Kenya

Kenya Livestock Commercialization Project

Project Design Report

Main report and annexes

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East and Southern Africa Division
Programme Management Department
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<td>AGRRA</td>
<td>Alliance for Green Revolution in Africa</td>
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<td>ALRMP</td>
<td>Arid Lands Resource Management Project</td>
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<td>ASAL</td>
<td>Arid and Semi-Arid Land</td>
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<td>Adaptation for Smallholder Agriculture Programme</td>
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<td>Agricultural Sector Transformation and Growth Strategy</td>
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<td>Annual Work Plan and Budget</td>
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<td>BCA</td>
<td>Behaviour Change Approach</td>
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<td>CCCF</td>
<td>County Climate Change Fund</td>
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<td>CPP</td>
<td>Contagious Caprine Pleuropneumonia</td>
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<td>CIDP</td>
<td>County Integrated Development Plan</td>
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<td>County Integrated Management Information System</td>
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<td>Climate Information Service</td>
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<td>County Livestock Marketing Council</td>
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<td>County Project Coordinating Committee</td>
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<td>County Project Technical Team</td>
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<td>CSPE</td>
<td>Country Strategy and Programme Evaluation</td>
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<td>DRSLP</td>
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<td>Gender Inequality Index</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>Government of Kenya</td>
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<td>Human Development Index</td>
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<td>International Competitive Bidding</td>
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<td>Indigenous Peoples</td>
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<td>KEBs</td>
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<td>Kenya Livestock Commercialization Project</td>
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<td>Kenya Youth Agribusiness Strategy</td>
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<td>Laboratory Disease</td>
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<td>LMA</td>
<td>Livestock Marketing Associations</td>
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<td>Lower Middle-Income Country</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>Ministry of Agriculture, Livestock, Fisheries and Cooperatives</td>
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<td>Memorandum of Understanding</td>
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<td>Multi-Stakeholder Platform</td>
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<td>Mid-Term Review</td>
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<td>Nationally Appropriate Mitigation Action Project</td>
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<td>NCCAP</td>
<td>National Climate Change Action Plan</td>
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NCD  New Castle Disease
ND   Notifiable Disease
NDMA National Drought Management Authority
NEMA National Environment Management Authority
NGO  Non-Governmental Organization
NIMES National Integrated Monitoring and Evaluation System
NPV  Net Present Value
NRT  Northern Rangeland Trust
ORMS Operational Results Management System
PCR  Project Completion Report
PFI  Participating Financial Institution
PIM  Project Implementation Manual
PMCU Project Management and Coordination Unit
PPR  Peste des Petits Ruminants
PRM  Procurement Risk Matrix
PROFIT Programme for Rural Outreach of Financial Innovations and Technologies
PSC  Project Steering Committee
PWD  Person Living with Disabilities
R/RBA (Regional) Rome-Based Agencies (FAO, IFAD & WFP)
RPLRP Regional Pastoral Livelihoods Resilience Project
SCPTTs Sub-County Project Technical Team
SDCP Smallholder Dairy Commercialization Programme
SDG  Sustainable Development Goal
SDL  State Department for Livestock
SECAP Social, Environmental and Climate Assessment Procedures
SLD  State Department for Livestock Development
SMART Standardized Monitoring Assessment for Relief and Transition Methodology
SMSP Social Mobilization Service Provider
SOE  Statement of Expenditure
SSTC South-South and Triangular Cooperation
SWOT Strengths, Weaknesses, Opportunities and Threats
TAD  transboundary Animal Disease
TOR  Terms of Reference
USD/US$ United States of America Dollar
UTaNRMP Upper Tana Catchment Natural Resource Management Project
UTNWFP Upper Tana Nairobi Water Fund Project
WAO  Ward Agriculture Officer
WEAI Women’s Empowerment in Agriculture Index
WFP  World Food Programme
WRA  Water Resources Authority
The International Fund for Agriculture Development (IFAD) and the Ministry of Agriculture, Livestock, Fisheries and Cooperatives (MALFC) of the Government of Kenya (GoK) and participating Counties designed a new project titled the Kenya Livestock Commercialization Project (KeLCoP). The livestock sub-sector plays an important role in the Kenyan economy. The sub-sector is an ideal enterprise to improve household food and nutrition security, increase incomes, create jobs and contribute to sustainable livelihoods of many rural people living below the poverty line. The KeLCoP will focus on selected value chains, namely small ruminants, local improved breed poultry and bee-keeping which have the potential to provide productive employment and food security opportunities for women, youth and marginalized segments of the population. The project design is informed by lessons learned and best practices from a range of previous and ongoing IFAD-financed projects in Kenya and other countries in the region. The KeLCoP’s overall goal is to contribute to Government’s agriculture transformation agenda of increasing small-scale farmer incomes. The project’s development objective is to improve the opportunities for the rural poor, especially youth, women and smallholders to enable them to increase their output and value added, access markets and increase their resilience to economic and climate risks. The project is expected to benefit 110,000 households or 495,000 people, including both direct and indirect beneficiaries. From the total the direct beneficiaries, women and youth beneficiaries will be 54 per cent and 30 per cent respectively. The benefits of targeted nutrition beneficiaries make up 30 per cent of the total households reached.

The project design includes several innovative elements and opportunities for the use of a host of digital technologies and applications, which deploy Information Communication Technology for Development (ICT4D) approaches and scalable models in partnership with the private sector. The use of innovations and information technology will be integrated into the development of an e-extension approach and the development of e-finance to reduce the costs of access and delivery and develop e-marketing systems for information and sale. The project will mainstream climate resilience, and sustainable natural resource management in the small livestock, poultry and honey value chain development.

The project will also finance entrepreneurial youth engaged in innovative start-ups that support smallholders in its selected value chains. It will also secure direct crowd-funding for its beneficiaries by developing a dashboard which would host profiles of selected youth innovators on an online and mobile fund-raising platform for crowdfunding from philanthropic sources. The project also provides an opportunity to operationalize IFAD’s Private Sector Engagement Strategy designed to foster strengthened collaboration with private sector partners. There are several private sector players who can offer contractual arrangements to support out-grower and contract farming schemes to support smallholders.

The project will have two technical and intrinsically linked components, namely: Component 1 (Climate-smart production enhancement for the livestock sector), which includes the following sub-components: (i) integrating vulnerable households into value chains, that combines a graduation and a gender action learning system approach. This will include training modules for business and nutrition education and inputs based on the experience of an IFAD/European Union (EU) funded e-finance scheme. Recognizing that capacity of County Governments to provide extension services using the traditional training and visit approach is no longer feasible given the shrinking manpower and operational budgets of County Governments, the project will implement an information Communication Technology (ICT) based approach by using e-extension based models that are appropriate for the needs and literacy levels of its participants. The component will also include (ii) climate resilient production systems, comprising activities concerning breed improvement, livestock feed production improvement, animal health improvement and e-extension services.

Component 2: (Support to Livestock Market Development) will include: (i) market infrastructure and capacity development; (ii) investor fora to enhance private sector engagement and investments; (iii) building inclusive value chains; and (iv) provision of e-vouchers and matching grants for smallholder commercial producers, innovative start-ups by youth; peer to peer exchange; and Learning Route Methodology training; training of young traders and transporters; multi-stakeholder platforms; and the establishment of a dashboard for crowd-funding of credible entrepreneurs. Component 2 will also involve developing an e-marketing application to provide real-time price information, a platform for open purchase and sale for key inputs required for livestock production. Component 3: will comprise project management and coordination as well as policy and institutional support. In compliance with IFAD’s SECAP guidelines and Government of Kenya’s Environmental Laws, the project has developed an in-depth climate risk analysis report, an Environment and Social Management Framework, an Integrated Pesticides Management Plan and an Indigenous Peoples Planning Framework and Plan. The studies propose actions to enhance positive outcomes of project implementation and to mitigate negative impacts. The Indigenous Peoples Planning Framework and Plan articulate procedures and provide guidelines on how to engage indigenous peoples through the Free, Prior and Informed Consent Process, and how to ensure their active participation in the process of developing Indigenous Peoples action plans.

The total project costs, including physical and price contingencies, are estimated at US$ 93.5 million over a six year implementation period. The cost will be financed by an IFAD loan of US$ 54.8 million, Heifer International support of US$ 3.4 million, Participating Financial Institutions (PFIs) US$ 4.5 million, Government of Kenya (GoK) contribution of US$ 19.0 million and beneficiary contribution of US$ 11.8 million. The KeLCoP’s Net Present Value (NPV) is positive at US$ 91 million, (KES 10.1 billion) and the Economic Internal Rate of Return (EIRR) is estimated at 29.1 per cent.

In line with IFAD11 mainstreaming commitments, the project has been validated as:

- Gender transformational
- Youth sensitive
- Nutrition sensitive
- Climate finance

| IFAD Adaptation Finance | US$ 22,906,000 |
| IFAD Mitigation Finance | US$ 0 |
| Total IFAD Climate-focused Finance | US$ 22,906,000 |

Executive Summary
The project’s Lead Agency will be the State Department for Livestock (SDL). A Project Management and Coordination Unit (PMCU) will be established in Nakuru with a team to coordinate project activities, who will be competitively recruited. At the County level, the County Project Co-ordinating Committees (CPCC) will oversee project implementation. Technically, county activities will be implemented in coordination with County Project Technical Teams. Correspondingly, at Sub-County level, activities will be implemented in coordination with Sub-County Project Technical Teams (SCPTT).

A number of innovative technological tools will be deployed by the KeLCoP, hence calling for various thematic and specialized expertise. Given the experience of relatively weak PMUs in the Kenya portfolio, implementing arrangements will involve contracting an outcome-based, locally well-established NGO, with expertise in ASALs, business, ICT, and livestock development. A number of such NGOs have already expressed interest and they include Heifer International; Precision Agriculture for Development (PAD); USTADI Foundation, SNV; or ICCO, Resource Conflict Institute (RECONCILE), amongst others.

1. Context

A. National context and rationale for IFAD involvement

a. National Context

1. Political, economic and social context: In the last ten years, Kenya registered robust economic growth, averaging 5.5 per cent, attributed to the significant political, structural and economic reforms that the country has undergone, resulting in sustained economic growth, social development and political gains.[1] The World Bank initially estimated that the economy will grow by 5.9 percent in 2020, driven primarily by the services sector, but due to the COVID-19 pandemic, this growth is foreseen to drop to 1.0 percent in 2020[2].

2. Kenya declared its COVID-19 index case on 13 March 2020. As at 7 May 2020, key policy responses by Government includes earmarking Ksh40 billion (0.4% of Gross Domestic Product - GDP) in funds for additional health expenditure for social protection and cash transfers; food relief; and funds for expediting payments of existing obligations to maintain cash flow for businesses during the crisis, amongst others.[3]

3. The country’s political environment has changed markedly following the introduction of a new constitution in 2010, which initiated a process of devolution, transferring some powers from the national government to 47 newly created Administrative Counties, ranging from economic development to health care, education and infrastructure. The next key political milestone is expected in 2022 when the next general election is scheduled.

4. The population of Kenya was 47.6 million in 2019 (actual 2019 census), of which 50.5 percent are females. Seventy-five percent of Kenyans live in rural areas. In 2018, Kenya’s Human Development Index (HDI) was 0.590, ranking the country as the highest in the sub-region, compared to 0.537 for Sub-Saharan Africa. However, in 2019, Transparency International ranked Kenya at 137 out of 180 countries in Corruption Perception index, with a score of 28 out of 100. Kenya’s entrepreneurship and human capital give it huge potential for further growth, job creation and poverty reduction. However, the large youth population (18-34 years) and those below 15 years constitute 25 per cent and 43 per cent of the population, respectively, implying a large dependent population, and high youth unemployment, which stood at 18.34 per cent in 2019[4].

5. Poverty (SDG1), food security and nutrition (SDG2), smallholder agricultural and rural development context: Although Kenya attained Lower Middle-Income Country (LMIC) status in 2014, an estimated 36.1 per cent of the population was living below the poverty line in 2016. There has nonetheless, been a decrease in the incidence of poverty from 43.6 per cent in 2006 to 36.1 per cent in 2016, the most recent available estimate.[5] Poverty is more widespread in rural areas, and is more pronounced in arid counties. It disproportionately affects women and youth. Food insecurity remains high with approximately 14.5 million still characterized as food insecure. Persistent climate variability, environmental degradation, and political risks heighten the food insecurity in the country.[6]

6. Kenya has an area of 580,370 km² (143,974,468 acres out of which less than 20% of the land is suitable for cultivation, of which only 12 per cent is classified as high potential (adequate rainfall) agricultural land and about 8 per cent is medium potential land. The rest of the land is arid or semiarid.[7] Agriculture is key to Kenya's economy, contributing 26 per cent of GDP and another 27 per cent of GDP indirectly through linkages with other sectors. The sector employs more than 40 per cent of the total population and more than 70 per cent of Kenya's rural people. Agriculture in Kenya is large and complex, with a multitude of public, parastatal, non-governmental and private operators participating in the sectors. The sector accounts for 65 per cent of the export earnings, and provides livelihood (employment, income and food security needs) for more than 80 percent of the Kenyan population, and contributes to improving nutrition through production of safe, diverse and nutrient dense foods. The sector is also the main driver of the non-agricultural economy including manufacturing, providing inputs and markets for non-agricultural operations such as building/construction, transportation, tourism, education and other social services[8].

7. Kenya largely practices mixed farming. Main crops grown include maize, rice, wheat, sorghum, millet, beans (and other lentils), cassava, sweet potatoe, coffee and tea while livestock comprises mainly cattle, goats, sheep and poultry. Productivity is low, due to poor quality of extension services and use of minimal inputs due to lack of working capital, which limits farmers’ ability to purchase hybrid seeds, fertilizers and pesticides, livestock feed, and drugs. Small-scale farming systems dominate the Kenya agriculture sector, contributing 75 per cent of total agricultural production, most of it for subsistence and minimal surplus for sale. Challenges faced by smallholder farmers include the decreasing size of landholdings, limited access to productivity-enhancing technology, declining soil quality, environmental degradation, climate change, weak extension services and low technology adoption, and poor smallholder access to market.[9] In ASALs, most of the livestock is raised by pastoralists where infrastructure
is poor, extension and veterinary services are limited. Over 90 percent of livestock in the local markets are sold by smallholders, making them important actors that supply to meet national demand for livestock and livestock products.

8. The livestock sub-sector plays an important role for Kenya’s economy with a direct contribution of around 42 per cent to agricultural GDP and 12 per cent to national GDP. It accounts for 30 per cent of the total marketed agricultural products and provides raw materials for agro-processing and manufacturing. Investment in livestock development, directly contributes to increased income, food and nutrition security of livestock producing households, and by extension their communities. Even in the non-arid and semi-arid land (ASAL) areas, the livestock sub-sector constitutes an important source of family income and food security. In the high rainfall areas, small livestock provides employment and income mainly through dairy and poultry production. The livestock sub-sector is expected to grow rapidly, fuelled largely by a growing population, and increasing rates of urbanization, which are expected to rise. As a result, consumption of meat and milk is forecast to expand. Moreover, Kenya is currently experiencing an annual meat supply deficit of 300,000 Metric Tons (MT). This gap requires a deductive approach to understand why the Kenyan food system is unresponsive to demand (refer to Annex 12 for detailed supply chain analysis).

9. Small ruminant and poultry sub-sectors are experiencing low productivity and narrow profit margins due to high cost of feed, poor animal husbandry, poor state of livestock infrastructure, limited availability of processing facilities and bottlenecks in the supply chain, which hinder efficient movement of livestock and its product downstream, thus preventing reciprocal livelihood improvement for people in the rural areas. Human nutrition is deemed low, with most of the honey processed in the country coming from Tanzania, yet it is estimated that there is approximately 80% of untaled nectar every flowering season.

10. In the last decade, low productivity in the sub-sector was exacerbated by the increasing severity and frequency of dry spells and heat waves, punctuated by periods of flooding, resulting from climate change and climate variability. Particularly in the ASALs, pastures are degrading and little attention is paid to the governance arrangements to protect and manage them at the community level. The increased heat stress is reducing water availability, increasing water scarcity and causing rangeland degradation and loss of key grazing territory. In turn, farmers are experiencing lower livestock productivity, increased incidence of livestock diseases and consequently higher mortality, as well as reduced grain quality and yields for animal feed.

11. Relevant national policies, strategies and/or programmes on smallholder agriculture, rural poverty reduction and enhanced food security and nutrition: Kenya’s policy direction to address prevailing economic and social constraints is articulated in various policies and strategies, mainly the: 2010 Constitution; Kenya Vision 2030 (2012) that is implemented through three five-year Medium Term Plans; Big Four Agenda (2018); National Policy for the Sustainable Development of Northern Kenya and Other Arid Lands (2012); National Policy on Gender and Del (2019); draft National Livestock Policy, which aims to transform livestock by applying modern technologies acquired through continuous research and innovations; Agriculture Sector Transformation and Growth Strategy (ASTGS -2019 - 2029), designed to implement the agriculture aspect of the Big Four Agenda; the Kenya Youth Agribusiness Strategy (2017 -2021); Kenya Climate Smart Agriculture Strategy (2017–2026); National Climate Change Action Plan (2018-2022); and the Environmental Management and Coordination Act, 1999. The current project will assist the Government in developing a Livestock Master Plan and review the existing policy framework to strengthen the regulation of livestock markets and the quality of inputs and livestock products.


b. Special aspects relating to IFAD’s corporate mainstreaming priorities

13. Nutrition challenges: According to the 2019 Global Hunger Index, Kenya ranked 86th out of 117 qualifying countries. With a score of 25.2, Kenya suffers from a level of hunger that is serious. The majority of food insecure families typically live in rural areas. They live below the poverty line and depend on daily agricultural labour for income. The country’s population has tripled in the past 35 years, straining the country’s resources and leaving young people, especially women, vulnerable to poverty and malnutrition. Female-headed households are more likely to be food insecure than those headed by men. Even though Kenya has made substantive strides in reducing the prevalence of stunting nationally, falling from 35 per cent in 2008 to 26 per cent in 2014, and on course to meeting the global targets of reducing malnourishment, Kenya still experiences malnutrition burden among its five under-five population. Stunting is most prevalent among children 18–23 months, mainly because of poor infant and young child feeding practices and inadequate hygiene and sanitation practices. In addition, poor complementary feeding, poor traditional dietary practices particularly in pastoral communities and recurrent infections or chronic diseases, which cause poor nutrient intake, absorption or utilization, also contribute to high rates of malnutrition in the country. While acute malnutrition (wasting) among children under 5 years is relatively low nationally (4 per cent), it reaches almost 14 per cent in North Eastern region.

14. Children of illiterate or semi-literate mothers are more likely to be stunted than children of mothers with a secondary or higher education, estimated at 17 per cent. Adolescent girls 15–19 years are the most malnourished group among women of reproductive age. Disparities are also apparent among wealth quintiles. Vitamin A deficiency is relatively low at 9 percent in children under 5 years, whereas, maternal and child anemia are widely prevalent in Kenya, with 36 per cent of children under 5 years and 42 per cent of pregnant women suffering from anemia. However, although undernutrition is still an issue in Kenya, overweight and obesity are also becoming a concern, with 33 per cent of women overweight or obese. Although the total fertility rate has reduced in the past 20 years, the adolescent fertility rate increased from 36 to 40 per cent between the 2009 and 2014 Demographic and Health Survey (DHS), resulting in high prevalence of adolescent pregnancy. This has serious consequences
15. The gender challenge: Kenya has a Gender Inequality Index (GII) of 0.549. Women are under-represented in decision-making positions, especially in rural areas and are inadequately represented at County Government and national levels. The percentage of literate women (74 per cent) is considerably lower than that of men (84 per cent[16]) and women account for only one third of total school enrolments. According to World Bank modelled estimates, women account for about 64 per cent participation in the labour force, and the percentage of women salaried workers (23 per cent) are starkly lower than men (53.2 per cent)[17]. The main obstacles to women’s full participation in production and value-addition are cultural norms which limit access to, and control of primary resources, affordable credit, knowledge, information, and agriculture inputs. Women’s poverty is exacerbated by gender-based discrimination and violence. Women’s empowerment is hindered by cultural and traditional practices, such as early marriage, or forced girl-school-drop out. Inheritance, land acquisition and access to benefits accruing to land produce continue to favour men[18]. Women and girls living in rural areas spend long hours collecting water and firewood[19]. While over 80 per cent of Kenyan women are engaged in smallholder farming, only 1 per cent own land in their own right, access less than 10 per cent of available credit, and less than 1 per cent of agriculture credit.

16. Despite a progressive Constitution that promotes gender equality and women’s empowerment, gender inequality remains a key issue of concern in Kenya. The patriarchal social order supported by statutory, religious and customary laws and practices; and the administrative and procedural mechanisms for accessing rights have continued to hamper the goal of attaining gender equality and women’s empowerment. Progressive provisions in law have not delivered gender equality in practice raising the need to develop a policy that addresses the variety of manifestations of gender discrimination and inequality.[20] The State Department for Gender in the Ministry of Public Service, Youth and Gender is responsible for promoting gender equality and empowerment of women in Kenya. In 2019, the Department developed a National Gender and Development Policy, which outlines the national agenda for gender equality and how Kenya intends to realise its objectives in this regard. The policy framework is geared towards ensuring gender equality and women empowerment in the social, economic, political and cultural spheres as envisaged in the Constitution[21].

17. Women are actively engaged in farming, livestock and marketing of some produce. Poultry constitutes the ‘women’s wallet’. The income from sale of eggs and poultry is considered to belong to women. Traditionally, women had a limited role in honey production although they were involved in selling honey in local markets. Women’s role in honey production is also changing with the intervention of development agencies. Women in pastoralist households perform all the household tasks. One of the most time-consuming tasks can be collection of water. They are also responsible for the care of livestock, especially small ruminants, when they are at the homestead. In addition to the constraints faced by men, women are also limited by patriarchal norms, other forms of work and limited assets. Traditionally, women are the owners of livestock, including small ruminants. Women are limited to raising them. Selling and buying was mostly done by men. However, this is changing, with a growing trend of women selling livestock in the ASAL’s. There are women who own livestock herds inherited from their fathers in their own right, trade animals and are involved in the butchery business. Donor interventions have resulted in mushrooming of women groups that own small ruminants collectively. The small ruminants are bought when they are young and sold after 6 months. This has been a successful strategy for protecting assets in a highly patriarchal society that gives men authority over women’s assets.

18. The youth challenge: Article 260 of the Constitution of Kenya (2010) defines a youth as a person aged between 18 and 34 years. Youth account for 35.4 per cent of the Kenyan population and offer a dynamic workforce that is highly adaptable, with a high uptake of technological innovations. Yet, youth record a high unemployment rate of 18.34 per cent (against overall unemployment rate of 10 percent). In particular, youth school-to-work transition linkages are either slow to materialize or incomplete in Kenya, particularly for rural youth who do not qualify for higher education. High rates of school dropouts worsen this situation. This leads to over 90 per cent of unemployed youth having no exposure to higher education, vocational or training skills, which limits their chance of participating in the formal workforce. This has negatively impacted labour productivity, with GDP per capita being lower than many African countries, and increasing at a slower rate.

19. The agriculture sector, which directly contributes 26 per cent to the GDP and another 27 per cent indirectly linkages with other sectors, has the potential to offer multiple livelihood and employment opportunities to youth (Kenya Youth Agribusiness Strategy (KYAS- 2017-2021). The key challenges for the participation of youth in agriculture, as outlined in the KYAS, include negative perception and attitude to agriculture among youth; inadequate skills, knowledge and information; limited access to finance and resources such as land; as well as inadequate policies to support youth in agribusiness. Youth do not view agriculture as a viable business as most agricultural enterprises follow traditional farming methods, which lead to poorly remunerated enterprises. In spite of Government’s recent efforts to transform smallholder agriculture to make it more market-oriented, the sector’s growth and job creation potential is still hindered by numerous challenges. These include: underdeveloped value chains and low value addition, especially inefficiencies in the commodities supply chain due to limited post-harvest handling infrastructures, weather related shocks, limited extension services (e.g. on adoption of modern technology), and limited irrigation usage[22]. Therefore, in addition to the lack of skills for youth to engage in productive climate-resilient agribusinesses, limited access to agricultural financing (with only 4 per cent of commercial bank lending to agribusiness), and limited access to physical capital (e.g. land) further discourages youth from seeking ventures in the sector.

20. Although current engagement of youth in the livestock sector is limited, young women and men are engaged at critical points in the livestock value chains. Some of the more common activities for young men are animal walkers, traders, boda-boda transporters of livestock and livestock products, and manual labourers at markets. Some of the young men accumulate capital required to engage in livestock production through these entry points. Young women are more visible as producers and sellers of honey and in groups that are formed around poultry and small-ruminants. During the design mission, the project delivery team (PDT) met with several dynamic young men and women entrepreneurs, who are innovating and establishing modernized agribusinesses in poultry and honey. The PDT noted that youth are attracted to agri-businesses with quick returns. Youth also expressed a strong preference for working as individuals. They maintained that the formation of youth groups had been driven by Government financing opportunities, predominantly funding group-based activities. Young men and women’s ability to engage in the livestock value chain is limited by their lack of capital, limited access to finance and limited knowledge of the opportunities for
investment. KeLCoP aims to increase the visibility of youth engaged in the livestock sector by recognizing their current engagement, aspirations and opportunities in the development of County livestock strategies, helping to identify opportunities for youth engagement and supporting them with business skills, entrepreneurial skills and matching grants to support them in production and marketing activities.

21. The marginalized population: Kenya does not identify with the term indigenous, but rather considers those segments of the population who have continued to live by their traditional customs and belief systems and way of life, as marginalized. Therefore, Kenya does not have specific legislation on Indigenous Peoples (IPs). The country has not yet adopted the United Nations Declaration on the Rights of Indigenous Peoples, who are often marginalized, and has yet to ratify Convention 169 of the International Labor Organization (ILO). Chapter Four of the Constitution contains a progressive Bill of Rights, which makes international law a key component of the laws of Kenya and guarantees the protection of minorities and marginalized groups. The hunter-gatherers include the Ogiek, Sengwe, Yaku, Waata and Aweer (Boni), while the pastoralists include the Turkana, Rendille, Borana, Maasai, Samburu, Ichamus, Somali, Gabra, Pokot, Endorois and others. The marginalized peoples of Kenya face scarcity, insecurity in the possession of land and resources, poor service provision, low political representation, discrimination and exclusion. The socio-economic situation of marginalized people worsens, with increasing competition for resources on their land, effects of changes in climate, and environmental degradation.

