business development. Other capacity needs will be identified and addressed during the Programme implementation depending on the arising needs. The Programme is flexible in design to take into account emerging issues during implementation. Moreover, the programme will support functioning of established and proposed structures for coordination and consultation at all the levels.

Considering that the structures for Programme management at both levels will be anchored on the recognized coordination structures and later fully integrated and that respective levels of the sector management have been actively involved in the design of the Programme then institutional sustainability is likely even long after the Programme period elapses.

Another important element of sustainability that has been considered is the financing of activities. Being aware that development assistance especially for the Agricultural Sector will continue to rely on external funding due to competing national priorities and inadequate national revenues, the two levels of government will co-finance the Programme to a level of 36 % on direct costs and an additional 100% of management costs that include staff emoluments and office accommodation. It is hoped that the counties will support development of additional Value Chains. The design of the Programme encourages partnership with other Development Partners and considering that most of them support development of VCs and Sector coordination, it is expected that an adequate level of activity funding will be sustained. The gains in value chain development are likely to be sustained due to partnerships that the programme established with the diverse business agents, stakeholder organizations and service providers, including financial institutions. Many of these will leverage funds for value chain development. These gains are also likely to be sustained due to the shift from male domination of value chain activities to inclusion of women and youth and their enhanced ownership of productive assets .The sustainability in terms of human capacity is emphasised through the principle of implementation by partner organizations and the development of value chain platforms, where capacity was developed among value chain actors and partners

6.2 Household and community resilience

The Value Chain Development approach to be used in the Programme ensures that different Value Chain Actors who form households and communities gain knowledge on how to cushion themselves from any eventualities related to market failures, institutional weaknesses and weather and climate changes. One of the principle elements of sustained market linkages is adequate and quality production at all the value chain nodes. Producers in the Value Chains will gain capacity on different aspects that will make business from their engagement in the development of the respective Value Chains. The programme has built capacity the value chain platforms on how to form gender and social inclusion committees to give opportunity for all groups to act in the various value chains. The counties will plan in their CIDPs budget for support structures for vulnerable groups, such as, innovation funds at local levels. Likewise it has been recommended that the county management teams establish and provide resources to support entrepreneurship and county centres of excellence in agribusiness.

A business plan for the development or engagement in business at any Value Chain node will be the basis of building VCAs' resilience. The business plan will look at the gross margins realized in the Value Chain and the minimum quantities required to enable the producer achieve the Vision 2030 goal of attaining a middle level income. Production at a small scale cannot be sustainable unless it is linked to markets and other services such as access to inputs, finances, technology, innovations and conducive policies. The design of the Programme therefore took into account issues of building capacity among Value Chain Actors to facilitate their transitioning into viable commercial entities such as, associations, cooperatives, companies, federations, etc. The design similarly enables Actors to build resilience for adequate market functioning. The focus will be to ensure that the business entities met the quantities and qualities desired by the end market.

Moreover, at each VC node, the Actors will gain capacity on how to cope with changes associated with weather and climate change. These foreseen challenges are integrated in the Value Chain Development so that all the Actors can ensure measures to plan and cushion themselves against unforeseen events and risks as well as be able to cope with and recover from effects of adverse changes.

6.2 Environmental sustainability

Agricultural development is dependent on the environment and natural resources. Management of the environment is critical to development of Value Chains. The design of the Programme considered capacity development on good environment and natural resource management in the development of Value Chains at each Value Chain node. There are strong arguments that commercializing agriculture can be pursued in ways which create positive linkages with the environment and natural resource conservation, rather than negative. Whereas this is true, there is also strong evidence that commercialization of agriculture can be attained without damage to the environment.

The Programme is designed to leverage on improving the capacity of Value Chain Actors to adopt technologies, practices and innovations that will improve the environment and ensure its protection. For example, producers in all the Value Chains will gain knowledge on good soil and water management to assure sustainability. Likewise, livestock producers and agro-processors will gain knowledge on how to ensure non – pollution of the environment when they are making business from livestock rearing or processing of livestock produce such as hides and skins. Renewable sources of energy will be promoted as it makes business sense to use renewable energy which is cheaper than fossil fuel-based energy.

It is also envisaged that that participatory scenario (PSP) will be included in the CIDP of the counties. The programme will strengthen the capacity of project steering committees to institute thematic working groups on environment to manage climate change challenges in the counties. PSP is one many initiatives to address environment and climate change for more effective value chain development.. Integration of this approach into the CIDPs will facilitate stronger institutionalization of environment and climate change initiatives.