22. In compliance with IFAD policies on Youth, Nutrition and Gender Equality and IPs, KeLCoP is designed to leverage the inter-linkages between rural development, economic and social empowerment of economically excluded groups such as women, youth, small-holder pastoralists and agro-pastoralists, marginalized tribes and highly vulnerable groups (female-headed households, persons with disabilities, and persons with HIV). The project will promote the economic and social empowerment of these groups, through social mobilization; mentoring; Gender Action Learning System (GALS), a household methodology to facilitate gender equality and self-efficacy; nutrition interventions; provision of assets; improved access to quality inputs, business skills, access to markets; all of which will increase their nutrition security, productivity and participation in the selected value chains. The project is expected to have a positive impact on nutrition of target households, through selection of value chains with potential to increase nutrition; graduation intervention for the very poor and food insecure households; mainstreaming nutrition; application of gender transformative approaches such as GALS; support to labour-saving technologies; and mainstreaming improved livestock and poultry nutrition in animal husbandry practices, delivery through community mobilizers and mentors of key nutrition messages and strategies based on county and area-specific nutritional challenges and strategies to improve nutrition, including promoting bio-fortification of kitchen gardens.

Table 1. Mainstreaming theme eligibility criteria

<table>
<thead>
<tr>
<th>☒ Gender transformational</th>
<th>☒ Nutrition sensitive</th>
<th>☒ Youth sensitive</th>
<th>☒ Climate focused</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situation analysis</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☒ National gender policies, strategies and actors</td>
<td>☒ National nutrition policies, strategies and actors</td>
<td>☒ National youth policies, strategies and actors</td>
<td>☒ KeLCOP is climate focused and this has been determined through the application of the Multilateral Development Bank (MDB) approach. Of the total IFAD loan investment of US$ 54.8 million, an estimated US$ 22.9 million , equivalent of 42% of the investment. KeLCoP aims to increase the visibility of youth engaged in the livestock sector by recognizing their current engagement, aspirations and opportunities in the development of County livestock strategies, helping to identify opportunities for youth engagement and supporting them with business skills, entrepreneurial skills and matching grants to support them in production and marketing activities.</td>
</tr>
<tr>
<td>☒ Gender roles and exclusion/discrimination</td>
<td>☒ Key nutrition problems and underlying causes, by group</td>
<td>☒ Main youth groups</td>
<td></td>
</tr>
<tr>
<td>☒ Key livelihood problems and opportunities, by gender</td>
<td>☒ Nutritionally vulnerable beneficiaries, by group</td>
<td>☒ Challenges and opportunities by youth group</td>
<td></td>
</tr>
<tr>
<td>☒ Use(pro-WEAI)[1] assessment for M&amp;E baseline</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Theory of change** | | | |
| ☒ Gender policy objectives (empowerment, voice, workload) | ☒ Nutrition pathways | ☒ Pathways to youth socioeconomic empowerment |
| ☒ Gender transformative pathways | ☒ Causal linkage between problems, outcomes and impacts | ☒ Youth inclusion in project objectives/activities |
| ☒ Policy engagement on GEWE[2] | | | |

[1] KeLCOP is climate focused and this has been determined through the application of the Multilateral Development Bank (MDB) approach. Of the total IFAD loan investment of US$ 54.8 million, an estimated US$ 22.9 million , equivalent of 42% of the investment. KeLCoP aims to increase the visibility of youth engaged in the livestock sector by recognizing their current engagement, aspirations and opportunities in the development of County livestock strategies, helping to identify opportunities for youth engagement and supporting them with business skills, entrepreneurial skills and matching grants to support them in production and marketing activities. |
c. Rationale for IFAD involvement

24. IFAD is an ideal development partner to support the GoK on this investment. It has a long-standing comparative advantage in participatory approaches and rural institutional building. In addition, IFAD has an extensive experience of financing and understanding development activities required in semi-arid regions. The KeLCoP will also provide an opportunity to scale-up a range of technologies/models, which have already been successfully implemented under different on-going and recently completed projects, the main ones being: Smallholder Dairy Commercialization Programme’s (SDCP) development of community-based initiatives in animal health, business hubs and youth business mentoring; Upper Tana Catchment Natural Resource Management Project’s (UTaNRMWP) and Upper Tana Nairobi Water Fund’s (UTNWFP) replicable models for water harvesting, fodder and pasture development, and forest management; and the Programme for Rural Outreach of Financial Innovations and Technologies’ (PROFIT) innovative financial service models. The design of KeLCoP is consistent with Kenya’s current COSOP which calls for the consolidation of the portfolio into a Programme Approach, with two programmes; one on Value Chain (under which KeLCoP falls); and a second Programme on Natural Resource Management. The project has been discussed with the UN Resident Coordinator and agriculture sector UNCT relevant Agencies and supported especially given the geographical targeting of vulnerable ASAL Northern Counties.

25. IFAD has effectively utilized ICT4D for scaling-up and tested a range of innovative tools such as e-extension, e-finance, crowdfunding for philanthropic contributions and crowdsourcing market information for livestock sectors. The project provides an opportunity to scale up and test these tools. KeLCoP has potential to garner support from IFAD’s forthcoming Private Sector Financing Programme (PSFP) for direct support to the private sector actors in the selected value chains.

26. Furthermore, IFAD has been requested by the Ministry of Treasury and Planning, the Nationally Designated Authority, to assist in preparing a proposal, for submission to the Green Climate Fund (GCF), to finance Kenya’s Nationally Appropriate Mitigation Action Project (NAMA) for the dairy sector, which has significant potential to leverage additional GCF resources for the country. The Dairy NAMA will complement the KeLCoP interventions.

27. Livestock production is an ideal enterprise to improve household food and nutrition security, increase incomes, create jobs and contribute to sustainable livelihoods of many rural people living below the poverty line. The selected value chains, small ruminants, local improved poultry breed and beekeeping are economic activities predominantly carried out by women, youth and marginalized segments of the population. Furthermore, small ruminants have the ability to survive harsh weather conditions and they contribute very low Green House Gas Emissions (GHGs) to the environment, (estimated at 6.5 percent and 8 percent, respectively, compared to 41 percent for beef cattle and 20 percent for dairy cattle). Poultry and honey production and processing occupy relatively smaller spaces that do not interfere with land for agriculture and can easily be carried out by women and youth. They are also ideal alternative income generating activities for populations living in conflict areas within four participating counties (Marsabit, Samburu, Baringo and Elgeyo-Marakwet), which are driven by cattle rustling practices.

28. The KeLCoP provides an opportunity for transformation of the livestock sector, which can generate major socio-economic benefits for rural communities in a sustainable manner. It is in this regard that the GoK requested IFAD to finance a livestock project in the high potential and pastoral counties. The geographical target is guided by the 2018 Country Strategy and Programme Evaluation (CSPE) for Kenya recommendation to target investments towards the ASALs, to promote...
The KelCoP has several elements, which are directly in support of the prioritized climate change adaptation and mitigation actions in the five-year National Climate Change Action Plan (NCCAP-2018-2022) of the country. There are three key activities in KelCoP, which will directly contribute to the plan. These are: (i) restoration of degraded rangelands, pasturelands, agroforestry and reforestation that can bring significant gains in carbon stocks; (ii) increase in small ruminant productivity and efficient pasture management regimes, thus reducing pressure on rangelands; (iii) increase the resilience and adaptive capacity of local people to the threats of climate change through a comprehensive package of adaptation interventions; (iv) helping the Government and communities to set up a contingency fund to address climate risks, by allocating specific funds for threats. Examples of such risks include drought, heavy floods, and the recent desert locusts invasions, resulting in an unprecedented threat to food security for the sub-region.

B. Lessons learned

30. KelCoP’s design is informed by lessons learned and best practices from previous and ongoing IFAD-financed projects in Kenya and other countries in the region, as well as similar development projects financed by the Government of Kenya (GoK) and other development partners.

31. The implementation of IFAD-financed projects in the country has faced challenges in several areas, including procurement, financial management, disbursements, targeting, gender and beneficiary participation and monitoring. As a result, concerted efforts will be made to ensure implementation readiness, in part, by seeking support for Faster Implementation of Start-Up (FIPS). The time, prior to formal start-up, will be used to recruit key staff, prepare a detailed procurement plan, initiate the establishment of a Monitoring and Evaluation (M&E) and Management Information (MIS) systems, procure the services of key service providers, prepare Terms of Reference (TORs) and recruit a third party to undertake a baseline survey. For effective outreach, the project will use a range of ICT4D technologies, digital technologies for e-extension, digital fintech solutions to efficiently deliver financial services and data management.

32. To address implementation challenges regarding targeting, gender, and beneficiary participation, the project has allocated dedicated resources and set target quotas for inclusion of vulnerable groups, women and youth and indigenous people. A strong team of service providers will be contracted competitively for proper identification and outreach to the intended target group. A strong system will be put in place for beneficiary feedback, participation, mentoring and transformation, through the combined application of a graduation approach, the GALS approach as well as a Behaviour Change and Communication (BCC) approach. This will help identify and develop approaches, which will change decision making on livestock production and marketing and introduce more sustainable practices. The overall project approach is demand-driven, market-oriented, with a strong private sector engagement. The Government will competitively recruit staff for the PMCU, and provide strong technical backstopping in procurement and M&E to maintain high quality overall implementation performance. Given the critical role that a strong and competent PMCU plays in the performance of project implementation, IFAD will actively participate in the staff recruitment process.

33. Some of the key lessons that have been incorporated into project design include the following:

- **Strategic consolidation of resources to few counties:** Past IFAD-financed projects covered wide geographic scope, in an effort to benefit many rural poor people. This has led to spreading resources too thin, project supervision challenges, inefficient resource use, and often difficulties in identifying and attributing benefits to IFAD-financed projects. KeLCoP will ensure greater geographic concentration of project interventions and targeting to increase impact, effectiveness, and efficiency. It will do so by limiting its outreach to a limited number of counties and a limited number of wards within the selected counties.

- **Need to address environmental and climatic risks:** Experience in other IFAD funded projects, like KCEP-CRAL/UTaNRMMP showed that efforts to foster smallholder productivity and build stronger value chains will be in vain if appropriate measures are not embedded in project design to assist smallholders deal with climate risks and natural resource management issues, especially in the ASAL areas. The design includes several sustainable environmental management and climate risk adaptation measures that will help smallholders manage risks. These include: provision of safety net support; water infrastructure development, to address drought and water scarcity especially for feed; contingency fund support through the National Government for climate related emergencies such as desert locusts and drought; support towards governance and rehabilitation of rangelands, strengthening pests and diseases surveillance and adoption of an integrated pesticides management plan; and, building smallholder resilience through improved animal husbandry management capacity, etc. The project will work with County Governments to determine key communal land governance issues and available mechanisms for addressing them, and help them invest in long-term land management activities (e.g. institutional strengthening, grazing plans, pasture regeneration among others). Moreover, the project has prepared an Environment and Social Management Framework (ESMF) that contains risk tables that propose mitigation actions to deal with environmental and social risks. The ESMF also provides an integrated pesticides management plan (IPMP) that will guide the project on the safe use, handling, storage and disposal of pesticides products. An in-depth climate risk analysis has also been undertaken and provides mitigation actions for identified climate risks.

- **Participatory approaches to community-driven development:** Grass-roots’ capacity building have been key to project successes as it has led to local communities’ and grassroot organizations to drive project activities and ensure sustainability of project assets and benefits (g. UTaNRMMP and SDCP). Where enshrined in law, user associations have continued to be effective as they are given real powers of enforcements and their authority is respected and many have become self-financing leading to tangible results and impacts for participants. KeLCoP has used these proven institutional arrangements as a cornerstone in its project design and implementation.

- **High Impact from small-ruminant:** The experience of several projects on dairy goats in Kenya, implemented by FARM Africa International, have demonstrated a significant increase in the productivity and economic returns from goat farming. Through focus on efficient breeding, appropriate feeding and proper management practices, an overall increase of 30 percent was achieved in productivity. Another project, financed by IFAD, and implemented by the International Goat Association
reported even more impressive returns from goat farming, reduction in mortality of livestock by 50 per cent, improved consumption of protein by children and mothers, and increases in livestock assets.

- **Adopting a comprehensive approach:** The likelihood of success is higher with a comprehensive approach, which involves technical and market services, as well as motivation of individuals, producers, group organizations, and intensive training and marketing, rather than interventions aimed at improving single aspects of production (e.g. vaccination campaigns). Effective project design entails supporting small farmers, rural households and landless families through a holistic, flexible, inclusive, equitable and self-reliant approach in a given time and budget framework. The Gender Action Learning Systems Approach (GALS) has proven to be a transformational approach that gives individuals a vision about their future and mentors them for a prescribed period of time. A common vision between women and men, facilitated through the use of GALS, increases the pace at which smallholder farmers are able to commercialize their farms and increase their incomes. When combined with additional risk mitigation support such as safety net payments, asset transfers and a behavior change approach to sustainably change production and marketing practices, this can culminate in helping households to move out of poverty.

- **Private sector engagement:** Although the IFAD portfolio has achieved significant results in improving smallholder productivity and extension services, interventions aimed at improving processing and product marketing were less successful due to limited involvement of private sector actors. KeLCoP will closely engage and partner with private sector actors. The design mission met with a range of private sector players along the value chain of the small ruminant, poultry and honey production and designed project components and sub-components keeping in mind the key role they can play at the county level, in enterprise development and aggregating the produce of small-holders to obtain interest, buy-in and essential guidance from input suppliers and off-takers. The public sector will be engaged in activities where it has comparative advantage, such as setting and enforcing regulations and sound policies for value chain development.

- **Approach to design livestock production packages:** In many countries, support to small livestock production is confronted with challenges of establishing sustainable production with the most vulnerable households. Providing start-up packages that include only an asset transfer without proper mentoring support, technical assistance or business skills may not be enough. The establishment of helping families establish a viable herd of small ruminants, flock of poultry or bee hives requires careful analysis of household capacity and tailoring the packages to suit household capacity for feed, housing, health care and disease control and management. Vulnerable households have few alternative safety nets in times of financial needs. Thus, associated to this, the importance of determining the viable number of start-up stock, safety nets, access to reliable feed and veterinary services, working capital and business skills and management have been taken into account. The approach to design livestock production packages is based on a scale up approach as the Dairy Impact Methodology and Dairy Sustainability Framework will hold regional workshops to develop tentative roll-out programmes. The knowledge based programme (KBP) is an important component of the project to ensure that proper knowledge generation and dissemination would scale up results to all the IFAD portfolio that feature the grant for gathering evidence and therefore, its products have a strong knowledge management element. The Project shall review the emerging lessons from the innovations introduced through these grants. The three components of the project are based on a scale up approach as the Dairy Impact Methodology and Dairy Sustainability Framework will hold regional workshops to develop tentative roll-out programmes. The knowledge based programme (KBP) is an important component of the grant for gathering evidence and therefore, its products have a strong knowledge management element. The Project shall ensure that proper knowledge generation and dissemination would scale up results to all the IFAD portfolio that feature diary/livestock projects. KeLCoP will also capitalize on presence of the IFAD/SKD Knowledge Management (KM) team actively engaged to develop a KM platform called “Livestock for Social Development” (L4SD), in collaboration with the GASL’s Action Network. The L4SD platform will also be used to incorporate lessons for KeLCoP. Lessons in conservation and sustainable management of water resources will also be drawn from GEF-funded grants such as the UTNWFP.

- **Cost-effectiveness of the Graduation Approach:** Lessons from the financial graduation model implemented by BRAC under the PROFIT project will be used to develop a cost effective model. The financial graduation sub-component targets poor and vulnerable women and youth who are unable to access financial services due to lack of skills and productive assets, and who qualify for the Government’s social transfer assistance. It was designed to pilot the ‘graduation model’ developed by BRAC for creating pathways for the poorest out of extreme poverty to sustainable livelihoods where they no longer require government social transfer assistance and have the basic productive assets and skills required to access financial services. The approach is cost-effective not in terms of the reduction of the per capita costs of support but because it offers the Government a means to reduce its social transfer assistance by helping the poor to graduate out of the Government’s social assistance programme.

- **Lessons from other countries include:** ensuring proper mentoring support and using a range of ICT4D options when conventional forms of extension services are under-resourced and unable to meet smallholder needs; increased opportunities for peer-to-peer learning; collection and dissemination of market-related information to farmers and traders; linking farmers with buyers; and promoting opportunities for e-extension, e-finance and e-marketing opportunities. It is also important to ensure that training for women is organized keeping in mind their various responsibilities as care givers, domestic chores and as farmers.

2. Project Description
C. Project objectives, geographic area of intervention and target groups

34. The KeLCoP’s overall goal is to contribute to Government’s agriculture transformation Agenda of increasing household incomes, and food and nutrition security for poor rural small-scale farmers. The project’s development objective is to improve rural incomes of rural poor livestock and pastoralist households, by increasing their output and value addition, access to markets and their resilience to economic and climate risks. The project is expected to benefit 110,000 households including both direct and indirect beneficiaries with a total number of 495,000 people. Of the total beneficiaries, direct women beneficiaries will be 54 percent and 30 percent will be youth beneficiaries. In addition, those specifically targeted for nutrition interventions will include 30 percent of total households.

35. The development objective of the project is to increase incomes of 110,000 poor livestock and pastoralist HHs, especially youth and women, in an environmentally friendly manner, in selected project areas of the 10 participating counties. This will be achieved through: (i) empowered smallholder farmers and pastoralists, especially women and youth, with adequate life skills and willing to improve their socio-economic development status; (ii) increased food and nutrition security for the vulnerable, through a graduation approach and GALS; (iii) increased resilience and ability to cope with climate risks and enhanced productivity in the three livestock value chains of small ruminants (sheep and goats for meat and goat dairy production) poultry and honey; (iv) increased use of ICT by scaling up e-extension models, e-finance approaches and market information; (v) increased commercialization and profitability of the targeted value chains by value addition and enhanced access to lucrative markets; (vi) increased capacity of county governments to deal with the regulatory and policy environment for livestock and rangeland development; and (vii) a proactive policy to attract the private sector.

36. The project design includes innovative elements and opportunities for the use of digital technologies and applications, which will deploy ICT4D approaches and scalable models, in partnership with the private sector. The use of innovations and information technology will be integrated into the development of an e-extension system and the development of e-finance to reduce the costs of access and delivery and develop e-marketing systems for information and sale. The project will mainstream climate resilience, sustainable natural resource management, as well as ensure environmental and social risks are mitigated in the small livestock, poultry and honey value chain development. This will be done through proposed project activities and the implementation of safeguards measures proposed in the the ESMF, ESMPs, integrated pesticides management plan (IPMP), indepth climate risk analysis, and the indigenous peoples action plans (IPAPs).

37. The project will scale up the the e-voucher scheme developed and currently used under the IFAD-financed KCEO-CRAL in the provision of subsidized inputs and services. Under the e-voucher scheme users are issued with customized debit (ATM) cards containing different ‘e-wallets’ which they can use to purchase farm products or inputs from registered pre-screened agro-dealers. The increased interaction with financial institutions is also expected to increase the opportunity for commercial credit for smallholders facilitated by the project. The project will finance entrepreneurial youth engaged in innovative start-ups that support smallholders in its selected value chains. The start-ups could include the manufacture of automated hatcheries or one stop-input suppliers with options for buy-back, etc. It will also secure direct crowd-funding for its beneficiaries by developing a dashboard which would host profiles of selected youth innovators on an online and mobile fund-raising platform for crowdfunding from philanthropic sources. The project also provides an opportunity to operationalize IFAD’s Private Sector Engagement Strategy designed to foster strengthened collaboration with private sector partners. There are several private sector players, who are already offering contractual arrangements to support out-grower and contract farming schemes to support smallholder poultry and honey production who would like to expand and others would like to enter the market.

38. Geographic area of intervention: The project will cover 10 counties (out of the total 47 counties), of which: four (4) in the western region; four (4) in Rift Valley region; and two (2) in the Northern Region. In line with the CSPE’s recommendations, KeLCoP’s target areas will include two (2) Semi-Arid counties (Elgeyo Marakwet and Baringo) and two (2) Arid counties (Marsabit and Samburu).

39. The selection of the counties was made by scoring counties on the following criteria: (i) incidence and prevalence of rural poverty; (ii) aridity of the geographical area; (iii) potential for commercialization of selected commodities (iv) population of targeted livestock; (v) priority given to the value chain by the county in its strategic plans (vi) potential to build on and collaborate with existing development interventions (vii) security. In the selected counties, project activities will focus on value-chains with high potential in that county. Within counties, the same criteria used to select counties will be used to select a focal area for the project intervention within the county. Demographic details on the target counties are presented in Table 2.

### Table 2: Demographic details on the target counties

<table>
<thead>
<tr>
<th>No</th>
<th>County</th>
<th>Area km²</th>
<th>% of Total Population</th>
<th>% of Total Livestock</th>
<th>Population Density</th>
<th>% of rural Population</th>
<th>Total Sheep/Goats</th>
<th>Total Chickens</th>
<th>Total households</th>
<th>Poverty Index</th>
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</table>
40. **Beneficiaries:** The primary target group will comprise: (i) very vulnerable, ultra-poor, mostly women headed households, pastoralist and agro-pastoralist households; (ii) commercially orientated pastoralist and agro-pastoralist households; (iii) young women and men involved in production and entrepreneurial activity at critical points in the value chain. The KeLCoP has a strong focus on the inclusion of women and youth, marginalized tribes and persons with disabilities. In addition, the project will engage with value chain drivers, such as farmers who have the resources to function as breeders of livestock, traders, retailers, wholesalers, private sector companies, transporters, private agro-vets and input suppliers who will also comprise the members of multi-stakeholder forums for the relevant value chain.

41. **Targeting approach:** The project will use a variety of targeting mechanisms to implement the project in a manner sensitive to the needs and constraints of smallholder women and men farmers, as well as youth and vulnerable groups. This will include geographic targeting to identify areas where smallholder producers of selected value chains are located and where there is potential for developing the value chain. Direct targeting will be used to ensure social inclusion of women, youth and vulnerable groups (marginalized tribes e.g. indigenous people, persons with disabilities, persons with HIV).

42. **Social Inclusion Strategy:** The KeLCoP has a clear strategy for the inclusion of women, youth, ultra-poor households and highly vulnerable persons. Women’s intrinsic, instrumental and collective agency\(^{[23]}\) will be promoted through: (i) Developing gender sensitive livestock strategies reflecting the strategic interests of women; (ii) Use of GALS methodology to address gender issues including distribution of work, control over income and Gender-based violence (GBV); (iii) prioritization of ultra-poor women for graduation packages; (iv) promotion of women leadership and collective agency through working with women groups and representation in decision-making bodies, coordination and steering committees created by the project; (v) exposure through peer exchange visits; and (vi) well-being through nutrition training.

43. Similarly, there is a strong focus on providing youth with: (i) capacity building through apprenticeship, entrepreneurship training, business skills and formal courses in animal husbandry; (ii) access to capital through matching grants; (iii) voice through representation on decision-making and coordination bodies such as multi-stakeholder forums and project. Marginalized tribes such as indigenous people and vulnerable groups will benefit from the project interventions described above through quotas and delivery mechanisms sensitive to their needs and aspirations. Further caution will be taken to ensure that social risks associated with the various target groups are mitigated. The ESMF identifies potential social risks such as GBV, child labour, early marriages, elite capture, FGM, and sexual harassment and provides mitigation actions that the project will follow. The project should work closely with county based agencies dealing with these issues and keep them informed at all times. An indigenous peoples planning framework and plan has been developed and will inform the development of indigenous peoples action plan in consultation with indigenous people, once the COVID 19 movement restrictions are lifted.

44. The project will directly target 6,000 ultra-poor households combining the graduation approach with GALS. These households will also be empowered using the GALS tools of visioning that can contribute to gender equality and economic empowerment. Women will constitute 54 percent of the total beneficiaries of all project activities with many of the activities focusing on women and women-headed households. Young men and women will constitute 30 percent of total beneficiaries in the project. The beneficiary table in the PIM and LFA provide the details of the number of beneficiaries for each component and sub-component disaggregated by gender and age.

45. **Nutrition Sensitive Strategy:** KeLCoP will adopt a nutrition sensitive approach and mainstream nutrition in its various investments starting from the policy level (Livestock Master Plan), to the institutional level (county Government), the community level (groups formed by the project) and at the household level (GALS and mentoring approach). In terms of the investment area which KeLCoP has chosen, namely livestock, there is considerable evidence which shows that production of specific, nutrient-rich produce has more of an effect on improving diet quality than simply emphasizing overall production\(^{[26]}\) Livestock production

<table>
<thead>
<tr>
<th>County</th>
<th>Total</th>
<th>Undernourished</th>
<th>Moderate Malnutrition</th>
<th>Severe Malnutrition</th>
<th>Total</th>
<th>Undernourished</th>
<th>Moderate Malnutrition</th>
<th>Severe Malnutrition</th>
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<td>80</td>
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<td>318,530</td>
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</table>

Source: Basic Report on Wellbeing in Kenya, World Bank, UNICEF.

Project Target Group

40. **Beneficiaries:** The primary target group will comprise: (i) very vulnerable, ultra-poor, mostly women headed households, pastoralist and agro-pastoralist households; (ii) commercially orientated pastoralist and agro-pastoralist households; (iii) young women and men involved in production and entrepreneurial activity at critical points in the value chain. The KeLCoP has a strong focus on the inclusion of women and youth, marginalized tribes and persons with disabilities. In addition, the project will engage with value chain drivers, such as farmers who have the resources to function as breeders of livestock, traders, retailers, wholesalers, private sector companies, transporters, private agro-vets and input suppliers who will also comprise the members of multi-stakeholder forums for the relevant value chain.

41. **Targeting approach:** The project will use a variety of targeting mechanisms to implement the project in a manner sensitive to the needs and constraints of smallholder women and men farmers, as well as youth and vulnerable groups. This will include geographic targeting to identify areas where smallholder producers of selected value chains are located and where there is potential for developing the value chain. Direct targeting will be used to ensure social inclusion of women, youth and vulnerable groups (marginalized tribes e.g. indigenous people, persons with disabilities, persons with HIV).

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Source: Basic Report on Wellbeing in Kenya, World Bank, UNICEF.
has shown to be one asset strongly associated with an increased frequency of milk and dairy consumption among children. Furthermore, the KeLCoP approach is based on the evidence that achieving a sustainable decrease in malnutrition rates requires an integrated response[27].

46. The project is designed to choose its targets on the basis of nutritional vulnerability. It seeks to engage women and include interventions to protect and promote their nutritional status, decision making and overall empowerment. It also incorporates nutritional behaviour change communication through the use of GALS tools at the group level, and at the household level for the ultra-vulnerable households, supported by GALS mentors trained in nutrition.

47. The nutrition support will provide training and awareness about nutrition at the household level, mentoring and support with homestead production to increase dietary diversity, and focus on nutrient rich foods such as dairy, meat and poultry packages. Specially tailored messages will also be delivered through the e-extension ICT services. These messages will be context specific given the widely varying nutrition habits of the targeted communities such as the Masai who only consume the milk and blood of livestock. The project is expected to reach 38,500 households (173,000 people) with targeted messages and support regarding nutrition.

48. The relevance of the household approaches being used by the project was further confirmed through a review of the stock take by IFAD of the use of the GALS and household mentoring approach[28]. The review showed that many projects are designed based on the intuitive promise of this approach, which has stood the test of time based on feedback from projects. In so far as the use of GALS for women’s empowerment is concerned, that in itself is a pathway for improved nutrition. As the use of GALS for nutrition is in its infancy, and evidence is not yet available from projects that are using it, this use of GALS in combination with other pathways, can be considered an innovation and documented to provide evidence for future projects. Research[29] on the subject shows strong evidence that income and assets controlled by women are used differently than male-controlled income. It also show that female income and asset ownership was associated with a significantly higher probability of consumption of a much more varied diet, and that women’s involvement in decision making was positively, significantly related to better-quality household diets[30].

In addition, as GALS comprises a set of tools, which can be easily adapted for multiple purposes, it can be further used to develop a vision for the households’ nutrition intake and status, analyse current challenges and identify strategies for overcoming them. The project is also providing support to the targeted households for developing and improving homestead food production and kitchen gardens for food diversity. The GALS approach which empowers women with a range of tools, combined with the intensive visits by mentors who have received training in nutrition, provides the requisite support needed for behavior change over a period of time. This intervention is being supplemented by the strengthening of kitchen gardens and transfer of livestock assets to women for increased food availability and diversity.

D. Components/outcomes and activities

Component 1: Climate-smart production enhancement for small livestock

Sub-Component 1.1: Integrating vulnerable households (HHs) into value chains

The project will use a service provider to identify, mobilize and mentor vulnerable smallholders, through a comprehensive approach that provides strong mentoring support, gender action learning, provision of a graduation package (including asset transfer combined with strong business skills and technical trainings). All grant recipients will be identified and mobilised using this approach to increase their productivity and participation in the selected value chains. A service provider will be competitively recruited to ensure the inclusion of women, youth and vulnerable households as well as indigenous people.

49. The project will use the Graduation Approach, which combines elements of social protection, livelihood development, savings and access to finance to protect participants in the short run, while promoting sustainable livelihoods for the future. The project expects to reach 6,000 households with graduation packages. In addition, 1,000 of the most vulnerable of these will also receive specific support in nutrition packages. A service provider will be contracted to deliver a full graduation package[31] to the marginalized and highly vulnerable small-holder households. Heifer International will provide technical and financial support to graduate the households. In addition, as vulnerable households’ financial situation improves on the graduation ladder, they will be able to access inputs through the e-voucher system to support their enterprise to become viable.

50. Among the vulnerable poor households, 90 will be selected, after two years of mentoring support and tracking, and will be provided with matching grants based on an assessment of their investment capacity. This support will be available to women (70 percent) and youth (30 percent) producers as well as persons living with disabilities (PWDs). The project will facilitate linkages between producers and rural finance institutions to enable them access commercial credit.

51. Around 6,000 smallholder farmers and processors participating in the project will be sensitized directly, using GALS. In addition, 4,500 households will be reached, through community GALS champions. The Graduation Approach will be combined with GALS for the vulnerable smallholder households to ensure that the engagement with households results in women’s empowerment and promotes an equitable distribution of food, assets, decision-making, and workloads. The household members will go through a four-step GALS process to ensure that the negotiated collective vision reflects the different interests and priorities, and identifies their roles in implementing the vision of the household. Business Skills Training will be provided directly by well-qualified business coaches to groups of small-holder farmersprocessors. The business coaches will train Graduation Mentors so to provide this training to vulnerable families at the household level. Activities suited to indigenous peoples will be determined through a consultative and participatory FPIC process, through which they will develop indigenous peoples action plans that will be embedded in the graduation approach and/or matching grants.

52. In each county, the project will also disseminate key nutrition messages, based on area-specific nutritional challenges and strategies for improving nutrition. A manual for nutrition education and training will be developed and delivered to Group mentors and Graduation mentors. The project will deliver these nutrition awareness and education messages to those included in the graduation programme and GALS training directly and those reached through the community GALS champions. Efforts to
address the challenges will focus on nutrition education around the importance of dietary diversity, appropriate weight gain during pregnancy, benefits of exclusive breastfeeding, and sanitation concerning safe drinking water, good hygiene, etc. The project will provide direct support to households for improving livestock production in nutrient rich foods. Heifer International will provide its technical assistance in enhancing production. The system of e-extension will also be used to relay key nutrition messages, through ICT4D platforms.

Sub-Component 1.2: Breed improvement

53. Through this sub-component, the project will strengthen the capacity of four existing breed improvement centres. Support to breed multiplication centres will be as follows: i) material support for fencing, cking, upgrading of training facility, procurement of small equipment for animal husbandry practices and support to water supply; and ii) supply of additional parent stock to breed multiplication centres where the commercial/elite farmers or breeders can buy the parent stock through auction. The project will also source and deliver additional breeding stock to community groups. In this arrangement, the farmer groups will pay 50 percent costs while the project will match the other 50 percent of the purchase cost. This activity will be implemented in partnership with an international research institution and other institutions with demonstrated expertise and experience in community breed improvement interventions.

Sub-Component 1.3: Climate resilient production systems

54. In livestock fodder interventions, the project will support two activities. The first will be upscaling the production of grass seeds, which include fencing, water supply and supply of initial stock of indigenous grass seeds to 100 groups in four ASAL counties. This will facilitate the establishment of group owned pasture plots that will provide grass seeds and pasture for sale. This activity will be implemented with groups already active in hay production and sale and willing to tap into the growing demand for fodder. The project will explore specific commercial opportunities for women and youths in fodder business. The second support will involve establishment of feed storage facilities and provision of infrastructure and equipment (e.g. hay sheds, baling equipment, hay harvesting equipment and other labour saving equipment).

55. In rangeland management interventions, the project will implement a number of activities. One activity will be establishing status of rangeland governance in three counties (Marsabit, Samburu and Baringo) through analysis of institutions, rules and regulations and their enforcement status. This improved analysis will shape county specific interventions required for improved rangeland governance and management.

56. Another project support will be in the form of participatory rangeland mapping to articulate priorities for the protection of key grazing resources and the seasonal access. Geographical Information System (GIS) to form digital maps displaying resource distribution data with high spatial precision will complement this. The county level capacity to generate maps and upscale innovations will be supported through equipping GIS laboratories and providing equipment for rangeland observations. The project will also empower local level governance, through supporting development of appropriate by-laws, laws, recognition of local institutions and capacity building in by-law formulation and facilitation of by-law development process with the County Government. In Marsabit and Samburu the project will partner with Northern Rangeland Trust (NRT) to strengthen rangeland user associations and grazing committees to combat land degradation. Additional investment in rangeland governance introducing agreements and enforcement mechanisms in the selected ASAL counties will deter/reduce incidences of conflicts and foster peaceful coexistence within agreed governance framework.

57. The project will also support establishment of climate resilient water infrastructure such as solar-powered boreholes, sub-surface dams, rock catchments, water pans and shallow wells. In each county, prior hydrological surveys, environmental social impact assessments and community consultations will inform the type, location and suitable technologies for water harvesting and storage in strategic grazing areas and for pasture production. Communal sharing of livestock water infrastructure, e.g. from additional water pans, sub-surface dams or boreholes to be developed in this project will strengthen relations between two or more pastoralist groups and minimize clashes over grazing rights and resources.

Sub-Component 1.4 Animal health improvement

58. In small ruminant systems, the endemic diseases are Contagious Caprine Pleuropneumonia (CCPP), Peste des Petits Ruminants (PPR) and blue tongue, while poultry production is adversely affected by New Castle Disease (NCD), fowl typhoid, coccidiosis and fowl pox diseases, among others, which lead to high mortality, economic losses. Some diseases affect market operations. While these diseases are controllable, through timely vaccination, the veterinary service delivery model for disease surveillance/monitoring and reporting, is dysfunctional in all the counties. This is due to a number of factors: poorly structured veterinary service delivery; low veterinary doctors to livestock ratio; lack of disease monitoring equipment; inadequate vaccine cold storage facilities; weak diseases contingency mechanism; and deficiency of harmonized veterinary public health policies across bordering counties which hamper the management of transboundary animal diseases (TADs).

59. Due to poor extension and outreach services, vaccine standardization remains a challenge and results in livestock mortalities, especially for poultry producers. Other contributors to high mortalities include mis-diagnosis, poor storage of vaccines and limited knowledge of farmers on proper animal management. The outreach services of agro-vets are below optimal despite the rapid growth of veterinary services.

60. In all the counties, the system for disease surveillance and monitoring will be evaluated and interventions for strengthening the systems will be identified and supported. KeLCoP will also reinforce preparedness to sanitary crisis by supporting the development of contingency plans, the organization of simulation exercises, and the establishment of a disease contingency fund for major outbreaks of TADs. Disease contingency plans will be developed in order to be ready to respond to any sanitary crisis and veterinary services needed in response to diseases affecting small ruminants (PPR, RVF and blue tongue). For each disease at risk, the response will be different depending on the specie affected and the epidemiology of the disease. The project will support the government to develop contingency plans, which is currently weak, but also support response to any other known
or emerging disease depending on the epidemiological situation in the region and the actual major risks.

61. The government has traditionally supported preventive measures through establishment of dips and crushes to minimize tick borne diseases. This approach has not been very successful especially where the animal numbers are low or community management arrangements are not strong. Learning from this experience, the project will instead invest in community capacity through a Behavioural Change Approach (BCA) for improving animal husbandry practices. Behaviour change interventions take into account the specific psychological and social influences that guide decision-making and behaviour in a particular setting. This entails designing and implementing interventions in a manner, which is iterative and a process whereby discovery, learning and adaptation is followed. The project will secure the services of a specialist service provider to work closely with community groups to develop appropriate messages for behaviour change and develop a series of audio-visual and other training materials for dissemination and delivery of messages.

62. At the county level, to strengthen disease surveillance and monitoring, agrovets will be evaluated and improved through a series of measures. The surveillance could include equipping with Smart Device for tracking and monitoring disease and a starter kits for animal well-being. To bridge the current gaps in veterinary officers and animal health workers, the project will offer scholarship to young men and women to pursue certificate training in animal health. Taking recognition of the current gaps across different counties, 200 students will be sponsored to pursue certificate courses at animal health colleges such as technical and vocational colleges like Ahiti in Kabete and other recognized animal health colleges. The skills of the young graduates will be further enhanced through hands-on training at the local animal multiplication centres.

Sub-Component 1.5: E-Extension services

63. Recognizing that the capacity of the County Governments to provide extension services using the traditional training and visit (T&V) approach is inefficient. Given the shrinking manpower and operational budgets of County Governments, the project will introduce e-extension based models, which are appropriate for the needs and literacy levels of its participants. The project will work with Precision Agriculture for Development, a well-established organization that is already in partnership with the Ministry of Agriculture, State Department of Crops in e-extension development in Kenya. Nutrition awareness messages and importance of dietary diversity and the dietary practices during pregnancy, weaning and early child development will also be integrated into these e-extension messages. In addition, the service provider will develop modules, which allow farmers to access expert veterinary advice on call for the diagnosis and treatment of ailments for which local expertise may not be immediately available. Customer willingness to pay for the services will be assessed by the service provider to enable the establishment of a sustainable model of e-extension. It is envisaged that some sub-counties currently practicing farmer field school approach will also continue to provide extension services in the traditional manner where appropriate, particularly in those areas where cellular network is limited and unreliable.

64. The indepth climate risk analysis, the integrated pesticides management plan and the preliminary ESMF identify potential environmental, climate or social risks associated with sub-component 1. The indepth climate risk analysis, the integrated pesticides management plan and the overall ESMP propose mitigation actions which the project will take into consideration during implementation. Exclusion lists have also been provided to ensure that the nature and scale of operations do not lead to adverse/irreversible impacts. The risks and mitigation actions will be further elaborated in the final ESMF and ESMPs of the various sub-projects. The indepth climate risk analysis provides guidance on value chains that are suitable for the various targeted counties based on the climatic trends and future projections.

Component 2: Support to livestock market development

Sub-Component: 2.1: Market infrastructure and capacity development

65. KeLCoP will improve market infrastructure and governance. Few secondary livestock markets in the targeted counties meet the 2017 Kenya Bureau of Standards (KEBS). Meeting these standards will improve human safety, result in healthier livestock, help control epidemics and associated market closures, reduce losses to theft and conflict from crowding, misidentification of livestock and double taxation. It will also improve record keeping and information flows to all stakeholders and increase consumer access capacity for regulation of veterinary services and tax collection.

66. The project will invest in rehabilitating 20 livestock markets in the selected counties. These markets are key for small-scale livestock producers and traders. Infrastructure at existing markets will be improved by building holding pens, sheds, and feed storage facilities to accommodate up to 2,000 small ruminants and 100 larger animals, at any one time. Upgrading of the markets will follow the 2017 KEBS Livestock Market Standards and include construction of appropriate shelter for vendors of cooked food, raw fruits and raw vegetables. The project will also improve sections of the markets that trade in poultry, and establish such sections where there are none.

67. Interventions are for existing markets, which are deemed important for smallholders. The county governments will lead in choosing markets and adapting KEBS standards and designs to local circumstances. Interventions will be climate adapted. This includes durable metal fencing and roofing, local rock and mortar construction, and appropriate drainage. Interventions will include hygienic disposal and management of human and animal waste and emphasize green technology, including solar energy, use of biogas, water efficient technologies and practices, and strategic location of infrastructure to reduce adverse environmental impacts.

68. Management and revenue collection at any livestock market is the mandate of local authorities, as stipulated by the laws of the Country. Over the years, some of the counties have been collecting revenues from livestock markets, without ploughing any share back to the markets. Under this sub-component, the project will upscale the co-management mode, in order to increase communities’ participation in the management of the newly constructed markets.

69. As a sign of mutual commitment, the LMAs and the local authorities will enter into a Memorandum of Understanding (MoU). In order to ensure that the views of the different stakeholders are incorporated into the management and decision-making with
respect to the markets, at least two women and two young men will form part of the LMA.

70. Training will focus on awareness of KEBS Livestock Market Standards and best practices for organization and management of livestock markets. Each LMA will be evaluated for its specific needs.

71. In Kenya, lack of an integrated policy and institutional framework between the State Department for Livestock Development (SLD) and County Governments has constrained the development of a regulation on livestock marketing. Since devolution, only two county Governments have passed Livestock Sale Yards Bill[39] in 2016 (Marsabit and Samburu Counties). KeLCoP will assist those participating counties without a Livestock Sale Yard Bill to formulate their bills and also examine those aspects of the bills in Marsabit and Samburu, which might need to be refined. This will be done in a participatory manner with key stakeholders such as smallholder producers, traders, wholesalers and retailers and will include women and men involved in the markets.

72. Training will also be provided to county officials and will focus on KEBS regulations. Also, similar to the proposed activities with LMAs, training will include use of smart phones and establishment of a communication protocol between county officials and LMA members at different markets. This protocol will serve as a foundation for the implementation of real-time price information system. Different than the LMA training, implementation will begin with the county’s own regulatory plan. In cases where the county does not have a regulatory plan, the PMCU will assist the county to develop one.

73. All counties have put together CIDPs (2018-2022) which define their overall investment plans and also outline their strategies for capital financing, resource mobilization and asset management strategies. Almost all Counties have invested in livestock infrastructure such as abattoirs, dairy processing facilities, breed multiplication centres, holding grounds, markets and tanneries which are lying unutilized. Most of these were constructed either with donor funds or the Counties’ own resources. The County Governments are in the process of compiling a list of their assets and want to secure the assistance of private companies to take over these facilities. The Public Finance Management Acts, at County level, regulate purchases of assets in accordance with the guidelines provided in the Public Procurement & Disposal Acts.

74. The project will assist the County Governments to host investor forums to allow private sector investors to assess the potential for investment in the selected counties, including possibilities of taking over the existing underutilized facilities. It is foreseen that KeLCoP will finance the initial round of investor forums in each county to promote the opportunities for investment in the key value chains supported by the project. Thereafter the County Government would make links and support these on its own.

75. The project will assist the County Governments to prepare a strategy under which it would attract the private sector through regulations, which facilitate ease of doing business, and land grants. Investments in value addition and marketing of livestock products will offer income and livelihood for communities emerging from conflicts (including women, youths) to rebuild their livelihoods. Linking such groups to strategic markets that offer better prices as well as to credit facilities to maximize the potentials of such products is another peace dividend support.

Sub-Component 2.2: Building inclusive value chains

76. Some of the common marketing issues in the small ruminant, poultry and honey sector for the smallholder producers is fragmented production, lack of storage and processing capacity, poor quality of produce and limited capacity for branding, quality assurance and limited access to finance. The project will assist in removing some of these constraints faced by the smallholders especially, women and youth. The project will develop a strategy for identification of promising individual entrepreneurs and or groups to invest in the selected value chains and further grow their business, promote existing innovative small cottage industries and enhance their level and quality of production for support in marketing through e-finance and provision of grants.

Sub-Component 2.2.1: E-Finance through E-voucher schemes

77. To address delivery of inputs and extension service challenges in production of small ruminants, poultry and honey, the project will use the e-voucher scheme.[40] Based on its experience with the IFAD/EU funded e-finance scheme, Equity Bank has developed an on line mobile platform (FinServe), which it has used for beneficiaries under the SDCP and KCEP-CRAL IFAD financed projects. The e-voucher card wallets enable farmers access to various inputs (i.e. vaccines, medicines, feed, feed supplements, extension services, veterinary care, AI, etc.). In collaboration with service providers, livestock production officers will mobilize and recruit farmers along established and validated eligibility criteria for community-based targeting and screening of participants. Participating rural Financial Institutions (PFIs) will enroll clients and raise their financial liquidity, account opening and introduction of available financial services, etc. Farmers will make contributions on an increasing scale starting with 10 per cent in the first year, 40 per cent, the second year, 50 per cent the third year and 100 per cent in the fourth year.

Sub-Component 2.2.2: Matching Grants

78. The project will also provide matching grants for marketing activities under this component. It is expected that up to 300 individual entrepreneurs and groups, which are already engaged in marketing, but would like to increase the quality and volume of their sales and add value to their produce will be targeted. The amount of grants will depend on the enterprise and will be up to US$ 5,000 for an individual and up to US$ 15,000 for a group with a minimum of 3 to 15 members. The project will also introduce smallholder commercial producers to the PFIs partnering with the project to enable their groups access commercial credit. The purpose will be to link them, through the value chain, to inputs suppliers and/or off-takers.

79. Targeted activities will include: a) improvement of existing small scale livestock slaughter facilities (slaughterers slabs), through renovation and improvements that conform to standards in the Kenya Meat Control Act; b) introduction or improvement of poultry processing centers by equipping them with micro-slaughter and refrigeration capacity for meat storage; c) improvement or construction of sheds in the rural areas for chicks, eggs and honey aggregation; d) introduction or improvement of new meat processing technologies (smokers, sausage makers, picklers); f) provision of manual centrifuges in the case of honey; g) pasteurizing equipment in the case of goat milk; h) harvesting, refinement and sale of honey by products (beeswax, pollen, propolis, bee venom, royal jelly, bee colonies, bee brood, queen bees, and package bees); j) making of cheese and soaps from...
80. Special consideration will be given to: (i) ICT platforms that bear on the target market chains; (ii) those exploring innovative feed formulation or storage strategies; (iii) distributors of innovative feed formulations; (iv) innovators of new storage technologies; and (v) agro-vets that help to deliver vaccination services thereby reducing the need for closing of markets due to livestock epidemics. Participants will be selected based on a combination of selective head hunting using (recruiting) and call for proposals. The ICT call for proposals will target a range of innovators in the field as well as candidates from the Agronomy and Computer Programming/Science colleges and universities.

81. The implementing service provider will vet applicants, assist each successful applicant to develop a business plan, and provide the PMCU with three notarized witnesses who are non-family members from each applicant’s community, thereby ascertaining the legitimacy of the investment. The project will fund up to 70 per cent of the total proposed investment. The beneficiary must provide a minimum of 30 per cent of the investment, whether it is from intermediary financial institution (e.g. bank or SACCO) loans, or group contributions. Similar to market infrastructure, all new technologies and processing equipment or building construction should be climate adapted.

82. The project will provide opportunities for training, peer-to-peer learning and exposure visits to those participating in the selected value chains. The training opportunities will include a host of modules for business skills, economic analysis and technical aspects regarding the processing, storage, value addition and marketing of meat, dairy, poultry and honey products. The project will also identify opportunities for peer-to-peer learning by sponsoring visits to successful entrepreneurs and groups as well as private sector players along the value chain. It is expected that the project will provide opportunities for this type of training, peer learning and exchange visits for about 2,000 participants. From among this, 60 per cent will be women and 30 per cent will be youth. The Component Lead for the Marketing Component will organize the training and learning opportunities in consultation with the county Governments. A selection criterion will be developed for participants in the training to ensure seriousness and utility of the training.

83. There are many young men and women in the livestock sector who operate at the fringes of the value chains selected due to lack of opportunities, skills and capital. These include the young men and women who are found in the livestock markets attempting to trade in livestock, as well as those engaged in poultry and honey production. To encourage these youth, the project will arrange opportunities of learning and apprenticeship for them by placing them at key nodes in the value chain with agro-vets and input suppliers, placement at livestock markets, apprenticeships with private sector firms, in order to understand market analysis and trends in the selected value chains. Lessons from the Kenya Youth Employability Programme will be incorporated in implementing this activity. An estimated 500 young men and women will be selected for such training opportunities. From among these, at least 30 per cent will be women.

84. One of the key constraints along the value chain in the selected counties is the limited transport facilities to carry the produce to markets. The road networks between villages and primary or secondary markets are not well developed. This becomes critical when smallholder produce is fragmented, the means to aggregate it are limited, and the produce is perishable, such as dairy milk which is produced daily in small quantities, dressed poultry or slaughtered meat. Furthermore, when chickens are kept beyond their maturity date, they add to feed cost without adding to the value as live chickens are generally sold by piece and not by weight. The KeLCoP will provide matching grants to young men and women to purchase motorbikes for transporting goods to primary and secondary markets for smallholders. Those interested in playing the role of aggregators will also be supported.

85. Multi-Stakeholder Platforms (MSPs) have proven to be an effective mechanism for bringing together key players along the value chain for dialogue, brokering and vertical and horizontal coordination among key actors in the selected value chains. The KeLCoP will establish MSPs in the selected counties to enhance sourcing of information and remove bottlenecks to increase trading and profits, and identify practical opportunities for linkages and growth among smallholders and private and public sector actors. The project will support the initial round of MSPs for the selected value chains. The MSPs will be facilitated by the project marketing specialist and the respective county chief officer of trade and Livestock. KeLCoP will invite farmer groups interested stakeholders from commercial service providers and suppliers (of technical or financial services or inputs), government departments, research institutions, etc. to be members of the MSPs. The meetings are expected to foster trust among the different stakeholders and creates greater common understanding of the opportunities and challenges.

86. Many young men and women in the project counties, engaged in the selected value chains, are linked to a large number of smallholders and provide them with key inputs for livestock production. They also purchase their produce in open or contractual agreements. Some of these youth are very innovative and provide a one-stop shop for farmers to get their chicks, feeds, medications and extension services. Farmers are also provided with free training and advice before the birds are delivered to the farm and are also assured of a secured market for all the grown birds and provide a range of live and dressed chickens to the market. There are a host of other entrepreneurs and start-ups initiated for the supply of equipment and other inputs, which supply incubators with automatic controlling of temperature and humidity with hatching rates of more than 98 per cent. These innovative start-ups are important to help smallholders grow their business and modernize their operations. The KeLCoP will thus issue a call for proposals to provide matching grants for these start-ups. It is expected that KeLCoP will provide support to 30 such start-ups at an average of USD 30,000 per grantee. The start-ups will also be introduced to the PFIs, partnering with the project to enable the groups access commercial credit.

87. The project will also select young men and women who might need additional financing support through philanthropic crowdfunding opportunities. The KeLCoP will carefully screen and select around 20 to 50 young men and women, who are credible entrepreneurs from among its beneficiaries and develop their profiles and detail their specific business venture and their opportunities for growth. The selection of the candidates will be from among those who also provide an employment generation opportunity for and growth to others associated with the business. These profiles will be posted on a specially designed on-line mobile platform, such as M-Changa in Kenya. Funds have been allocated in the budget to further screen the candidates and develop their profiles. The service provider selected for providing social mobilization and GALs training will also be asked to
identify candidates for the purpose together with county Governments and the PMCU.

Sub-component 2.3 Value chain management information systems

88. Poor and uneven access to market information is a well-known constraint to livestock trade in the project area. The project will thus source appropriate ICT technologies for the smallholder farmers. ICT can provide a mechanism to: a) crowdsource market prices to make real-time price information available to buyers and sellers; b) provide a platform for open purchase and sales orders; and c) maximize use and availability of transport as when a truck is loading for transport to or from market destination; d) publicize the availability of feed and fodder, water, vaccinations and AI breeding services; (e) identify available and appropriate financial services; (f) disseminate nutrition messages; (g) notify producers of incidences of disease among livestock, something that, because of imperfect information flows, necessitates market closures in an effort to contain the diseases; and j) crowdsourcing climatic conditions for real-tracking impending drought thereby facilitating early harvesting, transport, sale and stockage of fodder.

89. The indepth climate risk analysis and the preliminary ESMF identify potential environmental, climate or social risks associated with component 2 and its sub-components, namely, market infrastructure and capacity development, building inclusive value chains, and value chain management information systems. Exclusion lists have also been provided to ensure that the nature and scale of operations do not lead to adverse/irreversible impacts. The indepth climate risk analysis and the overall ESMP propose mitigation actions which the project should take into consideration during implementation. The risks and mitigation actions will be further elaborated in the final ESMF and ESMPs of the various sub-projects. The indepth climate risk analysis provides guidance on value chains that are suitable for the various targeted counties based on the climatic trends and future projections.

Component 3: Project management and coordination

Sub-component 3.1: Policy and institutional support to national Government

90. A host of policy issues, relevant to enhancing the livestock sector, have been identified for support. Funds have been set aside to support the Government in: (i) development of a Livestock Master Plan, that will guide policy and investment interventions in the sub-sector in collaboration with the Food and Agriculture Organization (FAO) and the International Livestock Research Institute (ILRI); (ii) preparation of the necessary regulations on feed quality, market regulation, etc; and (iii) development of Livestock Sub-Sector Strategies at the county level to implement livestock related policies. Women’s strategic interests will be addressed through these policies and relevant action plans. This will be undertaken by promoting their visibility, by recognizing the critical role that they play in the livestock sector and their involvement at different stages of the livestock value chain as producers, traders, butchers, processors etc.

91. The livestock strategies will also identify the main constraints faced by women and men in accessing, controlling and managing livestock, while highlighting the additional and specific challenges faced by women, and specific strategies to address them. The strategies will also identify the role of youth in livestock value-chains, their specific challenges and opportunities and strategies for their meaningful involvement. The policy will also examine opportunities for integrating nutrition related aspects relevant for the livestock sector. Improved food safety standards and regulations can also enhance nutrient content of products.