The Programme design is informed by various policies and strategies linked to environmental and natural resources that place a high premium on renewable resources and biodiversity among others. This further demonstrates that environmental sustainability has been addressed in the Programme design. Some of the Value Chain Actors will take advantage of labelling their products “green or biologically produced” in order to attract and access better markets.

6.3 Structural change

ASDSP I was strong in addressing this aspect of sustainability by applying demand-driven and partnership-based implementation approaches and deliberately factoring in components of supporting the poor and other vulnerable groups. The In order to strengthen the social inclusion effort, the second Phase has identified women and youth as categories of the disadvantaged groups that the Programme will target for support to access value chain benefits. Women and youth face many challenges that hinder them from commercializing agriculture and moving out of poverty. Through the Programme’s Value Chain Development, women and youth will benefit two- fold; through the general capacity development of Value Chain Actors where they will be part of the VCAs and through an innovation scheme that deliberately addresses their potential to participate in Value Chain Development at any stage of the VC node.

It should also be born in mind that a majority of the targeted Value Chain Actors are small scale in nature and poor. Therefore, by enhancing their capacity using different tools, the Programme will enable them to graduate from poverty to middle income level.

Annex 1: Contribution of Agricultural Sector to county GDPs

County	Agricultural GDP(2005USD)	Secondary and tertiary-sector GDP (2005USD)	Total GDP(2005USD)	Agric.GDP %
Baringo	151,420,763	27,427,881	178,848,644	85
Bomet	232,821,568	18,828,734	251,650,302	93
Bungoma	329,921,079	157,006,404	486,927,483	68
Busia	190,576,644	46,377,729	236,954,373	80
ElgeyoMarakwet	97,107,173	11,140,672	108,247,845	90
Embu	132,809,566	185,257,500	318,067,066	42
Garissa	146,020,607	140,715,702	286,736,309	51
HomaBay	253,101,425	59,084,498	312,185,923	81
Isiolo	24,803,077	32,050,749	56,853,826	44
Kajiado	123,356,381	884,204,321	1,007,560,702	12
Kakamega	431,583,350	306,855,344	738,438,694	58
Kericho	111,071,931	156,812,096	267,884,027	41
Kiambu	201,167,607	2,786,314,569	2,987,482,176	7
Kilifi	252,644,720	756,605,989	1,009,250,708	25
Kirinyaga	136,291,254	338,751,052	475,042,306	29
Kisii	304,012,407	181,490,633	485,503,041	63
Kisumu	141,360,681	464,139,515	605,500,197	23
Kitui	267,525,033	110,200,855	377,725,888	71
Kwale	163,143,374	750,694,562	913,837,936	18
Laikipia	91,987,784	397,313,865	489,301,649	19
Lamu	24,919,859	33,868,834	58,788,692	42
Machakos	161,602,837	841,387,188	1,002,990,025	16
Makueni	239,151,073	129,333,676	368,484,750	65
Mandera	257,529,013	16,404,162	273,933,175	94
Marsabit	69,626,700	46,890,540	116,517,240	60
Meru	429,436,529	418,562,417	847,998,946	51
Migori	185,642,389	102,335,441	287,977,829	64
Mombasa	0	878,171,120	878,171,120	-
Muranga	228,927,620	743,300,343	972,227,963	24
Nairobi	0	3,391,699,448	3,391,699,448	-
Nakuru	266,145,722	1,999,522,927	2,265,668,649	12
Nandi	199,443,468	76,783,764	276,227,232	72

County	Agricultural GDP(2005USD)	Secondary and tertiary-sector GDP (2005USD)	Total GDP(2005USD)	Agric.GDP %
Narok	242,889,313	63,916,566	306,805,878	79
Nyamira	128,328,644	36,823,500	165,152,144	78
Nyandarua	148,888,961	98,761,105	247,650,066	60
Nyeri	160,595,020	882,097,448	1,042,692,468	15
Samburu	56,791,752	9,945,126	66,736,878	85
Siaya	230,399,192	56,230,908	286,630,100	80
TaitaTaveta	67,545,780	151,421,576	218,967,356	31
TanaRiver	62,531,831	115,633,298	178,165,129	35
TharakaNithi	37,260,708	71,734,556	108,995,263	34
TransNzoia	199,643,621	86,281,073	285,924,694	70
Turkana	224,882,867	45,955,610	270,838,477	83
UasinGishu	168,159,468	406,744,065	574,903,533	29
Vihiga	116,633,620	194,845,744	311,479,363	37
Wajir	173,206,520	70,353,845	243,560,366	71
WestPokot	144,059,533	13,083,570	157,143,103	92
Kenya	**$8,006,968,467**	**$18,793,360,520**	**$26,800,328,986**	**30**