Sub-component 3.2: Project Management & Coordination Unit Support

92. This component will cover the incremental costs of project management and coordination by the Project Management Unit (PMCU), which will be based in Nakuru. The PMCU will be a lean structure given that most of the work will be out-sourced to NGOs and private sector entities and county governments. It will comprise of a Project Coordinator, a Financial Controller, a Procurement Specialist, a Monitoring and Evaluation Specialist, a Knowledge Management TA, a Procurement Assistant, an Environment and Climate Officer, and a Monitoring and Evaluation Assistant. This team that will possess appropriate project management skills, will be competitively recruited through advertisements and interviews, and will be supported with drivers, Secretaries, General Administrative and support staff. The project will support the operational expenses related to project management staff salaries, coordination, and implementation, including the start-up workshop, Annual Work Programme and Budget (AWPB) at the national and county level and monitoring and evaluation. The component will provide, additional vehicles to the SDCP available fleet, required as well as other office equipment and facilities at the PMCU and the participating counties. The PMCU will be supported by short-term consultants in the areas of a Production Lead Specialist, a Marketing Development Specialist, a Social Inclusion and Mobilization Specialist, a Financial Assistant. An environmental safeguards specialist and a social safeguards specialist will support the finalization of the ESMF and the FPIC, as well as build the capacities of the PMCU and county teams in implementing proposed environmental, social and climate safeguards actions.

93. Given the four innovative technological tools in the project, which will call for various thematic expertise, and given the experience of often weak PMUs in Kenya-IFAD portfolio, implementing arrangements will involve contracting a well-established ICT4D organization, Precision Agriculture for Development (PAD) to coordinate the development and implementation of all the four planned ICT4D tools. PAD is already working with Kenya’s Ministry of Agriculture, State Department of Crops. Under this partnership, PAD has already developed an e-extension tool in select counties. To operationalize the various ICT4D tools PAD will work with with output-based, competitively, locally well-established NGO(s), with expertise in ASALs, business, technology, livestock development. A number of such NGOs have already expressed interest and these include: USTADI Foundation, SNV; ICCO Cooperation, Resource Conflict Institute (RECONCILE), among others. PAD will support the PMCU to set up quality M&E and knowledge management systems and processes through streamlining and digitizing. PAD will also assist PMCU to develop high quality relevant knowledge products.

94. Implementing Arrangements: Considering that each County is responsible for the implementation of activities within its jurisdiction, activities will commence in the first year, in all counties, phased according to the speed of setting up the County-level implementation Committees. The Business model is centred around area specific value chain Multi-Stakeholder Platforms. The sequence of activities in the implementation of KelCOP will involve: (1) formation of County Committees; (2) nomination by the CECs of the County and Sub-County Project Implementation Teams; (3) contracting of value chain facilitators; (4) sensitization
of target groups; (5) identification of other commodities within the value chain and the key actors (production, processing and marketing) in each of the 3 selected value chains; (6) formation of Area specific (Ward/sub-Ward) Multi-Stakeholder Platforms (MSPs), with member agreement on governance structure and election of members to Commodity Ward/sub-Ward Value Chain Committees of the platforms; (7) Identifying constraints (weak links) of the value chain; (8) Development of activities based on the identified multi-stakeholder platforms public infrastructure, and expressed demand for project support by value chain actors; and (9) on a continuous basis, value chain facilitators will proactively present to platform members other potential partnerships or products and hold joint private sector fora, with KEPSA.

95. Corresponding to the above sequence of activities, the project will finalize contractual arrangements with PAD, to initiate the development of ICT4D tools (e-extension; e-voucher; e-marketing; crowd-funding) in close collaboration with value chain multi-stakeholder platforms.

E. Theory of Change

96. KeLCoP’s theory of change (TOC) is based on a multi-dimensional view of poverty and careful assessment of the factors, which could help households improve their well-being on a sustainable basis, in counties which have high rates of poverty and food and nutrition insecurity. Apart from promoting activities that are expected to have a high-pay off, there is also need to deal with issues of gender disparity, youth inclusion within the household and society which lead to unequal access to opportunities, services and assets. The project will address the unique challenges and opportunities for women and youth in the agriculture sector by incorporating tailored opportunities for these groups as an integral part of delivering Government’s ASTGS.

97. In terms of poverty reduction, community led development, value chain development and graduation approach are all proposed as approaches to promote inclusive transformation of the lives of excluded vulnerable groups to lift them out of poverty. Under these two approaches, a number of work streams or activities are planned, notably: GALS methodology to empower women; skills training for youth and women; matching grants; e-voucher (access to inputs); new livestock breeds (goats, chicken); e-extension (access to agriculture TA); range land management; livestock market infrastructure; investment forums for investors; capacity development of county governments; as well as policy diagnosis and dialogue.

98. The TOC will achieve nutrition outcomes in KeLCoP based on three pathways as follows: (i) Increased income to be accompanied with nutrition education and Social and Behavior Change Communication (SBCC) activities, that will improve the demand side and facilitate the consumption of more nutritious and healthy food; (ii) Increased availability of nutritious foods, such as milk, meat and honey; and (iii) Women’s Empowerment in ways that improve nutrition, such as increasing women’s incomes and assets, promotion of gender equality and women’s empowerment, as well as targeted messages to help women and men make more informed dietary choices. GALS provides the tools for behavior change for nutrition and women’s empowerment and will complement the income pathway with an adequate awareness on the importance of consuming diversified and nutritious food.

99. The analysis on the ground shows that a value chain approach, which supports both production and marketing relevant for the smallholder can appreciably increase household incomes but also help farmers become more resilient to climate change. The project’s TOC also recognizes that smallholders and rural households cannot access timely information on reliable input suppliers, improved breeds, production advise, feed formulation, timely and reliable disease diagnostic services, weather services, markets and financing. Farmers need support in breed, feed and improved management practices as well as strategies to develop the rangelands to help increase productivity of their stock and provide them with strategies to improve rangeland productivity and the capacity for storage of hay to cope with dry seasons. Environment, climate and social safeguards will be observed in all sub-projects, to ensure appropriate mitigation actions are put in place to address risks and impacts. The ESMF, in-depth climate risk analysis and the integrated pesticides management plan spell out the potential risks and propose appropriate mitigation measures.

100. The project approach is premised on the evidence that the traditional extension approach has not been effective and new information technologies need to be deployed to provide farmers with relevant and timely information on animal health, disease control and treatment through developing on-line portals for technically strong veterinary services. The project will use a host of digital technologies and applications and deploy ICT4D approaches and scalable models in partnership with the private sector which has a range of services already available in Kenya.

101. The project TOC with respect to youth postulates that they can be attracted to participate in the livestock sector by providing them with opportunities for innovation, modernization and access to enhanced assets, skills, finance and opportunities. The project thus provides specific entry points for engagement, by defining specific targets for the youth. Youth from vulnerable households with no education or experience will be integrated into value chains through the GALS, as well as through the graduation scheme. Youth from vulnerable households who show growth promise and the commitment to enhance production capacity will be supported through matching grants as individuals or as members of a group. Youth will be provided opportunities for learning and apprenticeships with private sector firms, and be placed at key nodes of the value chains with agro-vets and input suppliers. Young innovators who may be at early start-up stage of initiating a venture will be supported through grants and promoted through the crowd funding platform, etc.

F. Alignment, ownership and partnerships

102. Activities to be financed under KeLCoP will contribute to the achievements of many SDGs and will contribute to the GoK’s goal of increasing incomes of rural small - scale livestock farmers and pastoralists, to make them more resilient to climate risks, environmental degradation and economic shocks. The project design is harmonized with the CIDPs and its implementation will be coordinated closely with the different departments and agencies at the Counties and National levels. KeLCoP is aligned with IFAD’s 2016-2025 Strategic Framework and strongly reflects the key mainstreaming themes of IFAD with respect to gender, youth, nutrition, environment and climate change. Indigenous peoples will also form part of the target groups in this project. The
G. Costs, benefits and financing

a. Project costs

105. The total project costs including physical and price contingencies, are estimated at US$ 93.5 million over a six-year implementation period. Project costs by components are summarized in table 3, while a complete set of project summary tables and detailed costs tables are presented in Annex 3.

Table 3: Project costs by component and financier (US$’000)

<table>
<thead>
<tr>
<th>Component by Financier</th>
<th>Total Cost</th>
<th>GoK (in-kind)</th>
<th>GoK (cash)</th>
<th>IFAD</th>
<th>Beneficiaries (in-kind)</th>
<th>Beneficiaries (cash)</th>
<th>PFIs</th>
<th>Heifer International</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>3,145</td>
<td>15.0</td>
<td>0.5</td>
<td>3,145</td>
<td>2,106</td>
<td>1,039</td>
<td>1,039</td>
<td>1,039</td>
<td>6,289</td>
</tr>
<tr>
<td>B. Animal Health &amp; Disease Management</td>
<td>1,617</td>
<td>15.0</td>
<td>0.5</td>
<td>1,617</td>
<td>1,039</td>
<td>1,039</td>
<td>1,039</td>
<td>6,289</td>
<td></td>
</tr>
<tr>
<td>C. Technical Assistance</td>
<td>2,857</td>
<td>15.0</td>
<td>0.5</td>
<td>2,857</td>
<td>1,039</td>
<td>1,039</td>
<td>1,039</td>
<td>6,289</td>
<td></td>
</tr>
<tr>
<td>D. Rewards &amp; Outlays</td>
<td>2,257</td>
<td>15.0</td>
<td>0.5</td>
<td>2,257</td>
<td>1,039</td>
<td>1,039</td>
<td>1,039</td>
<td>6,289</td>
<td></td>
</tr>
<tr>
<td>E. Credit Lines</td>
<td>2,155</td>
<td>15.0</td>
<td>0.5</td>
<td>2,155</td>
<td>1,039</td>
<td>1,039</td>
<td>1,039</td>
<td>6,289</td>
<td></td>
</tr>
</tbody>
</table>

The total project costs, of US$ 93.5 million, will be financed by: (i) an IFAD loan of US$ 54.8 million of which US$ 22.91 million, representing 42 per cent of the total IFAD financing is climate finance; (ii) a GoK contribution of US$ 19 million, of which taxes and duties account for US$ 12.6 million and cash US$ 1.5 million; (iii) a Beneficiary contribution of US$ 11.8 million; and (iv) PFIs for an amount of US$ 4.5 million.

b. Project financing/co-financing strategy and plan

The Financing Plan covers: i) an IFAD loan of US$ 54.8 million (58.6 per cent of the total cost); ii) GoK contribution of US$ 19 million (20.3 per cent); of which taxes and duties account for US$ 12.6 million (13.5 per cent), cash US$ 1.5 million (1.6 per cent) and in-kind contribution US$ 4.9 million (5.2 per cent); iii) a Beneficiary contribution of US$ 11.8 million (12.7 per cent) of
which in-kind accounts for US$ 9.3 million (9.9 per cent) and cash for US$ 2.6 million (2.8 per cent); iv) Heifer International contribution of US$ 3.4 million (3.6 per cent); and v) PFIs for an amount of US$ 4.5 million (4.8 per cent).

Table 5: Project components by year –Total including contingencies (USD’000)

<table>
<thead>
<tr>
<th>Project Components by Year – Totals Including Contingencies (USD’000)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Climate-smart production enhancement for small livestock</td>
<td>2,408</td>
<td>4,094</td>
<td>4,509</td>
<td>4,942</td>
<td>3,039</td>
<td>719</td>
<td>21,367</td>
</tr>
<tr>
<td>1. Integrating vulnerable HIs intovalue chains</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Climate resilient production systems</td>
<td>2,485</td>
<td>7,629</td>
<td>10,145</td>
<td>8,273</td>
<td>4,534</td>
<td>819</td>
<td>33,886</td>
</tr>
<tr>
<td>B. Support to Livestock Market Development</td>
<td>4,094</td>
<td>12,613</td>
<td>14,552</td>
<td>13,215</td>
<td>8,373</td>
<td>1,537</td>
<td>55,283</td>
</tr>
<tr>
<td>1. Market Infrastructure and Capacity Development</td>
<td>140</td>
<td>1,105</td>
<td>1,685</td>
<td>978</td>
<td>54</td>
<td>54</td>
<td>4,198</td>
</tr>
<tr>
<td>2. Building Inclusive Value Chains</td>
<td></td>
<td>1,628</td>
<td>5,091</td>
<td>5,083</td>
<td>3,027</td>
<td>914</td>
<td>18,143</td>
</tr>
<tr>
<td>3. Value Chain Management Information Systems</td>
<td>34</td>
<td>1,593</td>
<td>237</td>
<td>232</td>
<td>67</td>
<td>1,035</td>
<td>7,875</td>
</tr>
<tr>
<td>Subtotal Support to Livestock Market Development</td>
<td>178</td>
<td>3,243</td>
<td>7,795</td>
<td>7,253</td>
<td>3,681</td>
<td>968</td>
<td>23,127</td>
</tr>
<tr>
<td>C. Project management and coordination Unit Support</td>
<td>3,526</td>
<td>1,714</td>
<td>2,436</td>
<td>1,021</td>
<td>1,857</td>
<td>2,634</td>
<td>13,907</td>
</tr>
<tr>
<td>D. Policy and institutional support to national Government</td>
<td>1,103</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,103</td>
</tr>
<tr>
<td>Total PROJECT COSTS</td>
<td>9,700</td>
<td>17,570</td>
<td>24,982</td>
<td>22,298</td>
<td>13,911</td>
<td>5,139</td>
<td>93,501</td>
</tr>
</tbody>
</table>

108. Disbursement flow. To enable easy monitoring of progress, the below graph forecasts the expected disbursement per year. Around US$ 52.2 million (56 per cent) of project resources is expected to be disbursed by Year 3 and the remaining US$ 41.3 million (44 per cent) will be disbursed in the last three years of the project.

Graph 1: KeLCoP-Expected Disbursement Trend (USD’000)

109. There will be three types of disbursement mechanisms for the project, which consist of: (i) Advance Withdrawal; (ii) Direct Payment; and (iii) Reimbursement. Disbursements from IFAD will be made by way of an advance to the Designated Account which will be replenished on the basis of expenditure incurred, supported with Statement of Expenditures (SoEs). There will be one designated account, which would receive funds from IFAD, which will have a corresponding dedicated project operational account in Kenya Shillings, to be managed by the PMCU. The participating counties will also have dedicated project operational accounts at the county level for receiving funds to facilitate activities to be carried out at the county level.

Figure 1: Flow of Funds
Note to Figure 1: (a) Transfer of GoK counterpart funds to a separate bank account that will be managed by PMCU; (b) Payments for expenditure from counterpart funds bank account; (c) Transfer of IFAD funds to KelCoP US$ designated account; (d) Transfer of IFAD funds to PMCU operational account in local currency for payments at PMCU. This account will be held in a commercial bank; (e) Transfer of IFAD funds to County Project Accounts; (f) Payments of eligible expenditure at county levels; (g) Payments of eligible expenditure at PMCU; (h) Direct payment to suppliers or partners by IFAD. This will be on exceptional basis and for payments of more than USD 100,000 as will be guided in the letter to borrower.

c. Disbursement

110. Disbursements from IFAD will be made by way of an advance to the Designated Account and subsequent replenishments based on expenditure incurred as supported with Statement of Expenditure (SoE). There will be one designated account that would receive funds from IFAD which will have a corresponding dedicated project operational account in Kenya Shillings (Kshs) managed by PCU. The participating counties will also have dedicated project operational accounts at the county level for receiving funds to facilitate activities to be carried out at county levels. The project operations bank account both at the national level and counties will be opened at a commercial bank account to ensure that expenditure can takes place even during the IFMIS downtime which has been a big challenge in other projects. The project will maintain separate accounts for funds from all the different financiers.

d. Summary of benefits and economic analysis

111. The findings of the economic and financial analysis are presented in Annex 4. In summary, the KelCoP will benefit about 110,000 households, equivalent to 495,000 beneficiaries. The expected benefits are: (i) at least 60 per cent of the households reporting increase in income and 60 percent reporting increase in the production volume; ii) at least 50 per cent of the targeted women reaching the minimally adequate diet diversity (measured by MDD-W indicator); iii) approximately 60 per cent of the targeted households reporting adoption on environmentally sustainable and climate resilient water infrastructure and practices; iv) access to 6,000 packages for vulnerable households; v) 300 grants distributed for smallholder commercial producers activities; vi) 500 grants and training of young entrepreneurs; vii) 140 grants to youth for the innovative start-ups; viii) at least 50,000 rural producers accessing production inputs and/or technological packages; ix) around 7,255 households accessing financial services; x) around 22,000 women owning productive assets; xi) US$ 9.4 million value of volume of credit advanced to project beneficiaries by the financial institutions, xii) 30,000 individuals would benefit from the upgrading of 20 market infrastructure and xiii) 20,000 beneficiaries accessing water infrastructure and around 304,000 livestock.

112. The KelCoP’s net present value (NPV) is positive (US$ 91.3 Million; KES 10.1 Billion). Its Economic Internal Rate of Return (EIRR) is estimated at 29.1 percent, which demonstrates the KelCoP’s profitability. The economic analysis implies that KelCoP is feasible.

e. Exit Strategy and Sustainability

113. The overall approach in the KelCoP project is designed to embed an exit and sustainability aspect in all key project components (Annex 10). The focus of the project in helping the National Government with a Master Plan for Livestock as well as the regulations associated with the Livestock Bill for the three value chains, and the County Governments with strategic planning for
3. Risks

H. Project risks and mitigation measures

114. The project will help to enhance the capacity of county governments and smallholder livestock producers especially women and youth in key aspects of livestock production. This is expected to improve breeds and their productivity, reduce morbidity and mortality rates as well as the capacity for disease surveillance, treatment and control in all three key value chains namely small ruminants, poultry and honey production. All investments in County Infrastructure such as breed multiplication centres will be undertaken after ensuring that the county governments have the technical staff and allocated sufficient operating and maintenance funds for these facilities. No investment will be made without this assurance in a written MoU between the County Government and the PMCU, thereby enhancing the chances of sustainability of the investments. Similarly, the investments in community hay sheds, community seed banks, water infrastructure will all be demand driven schemes which will be designed keeping in mind the capacity of the community to manage them. The approach of the project towards the marketing component is also designed in a manner that is cognizant of sustainability. Provision of training for the county environment and NRM officers on environment, climate and social safeguards as well as the close working relationship with NEMA will ensure set safeguards are complied with post project.

115. The project will follow a market and private sector led approach in which all marketing groups will be facilitated to link with markets and understand the types of volumes, quantity and other product attributes and specifications required before any investments are made in enhancing production. The investment in the Producer Groups and Associations will be based on proper feasibility assessment and market demand in partnership with key market drivers and private sector investors.

116. There are several risks, which are detailed in Annex 9. The main ones are as follows:

117. Governance risks. These are associated with the limited financial and personnel capacity at the county level, as well as the forthcoming elections in 2022. The Project will invest adequately in technical and financial support to boost capacity of county personnel and also contract qualified Technical Assistant service providers and use of e-extension approaches where necessary to bridge capacity gaps in extension service provision. The project is expected to receive a start-up advance that will allow the project to commence implementation of the start-up activities and prepare adequately for implementation. There will be orientation and capacity building training for all key staff especially the finance team at PMCU and participating counties. The finance teams from one of the best performing IFAD-financed projects will carry out the training in collaboration with IFAD Financial Management Division (FMD). This will be done early in FY 2021/22 after selection of the finance team. IFAD-led supervision and implementation support missions, will support project implementation.

118. Macroeconomic risks. While the medium-term growth outlook is stable, recent threats of drought and continued subdued private sector investment could drag down growth in the near-term, not to mention the serious effect of covid-19 on the economy. The livestock sector is a promising pathway for generating rural growth and investment. The project has a strong focus on private sector led growth in the selected counties and has identified a host of opportunities for encouraging the participation of the private sector in the selected value chains through hosting investor forums and multi-stakeholder forums.

119. Sector strategies and policies. There is no overarching strategic policy or planning at the national or the county government level for livestock breed, feed and animal disease surveillance and control. The project will contribute to the National Government led development of a Master Plan for Livestock, in collaboration with FAO and ILRI, and assist the county governments with strategic plans for the livestock sector. The livestock policies and strategies that are in place do not adequately acknowledge the role, needs, priorities and interests of smallholder farmers, women, youth and marginalized communities in agriculture. The project will facilitate the National Government and the County Governments to develop inclusive livestock strategies. The strategic interests of smallholder pastoralist and agro-pastoralist farmers, rural women, youth and marginalized traditional tribes will be addressed by promoting their visibility through recognizing the critical role that they play in the livestock value chains and addressing their needs and priorities.

120. Institutional capacity for implementation and sustainability. There lacks capacity for any one service provider to deal with the implementation of the GALS and graduation programme for vulnerable households. Several service providers will be recruited competitively to implement these two activities. The project has also included many innovative aspects such as e-extension, e-finance, crowdfunding and e-marketing and financing of start-ups which entail certain risks. However, these investments also provide high rewards. In order to minimize the risks, the project will use agencies with considerable experience in implementing these approaches in Kenya as well as provide opportunities for learning from South-South Collaboration, and lessons from those who have developed and refined the use of digital services. Kenya is a forerunner in the implementation of digital technology and the risk is probably lower in the country than many other countries.

121. Project vulnerability to environmental conditions. The main negative environmental risks, which are likely to impact from the project include overstocking, overgrazing, land/pasture degradation, deforestation, soil erosion, pollution from effluent discharge, wildfires, and resource use conflicts among others. In order to mitigate these risk, the KeLeCoP has elaborate measures within its components, the SECAP and the ESMF to minimise or reverse these risks. Some proposed mitigation actions include water...
infrastructure development, sustainable land and water management practices, rehabilitation of degraded pasture lands, promotion of sustainable rangeland and pasture management practices, development of a grievance redress mechanism, and promotion of integrated pests management among others. It is expected that if the project implements the proposed mitigation actions, builds capacities of farmers, and works closely with relevant authorities, the risk levels in the project areas will reduce significantly or even be reversed.

122. Contagious and deadly animal disease and market closures This risk, as well as risk of disease outbreaks and pest infestation will be mitigated through support to epidemic-surveillance and strengthening of monitoring mechanisms including adoption of innovative ICT based applications. The project includes a contingency budget to assist the Government in case of any outbreaks such as the locust attacks, which recently destroyed crops in the country. The threat, which has emerged from COVID-19 has further highlighted the need to build capacity to be prepared for various types of disease surveillance and monitoring systems. The project will support the implementation of agreed safety protocols where there is danger of a contagious virus affecting livestock or humans.

123. Risk of delay in provision of funds from GoK IFAD will negotiate for a firm commitment from GoK during loans negotiations that transfer of counterpart funds is undertaken on timely basis for smooth implementation of the project.

124. The project Inherent risk is assessed as high and with the proposed mitigation measures this is foreseen to come down to medium. The main foreseen risks for the project include delayed start up due to the recurrent issue of timely procurement of the right accounting software and implementation of a proper accounting system. This is being mitigated by the ongoing policy of harmonization of the accounting package used across the Kenyan portfolio and thus building up the staff capacities. This will be facilitated through the start-up funds. Similarly due to the decentralized administrative structure of the governance within the country, fund flow to the 10 participating counties is a potential risk. It is envisage to use the existing finance staffing in these counties and thus, training will be key for these staff to get well versed with IFAD financing guidelines and requirements. Each county will also maintain a separate account to manage the facilitation (operation funds) that they will manage and thus provide the necessary audit trail for the use of the funds. Major purchases for the Counties will be centralised and carried out through the PCU.

I. Environment and Social category

125. KeLCoP’s environment and social risk categorisation is B. The project will have no significant negative environmental and social impacts. Those that were identified are reversible or can be mitigated through proposed interventions. The main environmental and social risks that were identified during the design were related to: overgrazing and overstocking; land/pasture degradation, deforestation, all leading to soil erosion and low livestock productivity etc. The key potential social risk is community based resource use conflicts. The project will address these risks through investment in sustainable water and pasture/land management interventions such as climate resilient water infrastructure (e.g. solar powered boreholes), sustainable rangeland governance, and setting up a contingency fund to deal with climate related emergencies etc. The SECAP review note, the preliminary ESFM and its ESMP, the integrated pesticides management plan and a grievance redress mechanism have been prepared to guide the project on interventions needed to mitigate negative impacts and enhance positive ones. To mitigate negative impacts and enhance positive outcomes, the project has developed a preliminary ESFM, an integrated pesticides management plan, and an indepth climate risk analysis. To ensure indigenous communities in the project sites are well integrated, an Indigenous Peoples Planning Framework and Plan has been developed, which provides guidance to the project on how to undertake a Free Prior Informed Consent (FPIC) process and develop IPs action plans through extensive consultations with IPs and in seeking their consent. The movement restrictions resulting from the ongoing COVID-19 pandemic have limited field visits and consultations with communities and relevant stakeholders. Thus, the project will finalise the ESFM and ESMPs of the various sub-projects as well as undertake the FPIC and develop action plans once movement restrictions are lifted by Government. Finalisation of the ESFM and FPIC will inform the revision of the PIM at pre-implementation stage.

J. Climate Risk classification

126. KeLCoP’s climate risk classification is high. Some of the project counties are exposed to extreme weather events, mainly drought and floods. Droughts in ASAL counties[43] have continued to affect livestock production/productivity and the livelihoods of pastoralists/agro-pastoralists. Temperatures in Kenya have increased moderately over the years (by 0.25-0.5°C). The decrease in rainfall, combined with the moderate increase in temperature, has resulted in reduced lengths of seasons and increases in heat stress. Drought frequencies have increased to every 1-3 years, which has in some cases resulted in losses of up to 60 per cent of livestock in recent years, in most ASAL Counties. During the drought, livestock are emaciated and their value drops drastically. Climate change and variability could lead to emergence or re-emergence of climate related diseases and pests, such as the Rift Valley Fever and desert locusts. The western counties[44] are relatively cooler, wetter and the mean annual temperatures are lower. In various climate projection scenarios, western regions will more likely experience floods and landslides, which could lead to disease outbreaks, loss of livestock and human lives.

127. The KeLCoP has undertaken an in-depth climate risk analysis which identifies climate risks and proposes mitigation actions. The indepth climate risk analysis provides guidance on value chains that are suitable for the various targeted counties based on the climatic trends and future projections. The proposed adaptation and mitigation actions will be embedded in the Project Implementation Manual (PIM) and in the Annual Work Plan and Budget (AWPB), to guide implementation.

4. Implementation
K. Organizational Framework

a. Project management and coordination

KeICop Implementation Organogram

- PSC
- IFAD KCO
- PMCU
- CPCC
- CPTT
- SCPTT
- Service Providers
- Value Chain Actors (e.g. Small Ruminant Farmers, Poultry Farmers, Bee Keepers, Processors, Financial Institutions, Butchers, Farmer Groups)

128. KeICop will be implemented through the GoK’s existing structures. The project’s Lead Agency will be the SDL, which has representation in all counties, but the implementation will be at the County level which makes the project a joint venture between the National Government and the concerned County Governments. An Inter-Ministerial Project Steering Committee (PSC) will be established with representation from all the concerned ministries and agencies, with the mandate to provide overall policy guidance to the project, approve AWPBs, review project progress against targets, assess management effectiveness, decide on corrective measures where appropriate, and review lessons learned and good practices.

129. Kenya County Governments have well-established structures covering all County economic sectors. In the agriculture sector, a County Executive Committee (CEC) member of the County Assembly, appointed by the Governor, is in Charge of Agriculture Development in that County, and is assisted by Department Directors organized by Counties’ major sub-sectors. Counties are relatively well staffed with subject matter specialists (crops, livestock, fisheries, irrigation experts, environment and climate), who at devolution were posted to counties from: the National Government; the then Local Governments; or recruited by County Public Service Boards (CPSBs). CPSBs have been established in each county to handle all human resource issues - staffing, formulating and implementing human resource policies and frameworks, and building capacity. Appropriate structures therefore exist, to enable effective project implementation. Counties are often well-funded with resource transfers from the National Government. They therefore often have the means and the autonomy to address local needs.

130. However, due to slow replacement of staff, who have either retired or resigned, and mismanagement of resources, constraints are experienced in project management, especially in terms of procurement, financial management (FM), disbursements, targeting, gender and beneficiary participation and monitoring. The project will address these issues through recruitment of appropriate staff for the project management and coordination unit, which will be responsible for all project activities. Resources will also be provided for capacity building of the existing staff in areas of gender, beneficiary mobilization, targeting etc. IFAD will encourage the counties to recruit required staff where there are gaps, as counties have the resources.

131. The project management and coordination Unit (PMCU) will be established in Nakuru with a strong team to coordinate project activities (refer to PIM, in Annex 8). The PMCU team will be competitively recruited. At the County level, project implementation will be overseen by the County Project Coordinating Committees (CPCCs). On the ground, at county and sub-county levels, the project will be implemented by County Project Technical Teams (CPTTs) supported by Sub-County Project Technical Teams (SCPTTs). Details are provided in the PIM. Heifer International will provide financial and technical assistance in the following Counties: Bungoma, Kakamega, Marsabit, Samburu & Siaya. Heifer will establish a field presence in these counties and prepare annual workplans and budgets for each of these counties, and in the specified activities. This will include integrating vulnerable households into value chains and supporting the target groups in homestead production for improved food and nutrition security.

132. The project will establish MSPs in the selected counties to bring together various stakeholders for the selected value chains. This will promote information collection on available opportunities and challenges, remove bottlenecks to livestock commercialization due to increased chances to link producers with input suppliers, markets, processors, traders, services providers, private and public actors.

133. Multi-Stakeholder Partnerships (MSPs): MSPs bring together representatives from different interest groups (stakeholders) to discuss shared challenges, opportunities, policy actions and advocacy strategies. They promote better decision making by
ensuring that the views of the main actors concerned about a particular decision are heard and integrated at all stages through dialogue and consensus building. Because of the inclusive and participatory approaches used, it gives stakeholders greater sense of ownership for decisions made. The process takes the view that everyone involved in the process has a valid view and relevant knowledge and experience to bring to the decision making. Everyone involved takes responsibility for the outcome, and they are thus more likely to comply with them. Nutrition and the other mainstreaming themes (environment and climate, gender and youth, indigenous people) will be largely represented by key actors from relevant sectors (e.g. the Human Nutrition and Dietetics Unit within the Division of Family Health in the Ministry of Health, the Department of Social Development, etc.)

b. Financial Management, Procurement and Governance

134. The project will adopt and apply the international accounting standards and the accounts will be maintained using IPSAS cash accounting. The project will be managed through a standalone accounting system. Given the current financial management challenges with the ongoing projects, set up of the proper system will be a condition for disbursement and the facilitation of a proper set up is foreseen through the use of start up funds. Disbursements will be through the three different mechanisms of replenishments through the Special Account, Direct payments and Reimbursement depending on the nature of expenditures. Disbursement to the counties will be made as advances. Recording of expenditure to the project accounting system will be done by PCU based on expenditure reports submitted by the counties. At county level the accounting will be done through the IFMIS system where a code will be assigned to the project for tracking the funds and expenses within the system. The project will keep up with timely planning to ensure that the deadlines for national budgeting will be met given that the project as with the current projects will be within captured and reported through the national budgeting system through the Revenue and appropriation in Aid and hence government policy guidelines will be adhered to in order to receive timely budgetary approvals.

135. External audit will continue to be provided by the Office of the Auditor General as it is for the current portfolio. The audit will be performed in accordance with the guidelines from IFAD as contained in the Hand book for financial management and auditing for IFAD funded projects. Although the audit reports have been timely and auditor quality of work has been rated highly satisfactory, a delay was experienced this year due to the vacant position of the Auditor General who is constitutional mandated to sign the reports at the time the reports were due. This is not expected to become a common occurrence.

136. The PMCU will recruit a Financial Controller and a Financial Assistant, install a financial management software and train the finance staff on its use since IFAD portfolio in Kenya is moving towards having a harmonized financial management software for all upcoming projects.

137. External Audit: On annual basis, the consolidated financial statements for the project will be audited by Office of the Auditor General and audited financial statements submitted to IFAD within six months after the period end in accordance with IFAD guidelines. The quality and timeliness of the external audit by the Office of the Auditor General has been rated as highly satisfactory at the portfolio level based on performance on the other existing projects.

Procurement

138. As part of the design process, a Project’s Procurement Risk Matrix (PRM) has been developed, with the overall procurement risk rated “Medium”. Despite the robust legal and policy procurement framework in the country, the assessment identified the following potential risks: (i) currently GoK-led projects have insufficient staff handling procurement; (ii) delays in initiating planned transactions; (iii) poor technical specifications and evaluation criteria; (iv) incomplete record-keeping and filing; (v) excessive use of non-competitive procurement methods, without proper justification; (vi) weaknesses in contract management, particularly due to underestimating costs during contract drafting often resulting in cost overruns; (vii) lack of accountability of procurement decisions; and (viii) weak procurement planning.

139. The project will put in place mitigation measures to ensure quality and timely implementation of procurement. This will involve recruiting a competent two-person procurement team, building its capacity, providing close implementation support, supervision and follow-up to ensure compliance to procurement procedures and guidelines. Details of these measures are presented in the PIM (Annex 8).

140. The KeLCoP will adopt Kenya’s Public Procurement and Asset Disposal Act No. 33 of 2015 (Revised Edition 2016), to the extent that it is consistent with the IFAD Procurement Guidelines (2010). National systems will be applied to all procurement activities except those above the threshold for International Competitive Bidding (ICB), in line with World Bank guidelines. KeLCoP design has put in place safeguards to ensure project implementation does not experience problems faced during implementation of other IFAD-financed projects. This includes: (i) providing intensive training at start-up phase to familiarize the PMCU and CPTTs with IFAD guidelines and strengthen procurement skills capacity, and (ii) reduction of the thresholds during the initial period of implementation, as PMCU staff acquire experience and demonstrate confidence in executing procurement systems and methods.

141. The KeLCoP PMCU will manage and oversee all project-related procurement including ICB, National Competitive Bidding (NCB) procurement and selection of consultants, as well as other procurements at national level. At County level, CPTTs will be established within the participating Counties and lead the execution of small value procurement activities that use “request for quotations” method. The effectiveness of procurement will be assessed during supervision and alternate arrangements will be put in place, if deemed necessary. Emphasis will be placed on ensuring that procurement processes by the PMCU and its contractors comply with IFAD’s environment and social safeguards procedures.

L. Planning, M&E, Learning, KM and Communication
a. Planning, M&E, Learning, Knowledge Management and Communication

142. KeLCoP will deploy a participatory Knowledge Management/Monitoring and Evaluation (KM/M&E) system to be developed and managed by the PMCU. A key element of the KM/M&E system will be involvement of primary stakeholders as active participants to provide inclusive assessments of results, and to reflect the perspectives and aspirations of those most directly affected by the project. The PMCU will bear overall responsibility for the continuous M&E and regular reporting on progress and the achievement of project objectives, milestones and results. As indicated in the Kenya COSOP (2020-2025), the Kenya portfolio is currently in the process of developing a portfolio KM Plan. Therefore, the KM Plan developed through KeLCoP will be aligned with this overarching portfolio KM Plan.

143. Moreover, a web-based Management Information System (MIS) will be developed to facilitate data management and allow automated production of a number of draft progress tables. Learning, KM and South South Triangular Cooperation (SSTC) will be key aspects of KeLCoP implementation and have been budgeted for accordingly. The project log-frame includes the relevant core indicators at both output and outcome level. Progress on log-frame indicators will be measured at baseline, MTR and completion, using the standard methodology, which is also presented in IFAD’s COI guidelines. The project’s operational M&E framework will, among others, have key indicators to monitor progress in the implementation of the ESMPs and key actions proposed in the indepth climate risk analysis and IPs action plans.

144. Beneficiary feedback, grievance redress and E-Citizen Portal: KeLCoP will hold regular beneficiary feedback surveys that will enable it to assess how the participants view the various activities and their recommendations for improving these for greater relevance, efficiency and impact. The project will promote SSTC. Details are presented in the PIM.

b. Innovation and scaling up

145. The project design includes some innovative elements and includes opportunities for the use of a host of digital technologies and applications that deploy ICT4D approaches and scalable models in partnership with the private sector. The use of innovations and information technology will be integrated into the development of an e-extension approach and the development of e-finance to reduce the costs of access and delivery, and develop e-marketing systems for information and sale. The project will scale up the provision of digital financial services such as the e-voucher scheme previously used in Kenya for the cereal sector under which users are issued customized debit (ATM) cards containing different ‘e-wallets’ which they can use to purchase farm products or inputs from selected agro-dealers. The project will also secure direct crowd-funding for its beneficiaries by developing a dashboard which will host profiles of properly selected and screened youth innovators on an online and mobile fund-raising platform for crowdfunding from philanthropic sources.

146. The project is also planning to mainstream a gender transformational methodology for households into the graduation approach, which to date has demonstrated success in graduating households but not addressed gender issues within the household. IFAD projects have typically used one or the other to graduate households. This will be the first time that both approaches will be used to complement each other. The project will also establish a grievance and beneficiary engagement system by using ICT4D to develop an –e-Citizen portal for grievance communication and redress and proper tracking to refine the project approach and intervention strategies.

147. The project also provides an opportunity to operationalize IFAD’s Private Sector Engagement Strategy designed to foster strengthened collaboration with private sector partners. There are several private sector players who can offer contractual arrangements to support out-grower and contract farming schemes to support smallholders. The project will strive to secure funding from IFAD’s forthcoming Private Sector Financing Programme (PSFP) for direct support to the private sector.

M. Implementation plans

a. Supervision, Mid-term Review and Completion plans.

148. An important lesson learned from other investment projects financed by IFAD and other Development Partners is implementation start-up delays, which may be occasioned by delays in recruitment and setting up of PMCU; procuring and installing of appropriate FM software and delays in fulfilment of other disbursements conditions. To mitigate against this, the project would utilize the facility for faster implementation of project start-up (FIPS) to implement key start-up activities in the first six months of the project effectiveness and to finance the SECAP studies (ESMF, FPIC and IPs action plans, and integrated pesticides management plan). A start up advance of US$ 500,000 has been proposed, which will cater for the following: (i) recruitment of the PMCU staff and setting up of PMCU Offices; (ii) procurement of FM software and training staff on its use; (iii) initial baseline survey activities; (iv) salaries for key PMCU staff; (v) operating costs during the start-up period; (vi) ensuring mobility of PMCU staff, and (vii) setting up of the M&E systems and training project staff on M&E processes.

149. Project supervision and implementation support: KeLCoP will be supervised jointly by GoK (represented by the National Treasury & Planning and State Department of Livestock) and IFAD. Annual supervision, followed by shorter follow-up/implementation support missions six months later, will be organized every year during the project’s lifetime. In addition to monitoring implementation and reporting on project performance status and results, supervision missions will be used as opportunity to assess achievements and lessons learnt, and to reflect upon ways to improve implementation and impact.

150. Mid-term review (MTR): GoK and IFAD will jointly carry out an in-depth joint mid-term review of KeLCoP no later than the third year of the project. The MTR mission will take stock of the achievements of project objectives and constraints and recommend any reorientations that might be required. GoK (the National Treasury & Planning and SDL) will ensure that the agreed actions at MTR are implemented within the agreed time frame.
151. **Project completion:** After KeLCoP completion date and no later than 30 days to project closure date, GoK will carry out a project completion review and submit the Project Completion Report (PCR) to IFAD. The PCR discussions will focus on bringing implementation to a closure, reflecting on progress achieved and lessons learned, taking stock of overall performance of both GoK and IFAD and reviewing sustainability and the project’s exit strategy. In addition, the PCR will benefit from the project impact evaluation to be carried out by the PMCU.

Footnotes


[18]https://africa.unwomen.org/en/where-we-are/eastern-and-southern-africa/kenya


[25] The Pro-WEIA defines indicators for intrinsic, instrumental and collective agency as follows: intrinsic agency autonomy in income self-efficacy attitudes about intimate partner violence respect among household members; Instrumental agency - Input in productive decisions, ownership of land and other assets access to and decisions on financial services, control over use of income, work balance, visiting important locations; collective agency - group membership, membership in influential groups

[26] Current Developments in Nutrition CDN, 2018

[27] WFP, 2014

[28] IFAD, 2019

[29] CDN, 2018
Consumption support, savings, asset transfer, business and asset management skills, intensive mentoring and coaching.

AJFAND, 2017

Nomoto in Samburu, Kimose in Baringo and Naivasha sheep and goat centre for the small ruminants as well as KARLO Center in Naivasha/Kakamega for poultry

GIS maps will form effective legislative and management tools and together this will be used to: i) protect key grazing resources, ii) better inform community led resource management, and iii) link customary to formal systems through appropriate legislation.

Model built on wildlife conservation built on commercial ranchers in Laikipia

For example, in the Siaya livestock market for ruminants, the poultry market is located in the nearby vegetable and fish market. In this case the definition of the livestock market may include the poultry section of other non-ruminant livestock markets.

The co-management model allows for a partnership between County Government, Livestock Marketing Councils and Livestock Marketing Associations. This co-management system empowers communities to take part in the management of livestock markets in the country.

This will serve as a regulatory framework to ensure that the two parties adhere to the terms of the agreement, which will specify the revenue sharing arrangements, the amount that has to be invested in the markets and the necessary checks and balances in the management setup.

These bills regulate a wide range of aspects including establishment and administration of livestock sales yards, transportation and movement of livestock, matters relating to unfit livestock handling, feeding and watering of livestock, offences and penalties, and matters and fee related to sale. While these two Bills have been well drafted, there are some aspects which need further refinement such as the levying of fee multiple times when an animal is not sold on the same day.

An electronic voucher platform for managing inputs and service subsidies through the private sector

County livestock officers with support from PMU should create a database of farmer groups in their regions to facilitate ease of their identification for MSP convening. This database (disaggregated per farmer group) should include: location of farmer group, contact information for two group officials, type of livestock, breed of livestock, monthly production volumes, approved livestock vaccination timesheets.

Trans Nzoia, Kakamega, Bungoma, Siaya and Busia.

Such as Marsabit, Samburu and Baringo.
Kenya

Kenya Livestock Commercialization Project

Project Design Report

Annex 1: Logframe
## Logical Framework

<table>
<thead>
<tr>
<th>Results Hierarchy</th>
<th>Indicators</th>
<th>Means of Verification</th>
<th>Assumptions</th>
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<td>Name</td>
<td>Baseline</td>
<td>Mid-Term</td>
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<tr>
<td>Outreach</td>
<td>1.b Estimated corresponding total number of households members</td>
<td>PMCU MIS quarterly reports</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>Household members</td>
<td>148500</td>
<td>495000</td>
</tr>
<tr>
<td></td>
<td>1.a Corresponding number of households reached</td>
<td>PMCU MIS quarterly reports</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>Households</td>
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<td>110000</td>
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<tr>
<td></td>
<td>1 Persons receiving services promoted or supported by the project</td>
<td>PMCU MIS quarterly reports</td>
<td>Annually</td>
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<tr>
<td></td>
<td>Females</td>
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<td>Not Young</td>
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<td>77000</td>
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<td></td>
<td>Total number of persons receiving services</td>
<td>110000</td>
<td>PMCU</td>
</tr>
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<td>Project Goal</td>
<td>Increase in income of the targeted households</td>
<td>Third Party household surveys, poverty/gender studies</td>
<td>Baseline, Midline and End Line</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>25</td>
<td>35</td>
</tr>
</tbody>
</table>

**Outreach**
- **1.b Estimated corresponding total number of households members**
  - Household members: 148500 (Baseline), 495000 (End Target)
  - Source: PMCU MIS quarterly reports
  - Frequency: Annually
  - Responsibility: PMCU

**Project Goal**
- Contribute to the Government's agriculture transformation Agenda of increasing rural small-scale farmers’ incomes, food and nutrition security

- **Increase in income of the targeted households**
  - Percentage: 25 (Baseline), 35 (End Line)
  - Source: Third Party household surveys, poverty/gender studies
  - Frequency: Baseline, Midline and End Line
  - Responsibility: PMCU

- Project initiates its activities on expected timelines and all approvals and implementation arrangements are in place.
**Results Hierarchy**

<table>
<thead>
<tr>
<th>Development Objective</th>
<th>Indicators</th>
<th>Means of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiary households reporting increase in income</strong></td>
<td>Percentage</td>
<td>Baseline asset survey, mid &amp; end line survey</td>
<td>Poor rural people are willing to adopt innovative technologies. Private sector engaged in the project implementation through SMEs. Both local and regional markets remain stable</td>
</tr>
</tbody>
</table>

**Outcome**

**Outcome 1 Enhanced poor rural people’s production capacities**

1.2.2 Households reporting adoption of new/improved inputs, technologies or practices

<table>
<thead>
<tr>
<th>Households</th>
<th>500</th>
<th>23000</th>
<th>77000</th>
</tr>
</thead>
</table>

1.2.4 Households reporting an increase in production

<table>
<thead>
<tr>
<th>Households</th>
<th>10</th>
<th>20</th>
<th>60</th>
</tr>
</thead>
</table>

Targeted women reporting an increase in empowerment using WEAI index

<table>
<thead>
<tr>
<th>Percentage</th>
<th>50</th>
<th>80</th>
</tr>
</thead>
</table>

1.2.8 Women reporting minimum dietary diversity (MDDW)

<table>
<thead>
<tr>
<th>Women (%)</th>
<th>30</th>
<th>50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women (number)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households (number)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results Hierarchy</td>
<td>Indicators</td>
<td>Means of Verification</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td><strong>Output 1.1</strong></td>
<td>Develop Livestock Masterplan, regulations and strategies for livestock at the county level</td>
<td>PMCU Records</td>
</tr>
<tr>
<td>Number</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Policy 1 Policy-relevant knowledge products completed</td>
<td>PMCU records</td>
<td>Annual</td>
</tr>
<tr>
<td>Number</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Output 1.2</strong></td>
<td>Improve access to agricultural technologies and production services.</td>
<td>PMCU records</td>
</tr>
<tr>
<td>Females</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Young</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total rural producers</td>
<td>1000</td>
<td>15000</td>
</tr>
<tr>
<td><strong>Output 1.3</strong></td>
<td>Improve access to inclusive financial services</td>
<td>PMCU records</td>
</tr>
<tr>
<td>Women in rural areas accessing financial services - savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young people in rural areas accessing financial services - savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not young people in rural areas accessing financial services - savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men in rural areas accessing financial services - savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results Hierarchy</td>
<td>Indicators</td>
<td>Means of Verification</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Men in rural areas accessing financial services - credit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Women in rural areas accessing financial services - credit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Young people in rural areas accessing financial services - credit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Not young people in rural areas accessing financial services - credit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total persons accessing financial services - savings</strong></td>
<td>250 1500 3627</td>
<td>PMCU records</td>
</tr>
<tr>
<td><strong>Total persons accessing financial services - credit</strong></td>
<td>250 1500 3628</td>
<td>PMCU records</td>
</tr>
<tr>
<td><strong>Volume of credit advanced to project beneficiaries by the financial institutions</strong></td>
<td></td>
<td>PMCU records</td>
</tr>
<tr>
<td><strong>Amount</strong></td>
<td>2400 9400</td>
<td>PMCU records</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td><strong>Output 1.4 Improve nutrition of vulnerable households</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Households provided with targeted support to improve their nutrition</strong></td>
<td></td>
<td>PMCU Records</td>
</tr>
<tr>
<td><strong>Households</strong></td>
<td>11550 38500</td>
<td>PMCU Records</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td><strong>Outcome 2: Strengthen the environmental sustainability and climate resilience of poor rural people’s economic activities.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Households</strong></td>
<td>5 25 60</td>
<td>Outcome surveys</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Results Hierarchy

### Output

**Output 2.1: Improved rangeland management and access to water infrastructures**

<table>
<thead>
<tr>
<th>Name</th>
<th>Baseline</th>
<th>Mid-Term</th>
<th>End Target</th>
<th>Source</th>
<th>Frequency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households accessing water infrastructure</td>
<td></td>
<td>10000</td>
<td>20000</td>
<td>PMCU Records</td>
<td>Annual</td>
<td>PMCU</td>
</tr>
<tr>
<td>Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.1 Groups supported to sustainably manage natural resources and climate-related risks</td>
<td></td>
<td>15</td>
<td>50</td>
<td>200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groups supported</td>
<td>15</td>
<td>50</td>
<td>200</td>
<td>PMCU Records</td>
<td>Annual</td>
<td>PMCU</td>
</tr>
<tr>
<td>Rangeland under improved governance</td>
<td></td>
<td></td>
<td></td>
<td>PMCU Records</td>
<td>Annual</td>
<td>PMCU</td>
</tr>
<tr>
<td>Hectares</td>
<td>1000</td>
<td>3000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Outcome

**Outcome 3: Enhanced poor rural people’s benefit from market participation**

<table>
<thead>
<tr>
<th>Name</th>
<th>Baseline</th>
<th>Mid-Term</th>
<th>End Target</th>
<th>Source</th>
<th>Frequency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.1 New jobs created</td>
<td></td>
<td></td>
<td></td>
<td>Outcome surveys at county level / Integrated Development Plans (IDPs)</td>
<td>Baseline, mid-term and completion</td>
<td>PMCU</td>
</tr>
<tr>
<td>Job owner - men</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New jobs</td>
<td>1000</td>
<td>3000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job owner - women</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job owner - young</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job owner - not young</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.2 Supported rural enterprises reporting an increase in profit</td>
<td></td>
<td>10</td>
<td>60</td>
<td>Outcome surveys at county level / Integrated Development Plans (IDPs)</td>
<td>Baseline, mid-term and completion</td>
<td>PMCU</td>
</tr>
<tr>
<td>Percentage of enterprises</td>
<td>10</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.6 Households reporting improved physical access to markets, processing and storage facilities</td>
<td></td>
<td></td>
<td></td>
<td>Outcome surveys at county level / Integrated Development Plans (IDPs)</td>
<td>Baseline, mid-term and completion</td>
<td>PMCU</td>
</tr>
<tr>
<td>Households reporting improved physical access to markets</td>
<td>333</td>
<td>5000</td>
<td>11666</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households reporting improved physical access to processing facilities</td>
<td>333</td>
<td>5000</td>
<td>11666</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Assumptions:**
- County governments are willing to partner with project to improve market infrastructure. County Governments’ tax regimes are facilitative and incentivize local traders to use market infrastructure.
<table>
<thead>
<tr>
<th>Results Hierarchy</th>
<th>Indicators</th>
<th>Means of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name</td>
<td>Baseline</td>
<td>Mid-Term</td>
</tr>
<tr>
<td></td>
<td>Households reporting improved physical access to storage facilities</td>
<td>333</td>
<td>5000</td>
</tr>
<tr>
<td>Output 3.1: Improved livestock market infrastructure</td>
<td>2.1.6 Market, processing or storage facilities constructed or rehabilitated</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total number of facilities</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Market facilities constructed/rehabilitated</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Processing facilities constructed/rehabilitated</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Storage facilities constructed/rehabilitated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output 3.2: Improved access to e-marketing services</td>
<td>Farmer groups registered in the database and participating in the MSPs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>500</td>
<td>1500</td>
</tr>
<tr>
<td></td>
<td>Private sector actors participating in the MSPs (disaggregated per value chain and role in the supply chain)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>100</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Market linkages created</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Output 3.3: Diversified rural enterprises and employment opportunities</td>
<td>2.1.2 Persons trained in income-generating activities or business management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Males</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Young</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6/7
<table>
<thead>
<tr>
<th>Results Hierarchy</th>
<th>Indicators</th>
<th>Means of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name</td>
<td>Baseline</td>
<td>Mid-Term</td>
</tr>
<tr>
<td>Not Young</td>
<td>Persons trained in IGAs or BM (total)</td>
<td>500</td>
<td>5000</td>
</tr>
<tr>
<td></td>
<td>2.1.1 Rural enterprises accessing business development services</td>
<td>Rural enterprises</td>
<td>1000</td>
</tr>
</tbody>
</table>
Annex 2: Theory of change
Annex 2: Theory of Change

**THEORY OF CHANGE**

- **Inputs**
  - Loans
  - Grants
  - Policy & Regulations
  - KM & SSTC
  - ICT4D

**Pathways**
- Focus on key value chains important for smallholders
- GALS approach to enhance equal voice
- Improvement of production & marketing practices, ICT4D & PPPs

**Evidence**
- Sector plays important role in economy contributing 12% to GDP and 30% of total marketed agricultural products
- 60% of livestock population are ASALs where industry employs 90% of pop.
- Sub-sector experiencing low productivity
- Poor state of infrastructure
- Sub-sector expected to grow rapidly

**Key Outputs**
- Develop Livestock Masterplan, regulations and strategies for livestock at the county level
- Improve access to agricultural technologies and production services.
- Improve nutrition of vulnerable households
- Improved rangeland management and access to water infrastructures
- Improved livestock market infrastructure
- Improved access to e-marketing services

**Outcomes**
- Enhanced poor rural people’s production capacities
- Strengthen the environmental sustainability and climate resilience of poor rural people’s economic activities
- Enhanced poor rural people’s benefit from market participation

**Problems & Underlying causes**
- Smallholder farmers face numerous production and marketing challenges
- The poor, women and youth are disadvantaged
- Sub-sector experiencing low productivity
- Poor state of infrastructure
- Sub-sector expected to grow rapidly

**Planning**

**Implementation**

**PCU**
- CPCs
- CPITs
- SCITs
- Service Providers
- TAS
Kenya

Kenya Livestock Commercialization Project

Project Design Report

Annex 3: Project cost and financing: Detailed costs tables

Document Date: 06/07/2020
Project No. 2000002339
Report No. 5382-KE

East and Southern Africa Division
Programme Management Department
Annex 3: Project cost and financing  
(and Detailed costs tables)

1. This annex covers the project costs and financing plan, while it also describes the assumptions underlying them and sets out the basis and details of the estimated project costs.