Source: World Bank, 2015

Annex 2: ASDSP II Results Framework

Narrative / hierarchy of objectives	Indicators	Baseline	Target	Source	Assumption
Overall Goal					
To transform crop, livestock and fisheries production into commercially oriented enterprises that ensures sustainable food and nutrition security	• % Increase in agricultural sector GDP • % Reduction in rural poverty of male and female population • % reduction in chronically food insecure households FH/MH • % increase in on-farm and off-farm employment FH/MH			Economic survey, economic review of agriculture	
Programme Purpose					
To Develop Sustainable Priority Value Chains for Improved Income, Food and Nutrition	• % change in gross margins GMs of VCAs by gender • VCAs level of satisfaction with share of revenue			Reports Surveys	Conducive policy and regulatory framework Price stability Enabling conducive institutional setup
Programme Outcomes					
Outcome1: Productivity of priority VCs increased	• % increase in VCAs utilization of service providers • % reduction in VCAs' post production losses	Use ASDSP baseline		Reports Surveys MIS	Inflation Existence service providers(private and public)
Outcome 2: Entrepreneurship of priority VCAs strengthened/enhanced	• Increase in number and diversity of BPs implemented	Use ASDSP baseline		Reports Surveys MIS	Existence of enabling policy and regulatory environment Business growth enablers will accessible
Outcome 3:Access to markets by priority VCAs improved	• Increase in number of VCAs accessing markets by gender • % increase in number of market segments • % increase in handling capacity of the market segment?	Use ASDSP baseline		Reports Surveys MIS	Conducive Policy and regulatory environment Enablers accessible
Outcome 4: Structures and capacities for consultation and cooperation in the sector strengthened	• Number VCP related policies, strategies, regulations and sector management tools formulated/reviewed and implemented • % of VCAs satisfied with structures by gender	Use ASDSP baseline		MIS Survey reports	Recommended structures will be implemented Counterpart financing will availed timely

Narrative / hierarchy of objectives	Indicators	Baseline	Target	Source	Assumption
Programme Outputs					
Outputs1.1 capacity of existing service providers on identified opportunities enhanced	• No. of opportunities identified per VC • No. of service providers trained on identified opportunities per VC by gender	N	O of	Programme reports	
Output 1.2 Value chain Innovations with high prospects for women and youth empowerment supported	• No of innovations in identified opportunities promoted • No innovations on identified opportunities implemented •			Programme reports	
Output 1.3climate smart agriculture interventions, practices and technologies for VC enhanced	• Number of climate smart technology providers supported. • No and type of CSA technologies in use • Number of VCAs using climate smart technologies by gender				
Output 2.1Entrpreneural skills VCAs including service providers enhanced	• No. of service providers trained on entrepreneurial skills • Increase in numbers of VCAs implementing viable BP by gender				
3.1 Market access linkage for priority VCAs improved	• No of VCAs groups aggregated • No. of market linkage instruments signed and operational				
3.2.Access to market information by VCAs improved	• No. of market information providers supported • No and type of information provided • No of VCAs using market information by gender				
3.3. Access to VC financial services by VCAs improved	• No. of VCAs accessing financial services by type by gender • Volume of financial services assessed by type				
4.1. Initiatives for establishment of the structures for consultation and coordination supported	• Number and types of steering, coordination, consultation and management structures in place				

Narrative / hierarchy of objectives	Indicators	Baseline	Target	Source	Assumption
4.2. Capacities of the established structures for consultation and coordination enhanced	• Number of structures with operational instruments e.g. work plans) and guidelines • % achievement of operational instruments and guidelines implementation				
4.3. Participation of stakeholders in consultation and coordination structures enhanced	• No. ~~and type~~ of stakeholders participating in coordination and consultation structures • Number of operational partnerships • % level of satisfaction of STH in the participation of coordination				
4.4 Sector policies, strategies, regulations and plans prepared and launched	• Number of sector transformation tools inventoried, • Number of policies, strategies and plans launched and rolled out for implementation				