**Project costs and financing**

2. **Main assumptions.** The project is financed over a six-year (6) period, and it is assumed to start in 2021 year. Costs have been estimated on the basis of prices prevailing during project design in January 2020.

3. **Physical and price contingencies.** Price contingencies have been applied on all costs, with the exception of grants.

4. **Inflation.** The rate is expected to remain between 4-5 percent target range for the upcoming few years\(^1\). For the purpose of this analysis; annual local inflation rates have been set at between 4 to 5 percent throughout the six project years. For foreign inflation, an average inflation around 4 percent has been retained. Below table 1 is providing more details in regards forecasted local and international inflation rate for each year.

   **Table 1. Projected inflation rate**

<table>
<thead>
<tr>
<th>Forecasted inflation Rate</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>5</td>
<td>4,6</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Emerging market and developing economies</td>
<td>4,5</td>
<td>4,4</td>
<td>4,3</td>
<td>4,3</td>
<td>4,3</td>
<td>4,3</td>
</tr>
</tbody>
</table>

   Source: IMF, 2020 \(^2\)

5. **Exchange rate.** The exchange rate used is 1 US$: KES 101.18, which is calculated as the prevailing exchange rate during design mission that occurred in January 2020. \(^3\)

6. **Taxes and duties.** Part of the Government co-financing of the project will be in form of waiving of all taxes and duties on goods and services procured under the project. The rates and amounts of the taxes and duties in the project’s costs presented below are defined only to determine the Government contribution and to value the total project cost.

7. The items to be imported for the project attract import and excise duties of varying proportions, and a value-added tax (VAT) levied on all imported goods.

**Project costs**

8. The total project costs including physical and price contingencies are estimated at US$ 93.5 million over six years implementation period. Project costs by components are summarized in table 1, while a complete set of project summary tables and detailed costs tables are presented in attachments 1 and 2 of this appendix.

9. **Project costs by components.** Project investments are organized into three major components: (i) “Climate Smart Production Enhancement for small livestock” (58.8 percent of the total costs) (ii) “Support to livestock Market Development” (25.1 percent of the total costs); (iii) “Project Management and Coordination Unit (PMCU)” (16.1 percent of the costs). A summary breakdown of the project costs by components and financier is shown in table 2 below.

---

\(^1\) International Monetary Fund. Source retrieved from: IMF Inflation rate on Jan 2020, Inflation rate, average consumer prices (Annual percent change). Link retrieved from: https://www.imf.org/external/datamapper/PCIPCH@WEO/OEMDC/

\(^2\) Operational UN exchange rate, retrieved from: https://treasury.un.org/operationalrates/OperationalRates.php
### Table 2: Project costs by component and Financier (US$’000)

<table>
<thead>
<tr>
<th>Component by Component</th>
<th>Government</th>
<th>GoK (in-kind)</th>
<th>GoK (cash)</th>
<th>IFAD</th>
<th>Beneficiaries (in-kind)</th>
<th>Beneficiaries (cash)</th>
<th>PFI</th>
<th>Heifer International</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>Amount</td>
<td></td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>A. Climate-smart production enhancement for smallholder</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,029</td>
<td>515</td>
</tr>
<tr>
<td>B. Climate-smart production enhancement for smallholder</td>
<td>1,163</td>
<td>23.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
<td>3,431</td>
</tr>
<tr>
<td>C. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>D. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>E. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>F. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>G. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>H. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>I. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>J. Support to Livelihood Market Development</td>
<td>3,246</td>
<td>15.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,030</td>
<td>532</td>
</tr>
<tr>
<td>Total PROJECT COSTS</td>
<td>46,025</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>111,501</td>
<td>5,316</td>
</tr>
</tbody>
</table>

10. **Project Financing.** The total project costs of US$ 93.5 million will be financed by i) an IFAD of US$ 54.8 million (ii) a GoK contribution in the amount of US$ 19 million, of which taxes and duties account for US$ 12.6 million, cash US$ 1.5 million and in kind contribution in the amount of US$ 4.9 million; iii) an Beneficiary contribution of US$ 11.8 million of which in kind account for US$ 9.2 million and cash in the amount of US$ 2.6 million; iv) Heifer International in the amount of US$ 3.4 million and v) PFIs in the amount of US$ 4.5 million.

11. **Expenditure and disbursement accounts.** The project will be rolled out through the project management and coordination unit -which will manage and coordinate the flow of funds and the expenditures incurred on account of the project activities. Financial management and procurement procedures are described in Annex 7. A summary of the total costs by expenditure accounts and financier is shown in Table 3 and a summary of expenditure accounts by components with totals including contingencies is presented in Table 4.

12. **Expenditure Category Overview.** Technical Assistance is the major expenditure account, estimated at US$ 25.3 million, or about 27.9 percent of the total project costs. The other investment expenditure accounts are Civil Works for an amount of US$ 21.6 million or 23.1 per cent of total costs, followed by grants and subsidies for an amount of US$ 17.1 million or 18.3 percent of total costs, Equipment’s, Goods and Vehicles for an amount of US$ 9.5 million or about 10.2 percent of the total cost, Credit lines for an amount of US$ 9.4 million or 10 per cent of total costs. The recurrent costs represent 11.3 percent of total costs at US$ 10.6 million, comprising salaries and allowances for an amount of US$ 5.2 million or 5.6 percent of total costs, operations and maintenance for an amount of US$ 5.4 million (5.7 percent of project costs). The breakdown of expenditure accounts by component is reflected at the table 2 and table 3.

### Table 3: Project costs by expenditure account and financier (USD’000)

| Republic of the Kenya
| Kenya Livestock Commercialization Program
| Expenditure Accounts by Financiers
| (US$’000)
<table>
<thead>
<tr>
<th>Government</th>
<th>GoK (in-kind)</th>
<th>GoK (cash)</th>
<th>IFAD</th>
<th>Beneficiaries (in-kind)</th>
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<tbody>
<tr>
<td>Amount</td>
<td>%</td>
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<td>Total Recurrent Costs</td>
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2
13. **Total Cost per Component**: Total Project Cost including physical and price contingencies are estimated at US$ 93.5 million over a 6-year period. Component 1 on “Climate Smart Production Enhancement for small Livestock” is the main investment and represents 59.1 per cent of the total project costs, while Component 2 on “Support to livestock Market Development”, representing 24.7 per cent of total project costs. ‘Project Management and Coordination Unit’, represent 16.2 percent of the total project costs (of which subcomponent policy and institutional support to the National Government represents 1.2 per cent and project management and coordination unit support subcomponent represent 15 percent).

14. **Project Financing**: The Financing Plan covers i) an IFAD loan of US$ 54.8 million (58.6 percent of the total cost), ii) GoK contribution of US$ 19 million (20.3 percent), of which taxes and duties account for US$ 12.6 million (13.5 percent), cash US$ 1.5 million (1.6 percent) and in kind contribution in the amount of US$ 4.9 million (5.2 percent); iii) a Beneficiary contribution of US$ 11.8 million (12.7 percent) of which in kind account for US$ 9.3 million (9.9 percent) and cash in the amount of US$ 2.6 million (2.8 percent); iv) Heifer International contribution of US$ 3.4 million (3.6 percent) and v) PFIs in the amount of US$ 4.5 million (4.8 percent).

15. The base costs are calculated at January 2020 prices and include estimated duties and taxes. Total contingencies are respectively at US$ 4.2 million or 4 per cent of total costs, or 5 per cent of total base costs.

16. Investment costs are US$ 82.9 million and represent 89 per cent of total costs. Taxes amount to US$ 12.6 million, that is 13.5 percent of total costs and the foreign exchange component is at US$ 10.2 million or 10.9 percent of the total Project costs. The recurrent cost accounts for US$ 10.6 million or equivalent to 11.3 percent of the total costs. The exchange rate used is USD 1.0 = KES 101.18. The cost per direct beneficiary household amounts to about US$ 850 or US$ 189 per beneficiary.

17. Table 5 shows project components by year-total including contingencies in local currency and US$ respectively.
18. **Financing and co-financing strategy and plan.** The KeLCoP will be financed by IFAD, GoK and Beneficiaries totaling amount of US$ 93.5 million. In total, domestic co-financing is estimated at US$ 35.4 million or 38 per cent of the total project costs, consisting of GoK, Beneficiaries and PFIs. International co-financing accounts for US$ 58.1 million (62 per cent) through IFAD funds and Heifer International. The domestic contribution is robust, for instance, for each IFAD one dollar invested shows 1:0.6 dollars of domestic contribution. The project origin funds shows that domestic contribution accounts for robust 38 per cent of the total project costs (US$ 35.4 million) and it includes the following financier and its respected amount: (i) GoK (taxes and duties) in the amount of US$ 12.6 million, of which cash in the amount of US$ 1.5 million through county and sub-county modest percentage of salaries as direct support and contribution to the project and in-kind contribution in the form of infrastructure, equipment’s, offices etc. in the amount of US$ 4.9 million and (ii) beneficiaries (cash & in-kind) in the amount of US$ 11.8 million, of which in-kind contribution in the amount of US$ 9.2 million and cash in the amount of US$ 2.6 million.

19. **Disbursement flow.** To enable easy monitoring of progress, the below graph forecast the expected disbursement per year. Around US$ 52.2 million (56 per cent) of project resources will be disbursed till Year 3 and the remaining US$ 41.3 million (44 per cent) will be disbursed in the last three years of the project.
### Project costs Detailed tables

#### Comp 1. Climate Smart Production Enhancement for Small Livestock

<table>
<thead>
<tr>
<th>Detailed Costs</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Base Cost (US$’000)</th>
<th>Totals Including Contingencies (US$’000)</th>
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<td>2023</td>
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<td>A. Integrating Vulnerable HHs into Value Chains</td>
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<td>1. Social Mobilisation, GALS and Graduation Packages</td>
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<td>a. Social Mobilization and Mentoring of Smallholder Farmers</td>
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<td>GALS champions basic tool</td>
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<td>GALS champions (i) Supervision monitoring and documentation</td>
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<td>GALS Fair Management fee for service provider</td>
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<td>c. Graduation Package</td>
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<td>Procurement and Transport Costs</td>
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<td>d. Grants to Youth Innovative Start-Ups</td>
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<td>e. Access to commercial credit for production</td>
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<th>2023</th>
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### 2. CPT County Project Implementation Team

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<th>Implementation Officers</th>
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<td><strong>Programme</strong></td>
<td><strong>Breed Multiplication Centers</strong></td>
<td><strong>Multiplication Centers /w</strong></td>
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<td>- Strengthening County Breed Groups</td>
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<tr>
<td>- Apprenticeship for young men and women breeders</td>
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<td>- County M&amp;E Officer /q</td>
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<td>- County Nutritionist /r</td>
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</table>

#### 3. Sub-County Project Implementation Officers

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<th>Animal Health Assistant /u</th>
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#### 4. Local Technical Specialists

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<thead>
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<th>Livestock Production Specialist</th>
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#### 5. Unit Cost

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### B. Climate Resilient Production Systems

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<td>- Apprenticeship for young men and women breeders</td>
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<td>100</td>
</tr>
</tbody>
</table>

### Contingencies

- **Base Cost:** 2,000,000 (US$ '000)
- **Total Cost:** 1,391.0
- **Contingencies:** 260.2
- **Total Including Contingencies:** 1,651.2

### Totals

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Cost</strong></td>
<td>(US$ '000)</td>
<td><strong>Total Cost</strong></td>
<td>(US$ '000)</td>
<td><strong>Total</strong></td>
<td><strong>Base Cost</strong></td>
<td>(US$ '000)</td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>2024</td>
<td>2025</td>
<td>2026</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>2024</strong></td>
<td>2025</td>
<td>2026</td>
<td>Total</td>
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<tr>
<td><strong>2025</strong></td>
<td>2026</td>
<td>Total</td>
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</tr>
<tr>
<td><strong>2026</strong></td>
<td><strong>Total</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2026</strong></td>
<td><strong>Total</strong></td>
<td><strong>Contingencies</strong></td>
<td>(US$ '000)</td>
<td><strong>Total Including Contingencies</strong></td>
<td>(US$ '000)</td>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

Core: Detailed Costs
---
### Detailed Costs

**II. Recurrent Costs**

#### A. Mobility related running costs

<table>
<thead>
<tr>
<th>p.y.</th>
<th>10</th>
<th>10</th>
<th>10</th>
<th>10</th>
<th>10</th>
<th>60</th>
<th>9,600</th>
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</thead>
<tbody>
<tr>
<td>96.0</td>
<td>96.0</td>
<td>96.0</td>
<td>96.0</td>
<td>96.0</td>
<td>576.0</td>
<td>117.7</td>
<td>130.0</td>
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</table>

#### B. Recurrent Costs

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,762.2</td>
<td>10,154.4</td>
<td>11,615.5</td>
<td>10,202.9</td>
<td>6,332.9</td>
<td>1,195.9</td>
<td>43,600.0</td>
<td>4,776.2</td>
<td>12,493.1</td>
<td>14,529.7</td>
<td>13,089.9</td>
<td>8,245.3</td>
<td>1,406.9</td>
<td>54,541.1</td>
</tr>
</tbody>
</table>

#### 3. Animal Health Improvement

- **Subtotal Animal Health Improvement**
  - 824.9 | 456.0 | 106.0 | 4.0 | 4.0 | - | | 1,394.9 | 947.7 | 570.2 | 135.2 | 5.2 | 5.3 | - | 1,665.6 |

#### 4. E-Extension services

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<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
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</thead>
<tbody>
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<td>1,528.2</td>
<td>5,486.3</td>
<td>7,342.4</td>
<td>5,749.0</td>
<td>2,809.0</td>
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<td>22,914.9</td>
<td>1,729.3</td>
<td>6,690.4</td>
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<td>7,479.3</td>
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#### Totals Including Contingencies (US$ '000)

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<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
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<th>2023</th>
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<th>2025</th>
<th>2026</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>4,762.2</td>
<td>10,154.4</td>
<td>11,615.5</td>
<td>10,202.9</td>
<td>6,332.9</td>
<td>1,195.9</td>
<td>43,600.0</td>
<td>4,776.2</td>
<td>12,493.1</td>
<td>14,529.7</td>
<td>13,089.9</td>
<td>8,245.3</td>
<td>1,406.9</td>
<td>54,541.1</td>
</tr>
</tbody>
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<table>
<thead>
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<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
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<tr>
<td>3,246.5</td>
<td>5,745.0</td>
<td>5,305.0</td>
<td>2,805.0</td>
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<td></td>
<td></td>
<td></td>
<td>22,440.1</td>
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</table>
These 5 days workshops will be attended by the Graduation and Group Mentors, Supervisors, Regional Managers, and will take place 3 months after first TOT.

In these workshops, the Group Mentors and Senior Supervisors from the SHF groups formed by the project 20-25, this is the cost for materials and some refreshments participants.

Successful practitioners will be selected from poor and ultra-poor households to receive a ToT in GALS.

1. In each County, GoK in-kind contribution as 20% of position salary.
2. In each County, GoK in-kind contribution as 20% of position salary.
3. In each County, GoK in-kind contribution as 15% of position salary.
4. In each County, GoK in-kind contribution as 25% of position salary.
5. In each County, GoK in-kind contribution as 25% of position salary.
6. In each County, GoK in-kind contribution as 20% of position salary.
7. In each County, GoK in-kind contribution as 25% of position salary.
8. In each County, GoK in-kind contribution as 20% of position salary.
9. In each County, GoK in-kind contribution as 25% of position salary.
10. In each County, GoK in-kind contribution as 20% of position salary.
11. In each County, GoK in-kind contribution as 25% of position salary.
12. In each County, GoK in-kind contribution as 20% of position salary.
13. In each County, GoK in-kind contribution as 25% of position salary.
14. In each County, GoK in-kind contribution as 20% of position salary.
15. In each County, 30% of the salary GoK in-kind contribution.
16. In each County, 30% of the salary GoK in-kind contribution.
17. In each County, 35% of the salary GoK in-kind contribution.
18. In each County, 35% of the salary GoK in-kind contribution.

- Small ruminants: Samburu (Nomoto), Baringo (Kimose), Naivasha. Poultry: Kakamega (KARLO Center). Fencing, additional parent stock, training facility, small equipments for husbandry practices, support to water supply etc. GoK in-kind contribution.
- Include per training 40 individuals per County, 5 days training includes breeding concepts, animal management, record keeping and follow-ups. GoK in-kind contribution captured through Trainer salary paid by GoK.
- Partnership with international research institutions through TAs, estimated 200 ewes per group (i.e. 20 members per group each having 10 female goats). Each group will need 4 bucks, therefore 160 bucks per county. Ben contribution is 50%.
- Targeting 4 Counties: Samburu, Marsabit, Baringo and Elgeyo Marakwet. Beneficiaries in-kind contribution captured through labour costs 50/50 share, and in some cases through local materials (rocks etc.).
- It required 2 TAs, for strategy development and formulation of the bull for the County Assembly.
- It includes hydrological assessment, NEMA approval, water resources, management authorities, safe guards etc. In-kind contributions through operations and maintenance, its opportunity cost of time and personnel. Incorporate environmental management plans.
- 30% Beneficiaries in-kind contribution through Water User Associations maintenance and management. Contribution through maintenance and operations, and its opportunity cost of time + incorporate environmental management plans.
- Fencing and seeds in 4 Counties. Beneficiaries in-kind contribution through labour, some local materials for fencing, planting/seed broadcasting.
- Hay sheds, equipments for baling, hay harvesting equipment, labour saving equipment etc.
- Assessment of rangeland governance system in 3 counties (Marsabit, Samburu, and Baringo).
- Involves development of by-laws, passing through County Assembly and Adopting.
- E.G. emergencies in participating counties.
- Through SPs who has established record of managing database.
### Comp 2. Support to Livestock Market Development

#### I. Investment Costs

##### A. Market Infrastructure and Capacity Development

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Base Cost</th>
<th>Totals Including Contingencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrading Market Infrastructure/a</td>
<td>- 5 10 5 20</td>
<td>130,000</td>
<td>650.0 300.0 650.0 - 2 600.0 853.4 1 741.0 887.9 - 3 482.4</td>
<td>585.3</td>
</tr>
<tr>
<td>Capacity Building Support to Livestock Market Associations (LMAs)</td>
<td>- 5 10 5 20</td>
<td>5,600.0</td>
<td>28.0 56.0 28.0 - - 112.0 35.0 71.4 36.4 - 142.9</td>
<td></td>
</tr>
<tr>
<td>Support to Regulatory Mechanisms for Markets</td>
<td>2 8 - - - 10 10,000 20.0 80.0 - - - 100.0 24.5 100.0 - - - 124.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor Forums for private sector engagement /b</td>
<td>- 10 10 - - - 20 5,000 50.0 50.0 - - - 100.0 61.3 62.5 - - - 123.8</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

##### B. Building Inclusive Value Chains

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Base Cost</th>
<th>Totals Including Contingencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matching Grants for smallholder commercial producers /c</td>
<td>unit - 50 100 50 - 300 21,500 - 1,075.0 2,150.0 2,150.0 1,075.0 - 6,450.0 - 1,279.3 2,558.5 2,558.5 1,279.3 - 7,675.5</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Access to Commercial credit for chain /d</td>
<td>unit - 100 100 55 - 255 10,000 - - 1,000.0 1,000.0 550.0 - 2,550.0 - - 1,000.0 1,000.0 550.0 - 2,550.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and peer exchange and exposure visits &amp; SSC /d</td>
<td>individuals - 500 500 500 500 - 2,000 200 - 100.0 100.0 100.0 100.0 - 400.0 - 125.0 125.7 130.1 132.7 - 515.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of Young Entrepreneurs /e</td>
<td>persons - 250 250 - - 500 600 - - 150.0 150.0 - - 300.0 - - 191.3 191.5 - - 386.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to Young Entrepreneurs /e</td>
<td>individuals - 250 250 - - 500 2,000 - - 500.0 500.0 - - 1,000.0 - - 595.0 595.0 - - 1,190.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Level multi-stakeholder platforms (MSPs) /d</td>
<td>MSPs - 10 10 10 10 10 10 10 10 50 1,000 - 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 50.0 - 12.5 12.8 13.0 13.3 13.5 - 65.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to Youth Innovative Start-Ups /e</td>
<td>individuals - 10 15 15 10 - 50 20,000 - 200.0 300.0 300.0 200.0 - 1,000.0 - 238.0 357.0 357.0 238.0 - 1,190.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building dashboard for Crowdfunding /d</td>
<td>dashboard - - - - - 1 - 1 - 100,000 - - - - 100.0 - - - - 132.7 - 132.7 - 22.3</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>E-finance voucher support (10% rate) /f</td>
<td>persons - 500 2,000 1,500 1,000 - 5,000 330 - 165.0 660.0 495.0 330.0 - 1,650.0 - 173.4 707.4 541.2 368.0 - 1,789.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-finance voucher support (40% rate) /g</td>
<td>persons - - 400 1,600 1,200 800 4,000 330 - - 132.0 528.0 396.0 264.0 - 1,320.0 - - 141.5 577.2 441.6 300.3 1,466.0</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>E-finance voucher support (100% rate) /h</td>
<td>persons - - - 330 1,280 1,600 3,200 330 - - 105.6 422.4 528.0 1,056.0 - - - - 115.4 471.0 606.6 1,187.0 -</td>
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</tr>
</tbody>
</table>

##### C. Value Chain Management Information Systems

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Base Cost</th>
<th>Totals Including Contingencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT for Market Livestock System /d</td>
<td>platform 0.05 0.4 0.3 0.25 - - 1 620,000 31.0 248.0 186.0 155.0 - - 620.0 36.0 310.1 237.2 201.7 - - - 787.0 1964.8</td>
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</table>

##### D. Technical specialist

<table>
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<tr>
<th>Description</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Base Cost</th>
<th>Totals Including Contingencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livestock Marketing Specialist /d</td>
<td>month 12 12 12 12 12 12 72 4,500 54.0 54.0 54.0 54.0 54.0 54.0 324.0 54.0 54.0 54.0 54.0 54.0 54.0 324.0 -</td>
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</tr>
</tbody>
</table>

#### Totals

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit Cost</th>
<th>Base Cost</th>
<th>Totals Including Contingencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>155.0 3 260.0 6 598.0 6 225.6 3 237.4 856.0 19 732.0 177.8 3 243.3 7 794.7 7 262.6 3 680.5 968.4 23 127.3 806.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1a Community in-kind contribution in terms of land, personnel
1b engagement of KPSA and County Governments as a key drivers of these forums including County Chamber of Commerce
1c Benefits in-kind contribution as working capital as well as maintenance and operational cost over the life of the project
1d business planning, financial literacy, transport pooling strategies, linkages to market, B2B learning etc.
1e 3 to 6 month apprenticeship
1f e-voucher package includes feeds, extension services, vaccines, marketing etc.
1g e-voucher package includes feeds, extension services, vaccines, marketing etc.Ben contribution is 60% and it is assumed that 80% of the farmers from the initial package will adopt second approach successfully
1h e-voucher package includes feeds, extension services, vaccines, marketing etc.Ben contribution is 60% and it is ass
Comp. 3 Project Management and Coordination Unit
Republic of the Kenya
Kenya Livestock Commercialization Programme (KeLCoP)
Table 3. Project management and coordination
Detailed Costs
Unit
I. Investment Costs
A. Project Management & Coordination Unit Support
1. Knowledge Management and Learning
Support to KM Strategy
per year
Knowledge Mangement Studies
per year
Website Development
per year
Development of KM Products
per year
SSTC Exchange Meetings
lumpsum
Knowledge Management TA /a
month
Subtotal Knowledge Management and Learning
2. Start Up Activities, Workshops, Training & Studies
Faster Implementation of Project Start-Up /b
lumpsum
Website Development
per year
Exchange Meetings
per year
Start Up and SECAP training and workshops /c
workshop
Consolidated Start-Up Workshop /d
workshop
Annual Work Plan and Budget Planning
workshops
Consolidated Annual Work Plan and Budget Planning
workshops
Annual Review and environmental safeguards workshops
workshops
Consolidated Annual Review Workshops
workshops
Miscellaneous Workshops and Meetings
workshops
HR Recruitment Consultancy
workshops
Socio economic and environmental Baseline Survey /e
survey
Socio economic and environmental Mid-term Survey /f
survey
Socio economic and environmental Impact Assessment /g
assessment
Project Completion Report (PCR) /h
unit
Pro-WEIA Assessment (Baseline,Completion)
survey
Beneficiary Feedback Survey
survey
Subtotal Start Up Activities, Workshops, Training & Studies
3. Equipments & Vehicles
Motorcycles 175 cc
motorbikes
Accounting Software
unit
Motor Vehicles Double Cab
vehicles
Computers
unit
Computers Server
unit
Laptops
unit
Photocopier/ printer Machine (heavy duty)
unit
Subtotal Equipments & Vehicles
Subtotal Project Management & Coordination Unit Support
B. Policy and institutional support to national Government
1. Policy and Institutional Support to National Government
Livestock Master Plan
lumpsum
Development of Regulations for Livestock Bill /i
lumpsum
County Level Livestock Strategies
lumpsum
Developing Standards and Certification Regime for Honey Productionlumpsum
Subtotal Policy and Institutional Support to National Government
Total Investment Costs
II. Recurrent Costs
A. Salaries and Allowances
1. PMCU Staff
Project Coordinator
month
Financial Controller
month
Finance Assistant
month
Procurement Specialist
month
M&E Specialist
month
Data Programmer
month
Financial Assistant
month
Administrative General
month
Procurement Assistant
month
Secretaries
month
Support Staff
month
Drivers
month
Project Steering Committee Expenses
month
County Programme Coordination Meetings
month
Gratuity paid to PMCU Staff /j
p.a.
Subtotal PMCU Staff
B. Operational Costs
Operational Costs at PMU Level
month
Operational Cost at County Level (6)
month
Operational Cost at County Level (4-ASAL)
month
Office Equipment
lumpsum
O&M for Vehicles
p.y.
Officer Rent
p.y.
Subtotal Operational Costs
Total Recurrent Costs
Total

2021

2022

Quantities
2024

2023

2025

2026

Unit Cost
(US$)

Total

1
1
1

1

1
1

1
1

1
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5,000
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12

12
72
48
6
12

12
72
48
6
12

2021

2022

Totals Including Contingencies (US$ '000)
2023
2024
2025

2026

Total

Expenditure
Account

Other Accounts
Fin. Rule

6,1
6,1
7,4
192,5
22,1
234,2

7,5
22,5
30,0

6,4
7,7
23,0
37,0

6,5
7,8
23,4
37,7

6,6
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23,9
38,5

6,8
8,1
24,4
39,3

6,1
26,3
6,1
46,4
192,5
139,2
416,6

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10,000
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1,000
5,000
20,000
130,000
130,000
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135,4
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1.113,6
1.299,2
42,9
219,0
117,0
4.608,2
9.858,9
15.090,3

\a KM support to the PCU ( 3 month p.y.consultant)
\b including studies: ESMF and pesticides man.plan;FPIC and Ind. peoples action plan; EIAs and ESMPs for sub-projects
\c in 10 counties
\d 1 consolidated one
\e it will include indicators to assess minimum dietary Diversity for Women +study on socio economic and env survey will address environmental climate indicators
\f it will include indicators to assess minimum dietary Diversity for Women + study on socio economic and env survey will address environmental climate indicators
\g study on socio economic and environmental survey will address environmental climate indicators
\h it will include indicators to assess minimum dietary Diversity for Women
\i selected value chains
\j 31% gratuity paid

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Annex 4: Economic and Financial Analysis

1. About 110,000 direct households, equivalent to 495,000 beneficiaries will receive project services. In total, project aim is to target approx. 50 per cent women and 30 per cent youth.

2. The expected benefits include: i) At least 60 per cent of the households reporting increase in income and 60 per cent reporting increase in the production volume; ii) at least 50 per cent of the targeted women reaching the minimally adequate diet diversity (measured by MDD-W indicator) ii) approximately 60 per cent of the targeted households reporting adoption on environmentally sustainable and climate resilient water infrastructure and practices; iii) access to 6,000 packages for vulnerable households iv) 300 grants distributed for smallholder commercial producers activities v) 500 grants and training of Young Entrepreneurs; vi) 140 grants to youth for the innovative start-ups; vii) 2,000 households benefitting from access to commercial credit for production and 255 credits for marketing viii) 400 groups trained to outreach farmers/elite breeders farmers and improved breeds (small ruminants for meat and dairy) (i.e. up to 8,000 beneficiaries 20 individuals per group); ix) 200 apprenticeship for young men and women breeders; x) 100 groups (i.e. 2,000 HH in total – 20 members per group) will be supported through feed storage infrastructure; xi) 200 certificate training for youth agrovet and Para vets for the purpose of the animal health improvement; xii) 100 smart devices distributed for agrovets for tracking and monitoring diseases; xiii) 20,000 individuals trained under Behavioural Change Communication Campaign (BCCC); xiv) 100 groups supported (i.e. 2,000 HH for the upscaling production of grass seeds and feed storage infrastructure); xv) up to 20,000 humans benefitting and 304,000 livestock equivalent to 50,702 livestock unit from the Climate Resilient Water Infrastructure (i.e. boreholes with solar panels, subsurface dams, rock-catchment, water pans, shallow wells etc.); xvi) 6,000 individuals trained under GALS and business skills; xvii) an estimated 15,000 individuals who will benefit from an e-marketing incremental margin due to the ICT e-marketing support (i.e. 1,500 individuals per county, assuming 10 markets per county, each consisting of 300 potential sellers). The is based on the assumption that 50 per cent of the overall sellers will adopt ICT e-marketing support, which will reduce the transaction costs due to the increase of transparent up to date information floor, specifications, demand, supply, price and availability of trading data. The incremental revenue per individual is estimated at 60 per cent more of total small ruminants’ turnover; xviii) 5,000 individuals supported through e-finance voucher mechanism focused on the financing start up activities and continually supporting successful implementers; and xviii) employment needed for implementation of water infrastructure is equivalent to 54 person one year full time employment; ix) at least 50,000 rural producers accessing production inputs and/or technological packages; xx) around 7,255 households accessing financial services; xxi) around 22,000 women owning productive assets; xxii) US$ 9.4 million of credit advanced to project beneficiaries by the financial institutions; and xxiii) 30,000 individuals would benefit from upgrading 20 market infrastructure.

3. The Net present value (NPV) of the project is positive (US$ 91.3 Million; KES 10.1 Billion). The Economic Internal Rate of Return (EIRR) is estimated at the value of 29.1 per cent, which demonstrates the project’s profitability. The economic analysis suggests that KeLCoP is feasible.

4. For the purpose of the financial and economic analysis, eight financial models have been developed for the production window: (i) dairy goat; (ii) meat goat; (iii) improved indigenous chicken (iv) annual grass/hay; (v) beekeeping ;(vi) 150 layers; (vii) chicks incubators with solar panel for youth and viii) water infrastructure. Most models are expected to provide farmers with physical outputs and attractive financial returns in relation to their extra labour and other inputs and financial investment. The project is expected to provide farmers with financial resources needed to cover production costs (operational or working capital), training, capacity building and administrative support.
The project intervention is expected to increase the yield, quality and distribution of products.

5. Individual production models (smallholder farmers) and group youth and women models have been used to calculate the value of production net of inputs and labour costs. The Project is targeting 110,000 direct households (consisting of 495,000 beneficiaries), and the adoption rate has been estimated at 80 per cent. Targeted groups are mostly women and youth, accounting for approximately 50 per cent and 30 per cent, respectively.

6. **Model 1 Dairy goat.** The model is generating revenue for the selling goat milk, manure and selling meat goat. The investment costs housing structure, in kid doe, establishing forage production unit etc. while operational costs are feed concentrate and supplements, and veterinary service and drugs. The WoP scenario assumes current income of KES 12,600 per average household for non-defined occupational activities. The production and investment costs without labour are KES 52 400. The average revenue is KES 99 275 and average incremental income is KES 40 971. The Benefit cost ratio estimated is 1:1.6 showing that for 100 KES spent in the model will generate a KES 160 of benefits, which is in favour of the model. The NPV is estimated at KES 238 497.

7. **Model 2 Meat Goat: The model is related to 4 ASAL counties (i.e. Baringo, Samburu, Marsabit and Elgeyo Marakwet). The WoP scenario assumes current income of KES 12,600 per average household for non defined and very diversified occupational activities. The model includes purchasing breed buck and generates revenue from the selling meat goat. On average there are 10 goats with the increase over the time up to 15 goats and the revenues arriving from selling meat. The production and investment costs excluding labour are KES 4 165. The average revenue is KES 46 725 and average incremental income is KES 23 409. The Benefit cost ratio estimated is 1:2 showing that for 100 KES spent in the model will generate a KES 200 of benefits, which is in favour of the model. The NPV is estimated at KES 166 418.

8. **Model 3 Improved indigenous chicken:** The production and investment costs excluding family labour are KES 27,809. The WoP scenario assumes current income of KES 12,600 per average household for non defined and very diversified occupational activities. The model assumes purchase of 10 chicks and rooster and three batches per year, totalling 30 birds per year before mortality and own consumption. The own consumption is 7 chicken per year, and mortality rate is between 15 to 10 per cent. The revenues arrive from selling eggs, chicken meat and manure. The main investments are roosters, housing structure shed, small equipment’s (drinker, feeders etc.), poultry eggs laying cages etc. The operating costs are chicken feed which accounts for the highest operational costs, veterinary care and drugs, transport, water, electricity and any other miscellaneous costs. The average revenue is KES 132 878 and average incremental income is KES 106 420. The Benefit cost ratio estimated is 1:2.7 showing that for 100 KES spent in the model will generate a KES 270 of benefits, which is in favour of the model. The NPV is estimated at KES 691 356.

9. **Model 4 Layers/150 eggs:** The model assumes purchase of 150 chicks and 2 batches per year (each 6 months). The WoP scenario assumes current income of KES 196.657 per year with 70 chicks and 2 batches per year (every 6 months). The highest cost is related to the feeding activities. The estimate mortality rate is 5 per cent and the revenues arrives from selling eggs, meat and revenue. The total eggs production after mortality rate and own consumption is estimated at 25 650, which means on average 180 eggs per chicken yearly. The main investment costs are roosters, housing structure shed, small equipment’s (drinker, feeders etc.) The operating costs are feed which accounts for the biggest cost share, veterinary costs, drugs, home rations additional proteins ingredients, transport and miscellaneous costs. The average revenue is KES 423 thousand and average incremental income is KES 176 thousand. The Benefit cost ratio estimated is 1:1.4 showing that for 100 KES spent in the model will generate a KES 140 of benefits.

The NPV is estimated at KES 1.2 million over 20 years period.
10. **Model 5 Annual grass/hay**: The WoP scenario assumes 1 acre of production of 9.8 t with gross income of KES 12,617. In the WP scenario the average yield is 1.5 tonnes/acre compared to the WoP scenario of 0.8 ton/acre. The production and investment costs including labour are KES 20,400, which includes investment, operational and labour cost such as certified seeds, ploughing and harrowing (up to every 5th year), transportation etc. The average revenue is KES 35 thousand and average incremental income is KES 5363. The benefit cost ratio estimated is 1:2.3 showing that for 100 KES spent in the model will generate a KES 230 of benefits. The NPV is estimated at KES 35,367.

11. **Model 6 Incubators chicks/ Youth group model**: The WoP scenario assumes current income for 5 households of KES 126,750 and net benefits of KES 51,226 for the activities related to the production of eggs (each HH contain 20 chickens). The highest cost is related to the feed formulation food. In the WP scenario, the model assumes 5 households. The investment costs are incubators with solar panel (i.e.1000 eggs capacity) and up to 17 cycles per year. This model assumes modest 9 cycles per year, 20 chickens per family, therefore 100 chicken for the group model, assuming 5 HHs. Total chicks production per year is estimated at 9,000, and the revenues arrives from selling one day old chicks and selling one-month old chicks. The main investments and operating costs are feeds, veterinary costs and drugs, roosters, housing structure, chicken nest box, feeders, drinkers, transport costs, miscellaneous cost etc. The production and investment costs including labour are KES 551 thousand, which includes investment, operational and labour cost. The average revenue is KES 1.1 million and average incremental income is KES 641 thousand. This model demonstrates highest profitability considering benefit cost ratio estimated is 1:3.1 showing that for 100 KES spent in the model will generate a KES 310 of benefits. The NPV is estimated at KES 4.6 million over 20 years period.

12. **Model 7 Beekeeping / youth group model**: The WoP scenario assumes total gross margin after labour costs of KES 36,363 and total operating revenues of KES 54,363. The highest costs are buckets/containers and wax straining bags. In the WP scenario, the model assumes additional Kenyan top bar 10 beehives and purchase of manual semi processing equipment. The main investment and operating costs are beehives, hive tool, protective kits, bee brush, feeder box, frames, catcher box, jars, containers, sufurias, straining nets, honey mini drums, wax straining bag, extractor etc. The WoP scenario refers to existing traditional and modern 10 beehives. The WP scenario assumes additional purchase of beehives and the revenues are arriving from processing honey and producing candles from the beeswax. The honey production potentiality is 20kg per beehive/harvest, however our model assumes modest 15 kg per beehives/harvest. The beeswax production is 1 kg per beehives, and it can produce 10 candles as additional income. The average number harvesting per year is 2, and 3 kg per beehives is excluded as the honey losses. It is increase in yield compared to the traditional beehives (log) where yield achieved is up to 10 kg maximum. The average production capacity is between 400 and 650 kg compared to the WoP scenario of 145 kg after own honey consumption and losses. The production and investment costs including labour are KES 249 thousand, which includes investment, operational and labour cost. The average incremental income is KES 203 thousand. The benefit cost ratio estimated is 1:2.6 showing that for 100 KES spent in the model will generate a KES 260 of benefits. The NPV is estimated at KES 1.3 million over 20 years period.

13. **Model 8 Climate resilient Water Infrastructure**: The model doesn’t have WoP scenario because all infrastructure activities are focused on new benefits rather than improved, so all benefits are incremental benefits. The models is based on the constructing or rehabilitating 40 boreholes with solar panels, 20 water pans and 30 sub surfaces dams and or rock-catchments in the ASAL area. The number of usages per year for the boreholes was estimated at 210 days, water pans for 120 days and sub-surface dams approx. 90 days. The boreholes daily capacity has been assumed at 60 thousand litres/day with overall up to 7 months operations, water pans with 40,000 lit/day and sub-surface dams with 16 thousand lit/day. The overall total water capacity production is estimated at 971 million per year. The human consumption/yearly has been estimated 323 million and
livestock consumption /yearly at 647 million. Total number of HHs covered is estimated at approx. 20 000 and 304 000 of livestock (livestock unit: 50 702). The benefits cover requirement of 7.1 per cent of the rural population area coverage in 4 targeted counties and 4.4 per cent of the livestock water requirements. The NPV has been estimated at the KES 848 million over 20 years of the project based on the value of the water production. Total investment costs are estimated at the KES 1,1 billion and the operations and maintenance costs has been taken into consideration. The benefit cost ratio is 1: 1.1 showing that for 100 KES spent it generates 110 KES of benefits.

14. The financial aspects of models are presented at the table 1 demonstrating production and investment costs including labour and excluding labour costs, the average production and investment costs, average revenue, average incremental revenue and incremental income at the 5th year.

<table>
<thead>
<tr>
<th>Model</th>
<th>Production &amp; investment cost, including labour (year 1) KES</th>
<th>Production &amp; investment cost, before labour (average) KES</th>
<th>Average Production &amp; investment cost, including labour KES</th>
<th>Average Revenue per year KES</th>
<th>Average Incremental income KES</th>
<th>Incremental income, (year 5) KES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Goat</td>
<td>52.440</td>
<td>34.049</td>
<td>58.304</td>
<td>99.275</td>
<td>40.971</td>
<td>46.890</td>
</tr>
<tr>
<td>Meat Goat</td>
<td>4.165</td>
<td>4.731</td>
<td>23.316</td>
<td>46.725</td>
<td>23.409</td>
<td>23.728</td>
</tr>
<tr>
<td>Improved ind.chicken</td>
<td>27.089</td>
<td>13.858</td>
<td>47.878</td>
<td>132.878</td>
<td>106.420</td>
<td>115.599</td>
</tr>
<tr>
<td>Layers/ 150 eggs</td>
<td>119.292</td>
<td>145.815</td>
<td>294.495</td>
<td>422.919</td>
<td>178.305</td>
<td>173.107</td>
</tr>
<tr>
<td>Annual Grass / Hay</td>
<td>20.400</td>
<td>11.920</td>
<td>17.020</td>
<td>35.000</td>
<td>5.363</td>
<td>4.783</td>
</tr>
<tr>
<td>Incubators chicks / Youth Group Model a/</td>
<td>551.088</td>
<td>359.801</td>
<td>439.645</td>
<td>1.131.540</td>
<td>640.669</td>
<td>6.838</td>
</tr>
<tr>
<td>Beekeping + Candles / Youth Group Model a/</td>
<td>248.730</td>
<td>103.958</td>
<td>125.468</td>
<td>334.157</td>
<td>203.227</td>
<td>214.673</td>
</tr>
</tbody>
</table>

/a a 5 HH

15. All these eight models (including water infrastructure) present a higher financial efficiency in terms of financial Net Present Value (NPV) and the financial benefits-cost ratio (BCR). For instance, NPV is positive for the all models (KES 238 thousand for model 1 (dairy goat), KES 166 thousand for model 2 (meat goat), KES 691 thousand for model 3 (improved indigenous . chicken), KES 1,2 million for model 4 (150 layers/eggs), KES 35 thousand for model 5 (annual grass/ hay/acre), KES 4,9 million for model 6 (incubators chicks 100 eggs capacity/ group model assuming 5 HHs), KES 1,3 million for model 7 (beekeeping + candles production/youth group model) and KES 848 million for the water infrastructure over 20 years period. Changes in financial indicators illustrate the predicted transformation in livestock practices in the project area. Analyses of the livestock and youth group models confirm that the impact of the project at the farmers level is financially attractive for family households and net farmers’ incomes are expected to increase. For more details, refer to table 2.

16. The BCR has been the highest for incubators with solar panel chicks production estimated at 3.1, followed by improved indigenous. Chicken (2.7), beekeeping +candles (2.6), annual grass/hay /acre (2.2), meat goat (2), dairy goat (1.6), and layers/150 eggs (1.4). The return to family labour per day is among KES 819 and KES 50, the smallest value is for annual grass/hay production and the highest for layers/ 150 eggs. For more details please refer to the table 2 below.

<table>
<thead>
<tr>
<th>Model</th>
<th>Net present value / KES</th>
<th>B/C Ratio</th>
<th>Return to family labour (KES/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Goat</td>
<td>238.497</td>
<td>1.5</td>
<td>200</td>
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<tr>
<td>Meat Goat</td>
<td>166.418</td>
<td>2.0</td>
<td>118</td>
</tr>
<tr>
<td>Improved ind.chicken</td>
<td>691.356</td>
<td>2.7</td>
<td>356</td>
</tr>
<tr>
<td>Layers/ 150 eggs</td>
<td>1.164.566</td>
<td>1.4</td>
<td>819</td>
</tr>
<tr>
<td>Annual Grass / Hay</td>
<td>35.367</td>
<td>2.2</td>
<td>50</td>
</tr>
<tr>
<td>Incubators chicks / Youth Group Model a/</td>
<td>4.601.105</td>
<td>3.1</td>
<td>246</td>
</tr>
</tbody>
</table>
17. The Net present value (NPV) of the project is positive (US$ 91 Million; KES 10.1 Billion). The Economic Internal Rate of Return (EIRR) is estimated at the value of 29.1 per cent, which demonstrates profitability of the project. The economic analysis suggests that the KeLCoP project is feasible. All these worthiness indicators establish the economic feasibility of the project.

18. **Sensitivity Analysis.** The sensitivity tests of the project suggest that the project is robust and worthwhile, especially considering the conservative assumptions made in the computation of the benefits. The project promotes the inclusion of the poor households and has a positive impact on household welfare. The project has low sensitivity on small changes in decrease of revenues and increase of costs.

19. The primary objective of the financial analysis is to determine the financial viability and incentives of the target group (smallholder farmers, youth and group models etc.) for engaging in the project activities, by examining the impact of project interventions on family labour, cash flow and net incomes.

20. The estimated incremental production of the farm and off farm models is expecting improvement in productivity due to the project interventions. The analysis has been taken by taking into consideration the average January 2020 prices assuming similar condition in area region. A cash-flow analysis is finally carried out to present the “with” and “without” project analysis.

21. For the purpose of the financial and economic analysis, it has been developed eight financial models for the production window: (i) dairy goat; (ii) meat goat; (iii) improved ind. Chicken; (iv) annual grass/hay; (v) 150 layers eggs; (vi) beekeeping + candles production; (vii) chicks incubators and (viii) water infrastructure.

22. Most models are expected to provide farmers with physical outputs and financial returns that are attractive in relation to their extra labour and other inputs and financial investment. The project is supposed to provide farmers with financial resources needed to cover production costs (operational or working capital), training, capacity building and administrative support. Due to the project intervention the increase in yield, quality and distribution of products.

23. Demand for labour provides opportunities for the poorest to gain employment. The cost of rural farm labour set at going market rate varies and it is estimated to be from KES 350/day to KES 1500/day depending on the activity and region. Returns to labour as well as net farm income within different models increases by a rate that is substantial and much higher than the prevalent wage rate for inexperienced labour in the area.

**Table 3. Financial Analysis of the Models**

<table>
<thead>
<tr>
<th>Financial Analysis</th>
<th>PRODUCTION</th>
<th>Water Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Models incremental income (KES)</td>
<td>Youths and Women Group model's incremental benefits (KES)</td>
<td></td>
</tr>
<tr>
<td>Financial Analysis</td>
<td>Dairy Goat</td>
<td>Meat Goat</td>
</tr>
<tr>
<td>PY1</td>
<td>-29.207</td>
<td>19.985</td>
</tr>
<tr>
<td>PY3</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY4</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY5</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY6</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY7</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY8</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY9</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>PY10</td>
<td>46.890</td>
<td>23.728</td>
</tr>
<tr>
<td>NPV (KES)</td>
<td>238.497</td>
<td>166.418</td>
</tr>
<tr>
<td>NPV (USD)</td>
<td>2.357.2</td>
<td>1.644.8</td>
</tr>
</tbody>
</table>
Table 4 provides overall project costs by components and beneficiaries. The total project costs have been estimated at US$ 93.3 million over 6-year project implementation period. The cost per beneficiary has been estimated at modest US$ 189 and cost per household has been estimated at US$ 848. Adoption rate of the project is 80% and up to 110,000 of direct households has been estimated to be impacted by the project implementation (equivalent to 495 thousand beneficiaries).
Table 4. Project costs and logframe targets

<table>
<thead>
<tr>
<th>PROJECT COSTS AND INDICATORS FOR LOGFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL PROJECT COSTS (in million US$)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiaries</th>
<th>Cost per beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>495.000 people</td>
<td>USD x person</td>
</tr>
<tr>
<td>4.5</td>
<td>Households</td>
</tr>
<tr>
<td></td>
<td>110.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Components and Cost (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Climate-Smart Production enhancement for small livestock</td>
</tr>
<tr>
<td>B. Support to Livestock Market Development</td>
</tr>
<tr>
<td>C. Project Management and Coordination Unit (PMCU)</td>
</tr>
</tbody>
</table>

Economic Analysis

25. The objectives of the economic analysis are: (i) to assess the overall project viability; and (ii) to estimate the project impact by calculating the economic rate of return. The computation of economic costs is derived from financial project costs, by excluding transfers such as duties, taxes, and price contingencies. Production inputs and outputs, labour, and other items have been shadowed priced to stand for market imperfections. Economic costs in border prices for major agricultural inputs and products were computed using the associated conversion factors to adjust the local content of costs and goods assumed to be non-traded. Prices requiring a different conversion factor are introduced. The related labour financial price is adjusted downward by using a standard conversion factor of 0.83; 0.93 for imported agricultural products and 1.06 for exported agricultural products. Shadow conversion factor is 1.09 which changes shadow exchange rate to value of KES 110.4 for 1 US$. The financial discount rate has been adjusted according to data available on Central Bank of Kenya commercial banks weighted average rates (12.51%) and social rate was adjusted to Govt. bonds (5 years duration - 9.8% source Central Bank of Kenya). More details can be found in table 5.

Table 5. Main assumptions and shadow prices

<table>
<thead>
<tr>
<th>MAIN ASSUMPTIONS &amp; SHADOW PRICES</th>
<th>Price (in LC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Goat</td>
<td>7.500</td>
</tr>
<tr>
<td>Meat Goat</td>
<td>5.000</td>
</tr>
<tr>
<td>Goat milk (lt)</td>
<td>5.000</td>
</tr>
<tr>
<td>Improved ind. chicken</td>
<td>650</td>
</tr>
<tr>
<td>Local chicken</td>
<td>350</td>
</tr>
<tr>
<td>Rooster</td>
<td>700</td>
</tr>
<tr>
<td>Chicken feed (kg)</td>
<td>15</td>
</tr>
<tr>
<td>1-day old chick</td>
<td>250</td>
</tr>
<tr>
<td>6 weeks old chick</td>
<td>250</td>
</tr>
<tr>
<td>Crude Honey (kg)</td>
<td>500</td>
</tr>
<tr>
<td>Semi-processed honey</td>
<td>500</td>
</tr>
<tr>
<td>Hay/annual grass (kg)</td>
<td>23</td>
</tr>
<tr>
<td>Candle (unit)</td>
<td>50</td>
</tr>
<tr>
<td>Vaccines (per bird)</td>
<td>3</td>
</tr>
<tr>
<td>Incubators with solar panel</td>
<td>60.000</td>
</tr>
<tr>
<td>Beehive</td>
<td>5.000</td>
</tr>
<tr>
<td>Rural wage</td>
<td>350</td>
</tr>
<tr>
<td>In kid doe</td>
<td>25.000</td>
</tr>
<tr>
<td>Housing structure (shed)</td>
<td>15.000</td>
</tr>
</tbody>
</table>

26. **Project economic costs and benefits.** The economic analyses include the investment and incremental recurrent costs of the project components. The project financial costs have been converted to economic values by removing of price contingencies, taxes and duties. In order to avoid double counting, the final aggregation considered only those costs that were not included in the financial models. Costs of replacing/maintaining of some specific small equipment are considered.
27. **Benefits estimation:** Incremental production was calculated by calibrating the incremental benefits by the standard conversion factors and then aggregating them, based on the phasing of household and enterprises uptake during the project implementation period.

28. Based on the expected farmers’ responsiveness to the project, the assumption on farmers’ participation is smooth the first years, and increases from project activities such as extension, market development, technical assistance, training and awareness. Incremental aggregated financial and economic budgets, production and inputs including labour, financial and economic efficiency measures, and other technical and economic indicators were then calculated. The phasing of beneficiaries’ participation to the Project activities was based on the rate at which beneficiaries are projected to contribute to Project output.

### Table 6. Beneficiaries, adoption rates and phasing

<table>
<thead>
<tr>
<th>Beneficiaries, Adoption Rates and Phasing</th>
<th>PY1</th>
<th>PY2</th>
<th>PY3</th>
<th>PY4</th>
<th>PY5</th>
<th>PY6</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beekeeping + candles/Youth</td>
<td>0</td>
<td>300</td>
<td>700</td>
<td>600</td>
<td>200</td>
<td>200</td>
<td>2000</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>240</td>
<td>560</td>
<td>480</td>
<td>160</td>
<td>160</td>
<td>1600</td>
</tr>
<tr>
<td>Dairy Goat</td>
<td>0</td>
<td>3725</td>
<td>8691</td>
<td>7449</td>
<td>2483</td>
<td>2483</td>
<td>24830</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>2980</td>
<td>6952</td>
<td>5959</td>
<td>1986</td>
<td>1986</td>
<td>19864</td>
</tr>
<tr>
<td>Meat Goat</td>
<td>0</td>
<td>4800</td>
<td>11200</td>
<td>9600</td>
<td>3200</td>
<td>3200</td>
<td>32000</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>3840</td>
<td>8960</td>
<td>7680</td>
<td>2560</td>
<td>2560</td>
<td>25600</td>
</tr>
<tr>
<td>Improved ind. Chicken</td>
<td>0</td>
<td>750</td>
<td>1750</td>
<td>1500</td>
<td>500</td>
<td>500</td>
<td>5000</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>600</td>
<td>1400</td>
<td>1200</td>
<td>400</td>
<td>400</td>
<td>4000</td>
</tr>
<tr>
<td>150 Layers</td>
<td>0</td>
<td>23</td>
<td>53</td>
<td>45</td>
<td>15</td>
<td>15</td>
<td>150</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>18</td>
<td>42</td>
<td>36</td>
<td>12</td>
<td>12</td>
<td>120</td>
</tr>
<tr>
<td>Annual Grass/Hay</td>
<td>0</td>
<td>6900</td>
<td>16100</td>
<td>13800</td>
<td>4600</td>
<td>4600</td>
<td>46000</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>5520</td>
<td>12880</td>
<td>11040</td>
<td>3680</td>
<td>3680</td>
<td>36800</td>
</tr>
<tr>
<td>Incubators chicks/Youth</td>
<td>0</td>
<td>3</td>
<td>7</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Adjusted (adoption rate)</td>
<td>0</td>
<td>2</td>
<td>6</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>Nr of Targeted HH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>110000</td>
</tr>
<tr>
<td>Adopting HH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>88000</td>
</tr>
</tbody>
</table>

### Table 7. Incremental net economic benefit at the project level (KES)

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>NET INCREMENTAL BENEFITS</th>
<th>Net Incremental benefit ('000 LC)</th>
<th>Cash Flow ('000 LC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dairy Goat</td>
<td>Meat Goat</td>
<td>Improved indigenous chicken</td>
</tr>
</tbody>
</table>

29. Incremental crop production will either be consumed by the households in the Project area or sold to local and external traders in the primary, secondary and terminal markets. Sales are made both for consumption in large cities.
Graph 1. Cash flow of incremental benefits, costs and net cash flow

30. **Assumptions:** Economic pricing has been based on the following assumptions: (i) the conversion of financial project costs into economic costs have been undertaken by multiplying the domestic value added by the standard conversion factor (SCF), and adding in the foreign exchange costs to convert financial values to economic values; (ii) A SCF equal to 1.09 has been applied when converting financial prices into economic prices and the opportunity cost of labour was 83% which represents a conversion factor from financial to economic costs; (iii) the exchange rate used in the economic analysis is fixed at US$ 1 equal to KES 110.4 computed exchange rate prevailing in January 2020 with taking into consideration standard conversion factor of 1.09; and (iv) an economic life time of 20 years have been taken to assess the improvement in capacity building, trainings and awareness. Please refer to the more details in table 5.

31. The Economic Internal Rate of Return (EIRR) on the investments in the Project area over 20 years is estimated at 29.1 per cent and the Net present value (NPV) of the project is positive (US$ 91.3 Million; KES 10,1 Billion). The economic analysis suggests that the KeLCOP Project is feasible. All these worthiness indicators establish the economic feasibility of the project.

32. **Sensitivity Analysis:** In order to include risk factors, a sensitivity analysis in terms of “variable by variable” and “scenario” analysis was done to test changes in economic indicators in conjunction with aggregate costs, benefits, and delays in the realization of project costs and benefits. The EIRR drops to 27.2 per cent with an increase in costs of 10 per cent. With an increase of costs by 20 per cent, the project is still worthy (EIRR of 25.5 per cent). With an increase of the aggregate costs by 50 per cent, the EIRR with 21.2 per cent, still above economic cost of capital. A decrease of benefits by 10 per cent to 20 per cent still yields an EIRR greater than the 24.7 per cent. Project benefit decrease of 50 per cent result in low but still positive NPV and EIRR that is greater than the economic cost of capital.
Table 8. Sensitivity analysis

<table>
<thead>
<tr>
<th>Delta (%)</th>
<th>Link with the risk matrix</th>
<th>IRR</th>
<th>NPV (LC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base_scenario</td>
<td></td>
<td>29,1%</td>
<td>10.077.919.833</td>
</tr>
<tr>
<td>Project benefits</td>
<td>-10%</td>
<td>27,0%</td>
<td>8.547.416.395</td>
</tr>
<tr>
<td>Project benefits</td>
<td>-20%</td>
<td>24,7%</td>
<td>7.016.912.956</td>
</tr>
<tr>
<td>Project benefits</td>
<td>-50%</td>
<td>16,1%</td>
<td>2.425.402.641</td>
</tr>
<tr>
<td>Project costs</td>
<td>10%</td>
<td>27,2%</td>
<td>9.555.208.378</td>
</tr>
<tr>
<td>Project costs</td>
<td>20%</td>
<td>25,5%</td>
<td>9.032.496.923</td>
</tr>
<tr>
<td>Project costs</td>
<td>50%</td>
<td>21,2%</td>
<td>7.464.362.557</td>
</tr>
<tr>
<td>1 year lag in ben.</td>
<td></td>
<td>24,6%</td>
<td>8.266.365.839</td>
</tr>
<tr>
<td>2 years lag in ben.</td>
<td></td>
<td>21,7%</td>
<td>6.821.210.201</td>
</tr>
</tbody>
</table>
Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

1. Introduction

This SECAP Review Note assesses environment, social, and climate risks that are likely to affect the project or emanate from the project, and provides mitigation actions. The SECAP note has been developed in line with IFAD’s SECAP guidelines and Government of Kenya laws. The review note integrates IFAD’s mainstreaming themes such as gender, youth, nutrition, and indigenous peoples, as well as evaluates associated risks and provides mitigation actions. It also undertakes a policy, legislation and institutional analysis of supportive national frameworks and provides guidance on assessments and studies that are required to mitigate negative impacts and enhance positive ones.

During the project design, data and information were obtained from relevant stakeholders, field visits, potential partners and collaborators, and literature review. The design team engaged several stakeholders including farmer cooperatives, women and youth groups engaged in small livestock value chains, county governments, the National Drought Management Authority (NDMA), donor funded projects and the private sector players in the poultry and small ruminants value chains, among others.

2. Situational analysis and potential project impacts

2.1 Socio-economic and nutritional assessment

Overall poverty situation - Although Kenya attained Lower Middle-Income Country (LMIC) status in 2014, an estimated 36.1% is living below the poverty line. The incidence of poverty dropped from 52% in 1997 to 36.1% in 2016, and the percentage of people experiencing extreme poverty fell from 19.5% to 8.6%\(^1\). Food insecurity remains high with approximately 14.5 million still characterised as food poor. The latest SMART survey and sentinel site data collected in July 2019 indicates that food insecurity has significantly worsened as about 2.6 million people are currently experiencing Crisis (IPC Phase 3) or worse outcomes, including some households that are likely in Emergency (IPC Phase 4) in Turkana, Marsabit, Isiolo, Mandera, Tana River, Garissa, Wajir, and Baringo\(^2\). Poverty is more widespread in rural areas where over 71.7% of the population living below the poverty line. The incidence of poverty in rural areas is estimated at 40.1% compared to 29.4% in the urban areas. Poverty disproportionately affects women and youth, and is more pronounced in arid counties. The project will cover 10 counties (out of the total 47 counties), four (4) in the western region, four (4) in Rift Valley region and (2) in the Northern Region. The population is rural, and depend on livestock and crop production for their livelihood. Poverty levels are higher in the (2) Northern Counties. There are also pockets of deep poverty in the other counties. In the Western and Rift Valley regions small scale farmers practice mixed farming, with poor segments of the population growing crops, keeping small ruminants, poultry and engage in honey production. In the North, they are predominantly pastoralists raising camels, beef cattle, goats and sheep for meat. Demographic details on the target counties is illustrated in Table below 1.
Table 1: Demographic details on the target counties

<table>
<thead>
<tr>
<th>#</th>
<th>County</th>
<th>Area (km²)</th>
<th>% of Total</th>
<th>Population</th>
<th>% of Total Pop.</th>
<th>% of rural Population</th>
<th>Population Density</th>
<th>Total Sheep/Goats</th>
<th>Total Chickens</th>
<th>Poverty Index*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Siaya</td>
<td>2,530</td>
<td>0.4</td>
<td>993,183</td>
<td>2.1</td>
<td>89</td>
<td>393</td>
<td>473,464</td>
<td>1,115,347</td>
<td>33.8</td>
</tr>
<tr>
<td>2</td>
<td>Busia</td>
<td>1,695</td>
<td>0.3</td>
<td>893,681</td>
<td>1.9</td>
<td>84</td>
<td>527</td>
<td>133,838</td>
<td>1,017,045</td>
<td>69.3</td>
</tr>
<tr>
<td>3</td>
<td>Bungoma</td>
<td>3,032</td>
<td>0.5</td>
<td>1,670,570</td>
<td>3.5</td>
<td>78</td>
<td>551</td>
<td>249,157</td>
<td>2,493,848</td>
<td>35.7</td>
</tr>
<tr>
<td>4</td>
<td>Kakamega</td>
<td>3,051</td>
<td>0.5</td>
<td>1,867,579</td>
<td>3.9</td>
<td>85</td>
<td>612</td>
<td>256,457</td>
<td>3,193,849</td>
<td>35.8</td>
</tr>
<tr>
<td>5</td>
<td>Trans Nzoia</td>
<td>2,496</td>
<td>0.4</td>
<td>990,341</td>
<td>2.1</td>
<td>80</td>
<td>397</td>
<td>155,490</td>
<td>836,820</td>
<td>34</td>
</tr>
<tr>
<td>6</td>
<td>Elgeyo Marakwet</td>
<td>3,029</td>
<td>0.5</td>
<td>454,480</td>
<td>1.0</td>
<td>86</td>
<td>150</td>
<td>660,600</td>
<td>531,960</td>
<td>43.4</td>
</tr>
<tr>
<td>7</td>
<td>Baringo</td>
<td>11,015</td>
<td>1.9</td>
<td>666,763</td>
<td>1.4</td>
<td>89</td>
<td>61</td>
<td>1,267,182</td>
<td>1,016,911</td>
<td>39.6</td>
</tr>
<tr>
<td>8</td>
<td>Nakuru</td>
<td>7,499</td>
<td>1.3</td>
<td>2,162,202</td>
<td>4.5</td>
<td>54</td>
<td>288</td>
<td>878,059</td>
<td>2,176,865</td>
<td>29.1</td>
</tr>
<tr>
<td>9</td>
<td>Marsabit</td>
<td>70,961</td>
<td>12.2</td>
<td>459,785</td>
<td>1.0</td>
<td>78</td>
<td>6</td>
<td>4,357,786</td>
<td>93,855</td>
<td>63.7</td>
</tr>
<tr>
<td>10</td>
<td>Samburu</td>
<td>21,022</td>
<td>3.6</td>
<td>310,327</td>
<td>0.6</td>
<td>83</td>
<td>15</td>
<td>1,255,658</td>
<td>318,530</td>
<td>75.8</td>
</tr>
</tbody>
</table>

* Basic Report on Wellbeing in Kenya, World Bank, UNICEF

Although the absolute number of people living in poverty is higher in the central and western regions of Kenya, the prevalence of poverty is higher in the ASALs where about 36% of Kenya’s population resides. Population increase in high agricultural potential areas has resulted in shrinking land parcels, pushing farmers who rely on rain-fed agriculture systems into drier, more marginal areas that are increasingly vulnerable to drought.

**Gender.** Approximately 50.3% of the Kenyan population are women (FAO, 2018). With the introduction of the progressive rights-based Constitution of Kenya (2010), the permit of basic rights for women, children and other marginalized groups have been prioritized and safeguarded by succeeding policy and legal frameworks. However, women continue to face barriers in accessing economic and socio-political resources and opportunities (UN Women, 2019). Moreover, incidents of gender based violence, sexual harassment and certain cultural practices such as female genital mutilation and early marriages further exacerbate the situation. Kenya is ranked 109 out of the 153 countries that were rated on their progress towards gender parity in 2019 and has a Gender Inequality Index (GII) of 0.549. The Global Gender Gap Report 2017 ranks Kenya 76 out 144 globally with significant inequalities between males and females in education attainment, health outcomes, representation in parliament and participation in the labour market. Women are underrepresented in decision-making, especially in rural areas and are not adequately represented either at the county government level or at the national level.

According to World Bank modeled estimates (ILO), women account for about 64% participation in the labour force, and the percentage of women salaried workers (23%) are starkly lower than men (53.2)\(^1\). Women and girls living in rural areas spend long hours collecting water and firewood and this and other household chores limit school attendance and work options. Women have less access to land tenure, education, and employment opportunities.\(^2\) While over 80% of Kenyan women are engaged in smallholder farming, only 1% own land in their own right, access less than 10% of available credit, and less than 1% of agriculture credit. The main obstacles to women’s full participation in production and value-addition are cultural norms of access to and control over primary resources, affordable credit, and knowledge, information, and agriculture inputs.

Some of the most generic gender based constraints faced by women in the different nodes of the livestock value chain include, at the production node limited access to and control over land; ownership and control over livestock assets; access to livestock training and extension and finance services; access to livestock inputs, technology and services. Women often suffer from excessive workload and are marginalized in producer groups-in

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terms of membership and leadership positions. At the marketing and processing node in the value chains, women are disproportionately constrained by; poverty, that affects mobility to access markets for livestock and products; low volumes of marketable surplus they produce or control; loss of control over livestock enterprises when they become more commercialized and lucrative; limited entrepreneurial capacity; and stringent regulatory rules that seek to formalize processing and marketing of livestock products.

Youth. In 2018, it was estimated that approximately 42.4% of the population was under the age of 15, while approximately one third of the country comprised of youth (15-24) (CIA Fact book, 2018). Youth account for 35.4% of the Kenyan population and offer a dynamic workforce that is highly adaptable, with a high uptake of technological innovations. In 2017, 22% of youth (15-24) were unemployed, while the national unemployment rate was 11% (FAO, 2018). According to a study conducted by UNDP, 80% of the unemployed are between 15-34 years old (UNDP, 2015). With approximately 1,000,000 youth entering the labour market of Kenya annually (Kenya Country Report on Youth Employment, 2014), youth unemployment continues to become a significant concern. Therefore, the agriculture sector, which directly contributes to 24% of the annual national GDP and 27% in indirect contributions, offers multiple livelihood and employment opportunities to youth (Kenya Youth Agribusiness Strategy, 2017-2021).

The challenges faced by rural youth face include lack of access to entrepreneurial opportunities, finance, acquiring relevant skills and job qualifications. The key challenges for the participation of youth in agriculture outlined in the KYAS (2017-2021) include negative perception and attitude to agri-business among youth, inadequate skills, knowledge and information; limited agricultural innovation, limited access to finance and resources such as land as well as inadequate policies to support youth in agri-preneurship. The livestock sector still faces low levels of youth engagement. Nevertheless, young women and men are engaged at critical points of the livestock value chains. Young men are animal walkers, small traders, transporters of livestock, and manual labourers at markets. Young women are more visible as producers and sellers of honey and in groups that are formed around poultry and small-ruminants. Young men and women’s ability to engage in the livestock value chain is limited by their lack of capital, limited access to finance and limited knowledge of the opportunities for investment.

Indigenous peoples. Indigenous people are considered those segments of the population who have continued to abide by their traditional customs and belief systems and way of life and are marginalized. They include hunter gatherers and pastoralists. It is estimated that pastoralists comprise 25% of the national population, while the largest individual hunter-gatherer community amount to approximately 79,000. The pastoralists, mainly occupy the arid and semi-arid lands of northern Kenya and towards the border between Kenya and Tanzania in the south. The hunter-gathers include the Sengwer, Ogieks, Yiaku, Waata and Aweer (Boni), while the pastoralists include the Turkana, Rendille, Borana, Maasai, Samburu, Ilchamus, Somali, Gabra, Pokot, Endorois and others. With increasing competition for resources due to population growth, the indigenous peoples of Kenya face insecurity in the possession of land and resources, poor service provision, low political representation, and marginalisation. The constitution of Kenya, 2010, recognises the rights of minorities and marginalised and guarantees their rights to their land. In spite of this, indigenous communities continue to face challenges related to access to land and natural resources management.

Marginalised groups. Kenya does not identify with the term indigenous, rather considers those segments of the population who have continued to live by their traditional customs and belief systems and way of life, as marginalized. Therefore, Kenya does not have specific legislation on indigenous peoples. The country has not yet adopted the United Nations Declaration on the Rights of Indigenous Peoples and has yet to ratify

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Convention 169 of the International Labor Organization. Chapter Four of the Constitution of Kenya contains a progressive Bill of Rights that makes international law a key component of the laws of Kenya and guarantees the protection of minorities and marginalized groups. The hunter-gatherers include the Ogiek, Sengwer, Yiaku, Waata and Aweer (Boni), while the pastoralists include the Turkana, Rendille, Borana, Maasai, Samburu, Ilchamus, Somali, Gabra, Pokot, Endorois and others. The marginalized peoples of Kenya face insecurity in the possession of land and resources, poor service provision, low political representation, discrimination and exclusion. These communities face scarcity and insecurity of land and resources, poor services and discrimination. The situation of indigenous peoples seems to worsen each year, with increasing competition for resources on their land.4

Nutrition. Kenya continues to face severe food insecurity with 3.4 million people in 2017 suffering from acute food insecurity.5 Even though Kenya has made substantive strides in reducing the prevalence of stunting nationally, falling from 35 percent in 2008 to 26 percent in 20146 and it is on course to meeting the global targets for reducing malnutrition7, Kenya still experiences a malnutrition burden among its under-five population. Stunting is most prevalent among children 18–23 months, indicating that poor infant and young child feeding practices and inadequate hygiene and sanitation practices are likely contributors to stunting in that age group. In addition, poor complementary feeding, traditional dietary practices particularly in pastoral communities and recurrent infections or chronic or diseases which cause poor nutrient intake, absorption or utilization are also contributing to high rates of malnutrition in the country.

While acute malnutrition (wasting) among children under 5 years is relatively low nationally (4 percent), it reaches almost 14 percent in North Eastern region. Children of mothers who did not complete primary school or who have no education are more likely to be stunted than children of mothers with a secondary or higher education at 17 percent. Disparities are also apparent among wealth quintiles. Vitamin A deficiency is relatively low at 9 percent in children under 5 years, whereas, maternal and child anemia are widely prevalent in Kenya, with 36 percent of children under 5 years and 42 percent of pregnant women suffering from anemia. Adolescent girls 15–19 years in Kenya are the most malnourished group among women of reproductive age. Although undernutrition is still an issue in Kenya, overweight and obesity are also becoming a concern, with 33 percent of women overweight or obese. Although the total fertility rate has reduced in the past 20 years, the adolescent fertility rate increased between the 2008–09 DHS and the 2014 DHS, from 36 to 40 percent. The high prevalence of adolescent pregnancy has serious consequences because, relative to older mothers, adolescent girls are more likely to be malnourished and have a low birth weight baby who is more likely to become malnourished.

2.2 Environment and climate context, trends and implications

The Kenyan economy relies heavily on natural resources to support people’s livelihoods and to contribute to national income. Kenya’s main natural resource base, are forests, wetlands, dryland, aquatic and marine resources. Different communities based on their social-economic needs and cultural practices and determined by, among others, weather patterns, soil fertility, ecology and level of social development, practice various forms of land used.

Forests. Kenya’s forest ecosystems include savannah woodlands, montane rainforests, dry forests, mangroves and coastal forests. The country’s forest cover is estimated at

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4 https://www.iwgia.org/en/kenya
5 https://www.wfp.org/countries/kenya
6 Kenya Demographic and Health Survey 2010 and 2014.
7 UNICEF global database in Infant and Young Child Feeding, UNICEF/WHO/World Bank Group: Joint child malnutrition estimates, UNICEF/WHO Low birthweight estimates, NCD Risk Factor Collaboration, WHO Global Health Observatory. Notes: Data on adult indicators are based on modelled estimates
7.4%, against the recommended global and national minimum of 10%. The forest sector is critical for Kenya's economic, social and environmental wellbeing, as well as climate resilience. Kenya has experienced a rapid depletion of its forest resources, at a rate of 5000ha annually, resulting in reduced water availability and economic losses, currently estimated to be 19M USD annually. The key challenges facing the forestry sector are: illegal logging; deforestation and degradation; and forest fires (Ministry of Environment and Forestry, 2018).

**Water.** Kenya is endowed with several water resources such as lakes, rivers, dams, ocean, streams, springs, ground water resources among other sources. However, the country is still considered a water-stressed country because its renewable water resources are estimated at 650M $^3$ per annum (a country is classified as 'water-scarce' if the renewable fresh water generated per annum is below 1000M $^3$). Kenya's water scarcity is exacerbated by variable and unreliable rainfall patterns, as well as climate change. Coupled with an increasing population, the demand for water already outstrips supply. The effects of water scarcity are much more pronounced in the ASALs, which receive very low rainfall. Water resources in Kenya face several challenges such as over abstraction in some catchments; inappropriate land use; destruction of riparian land; soil erosion; water resource use conflicts; and effluent discharge into water bodies.

**Land.** Land in Kenya is either national/public land, communal land or privately owned. Only 17% of the country's total land cover is arable, and suitable for rainfall dependent agriculture, while the rest is semi-arid and arid land (ASALs). Although the irrigation potential is high, it is still underdeveloped and only 10% of the total land cover is under irrigation to date. Additionally, some parts of Kenya still face land tenure issues that in some cases result in violent community conflicts or inability to access and productively utilize land resources, especially among women and the youth, and indigenous peoples. The pace of land reforms in the country, to address recurrent land use conflicts has been slow with very limited results to date. Vast land in the country faces high risks of land degradation, particularly in the arid and semi-arid regions. Land degradation is mostly human induced and mainly manifests in the form of: soil erosion; rangeland degradation; salinity; deforestation; desertification; salinization, soil nutrient loss; sedimentation

**Protected areas/ramsar sites/water towers.** About 8% of Kenya’s land mass is considered protected areas. Protected areas are over 70 in number and include national parks and reserves, straddling ecosystems such as forests, wetlands, savannahs, marine and semi-arid areas\(^8\). The project will cut across 10 counties and cover several protected areas. These include: Samburu Game Reserve, Lake Nakuru National Park, and Marsabit

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\(^8\) KWS (2020). Overview of protected areas. [http://www.kws.go.ke/content/overview-0](http://www.kws.go.ke/content/overview-0)
National Park. Map 1 shows the protected areas and water towers across the country. The project will also be implemented in counties that host three of Kenya’s major water towers, namely, the Cherangany Hills, The Mau Complex, and Embobut forest. These water towers are facing severe deforestation and encroachment for settlement and grazing. The project will collaborate with the GEF funded Eldoret-Iten Water Fund project (EIWF), managed by IFAD, that will cut across these three water towers, to ensure that there are synergies in the implementation of biodiversity conservation, sustainable land and water management and climate resilience measures geared towards protecting the catchments and Ramsar Sites that depend on the catchments. These Ramsar sites include Lake Nakuru and Lake Baringo. The water fund is a public private partnership between farmers, government/counties and private sector with water users downstream. An endowment fund will be established and resourced by the private and public sector to ensure sustainable land and water management interventions are financed upstream and around water towers in the long term.

Land degradation. "The most critical causes of land degradation in Kenya include poor land management (mostly destruction of natural vegetation in the catchment areas through activities such as farming, encroachment and illegal logging of forests). Deforestation in the past was also caused by forest excision for farm settlement and illegal tree felling for fuel use and timber. This caused increased runoff, flash flooding, reduced infiltration, soil erosion, and siltation in the dams and other water reservoirs. Land degradation is related to poverty and vice versa, posing challenges to the prediction and mitigation of both phenomena, especially at national levels. The causes of land degradation in Kenya are both natural and human induced. They include biophysical (natural) factors related to climatic conditions and extreme weather events such as droughts and floods, and catchment factors such as steep slopes and highly erodible soils. However, it is the human activities that pose greatest threat, and these include unsustainable land management practices.

Studies reveal that majority of the land in the country faces high risks of land degradation, particularly in the arid and semi-arid regions. Land degradation is mostly human induced and mainly manifests in the form of: soil erosion; rangeland degradation; salinity;
deforestation; desertification; salinization, soil nutrient loss; sedimentation. Land degradation in the project counties manifests itself through unsustainable land management practices such as overstocking, overgrazing, deforestation, sedimentation of water bodies, and rangeland degradation. Some of the SLM interventions being promoted include rangeland governance and rehabilitation reforestation, and soil and water conservation measures, such as soil erosion control, and forage establishment.

**Human-Livestock-wildlife conflicts.** Game reserves, parks and conservancies close to pastoral and mixed farming settlements pose the challenge of human–livestock wildlife conflicts. Diseases can be transmitted from wildlife to livestock. There is also competition for natural resources such as pasture and water between wildlife and livestock. The expansion of population has forced people to infringe on wildlife habitats and convert land to other uses incompatible with wildlife. Human-wildlife conflicts negatively impact on the humans, livestock and wildlife alike. The wildlife may sometime causes injury or death to livestock and humans, leading to huge losses. The loss of lives and livestock exacerbates poverty, especially in ASAL regions, which already struggle with high incidences of poverty. ASAL counties such as Marsabit and Samburu have seen an increase in human wildlife conflicts over the past decade. In February 2019, Kenya Wildlife Services (KWS) issued a notice to the public that the dry spell that was being experienced in most parts of the country was displacing wildlife from their traditional habitats in search of pasture and water. This had increased conflict as the wildlife came into contact with the public and human activities. They said that as the dry spell progressed, the risk of human wildlife conflict was expected to increase until the country received the long rains. The project counties host several national parks and game reserves, including the Lake Nakuru National Park, Samburu National Reserve and Marsabit National Park among others.

**2.3. Climate trends and impacts**

Kenya has been negatively affected by climate change in most sectors of its economy including crop and livestock production, tourism, transport among others. Climate variability and climate change is increasingly felt across the country and the duration between climate hazards such as droughts and floods has become shorter, with wide reaching impacts and losses. Kenya’s mean annual temperature is expected to increase by 1.0°C to 2.8°C by 2060, while rainfall is expected to increase by up to 49mm per month. More hotter days are being experienced in Kenya, particularly during the long rainy seasons, when most farmers are planting. Figure 1 below provide an indication of historical trends in temperature and precipitation (WB, 2019).

In the last 60 years studies show that temperature has increased by 1.5- 3°C [9] and increased rainfall variability. Much of the variability may be explained from the Kenya El Nino and La Nina events for the last 65 years as presented in Figure 2.

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Partly due to El Niño and La Niña episodes, Kenya is prone to cyclical prolonged droughts and serious floods, with climate change increasing the intensity and frequency of these events. Shorter intervals between droughts and prolonged droughts in the county have contributed to food insecurity due to loss of crops and livestock, loss of biodiversity, land degradation etc. Floods experienced after drought periods have wreaked havoc in many parts of the country, through damage to crop and livestock systems, infrastructure and loss of lives among others. Future climate models reveal that there will be more severe droughts and intense floods by 2100. Figure 3 highlights how floods and droughts have impacted Kenya agricultural growth rate in the last 40 years.

“In the ASALs, about 2 million people are permanently on famine relief, with the number rising up to 5 million during severe droughts. Northern Kenya’s arid and semiarid lands (ASALs) are food- and water-insecure regions dependent on limited and highly variable rainfall. Rising temperatures, heat waves, changes in seasonal rainfall and extreme rainfall events intensify risks to livestock and crop production, and to human health through heat and water stress, disease, damage to crop and grazing lands and diminished water quality. The recurrent drought events of recent years (i.e., 2009, 2011 and 2017) have affected millions, increasing food insecurity and reliance on emergency
food aid among the ASAL region’s pastoralists and agro-pastoralists. Floods caused by heavy rainfall, such as those in 2018, have also led to extensive displacement, loss of livestock and crops and periodic health impacts such as cholera outbreaks. Rising temperatures have implications for heat stress, rangeland productivity and disease outbreaks (see box below). Heat stress in livestock can reduce feed consumption, reproduction and growth rates, longevity, milk production and disease resistance. At temperatures more than 30°C, cattle, sheep and goats reduce their feed intake by three to five percent for each 1°C increase.\textsuperscript{13}

Mean annual temperature, for the period 1999-2018, for KeLCoP sub-counties ranged from about 15°C for the mountainous areas in the Western part of the country to above 26°C for the Northernmost sub-counties of Marsabit. Altitude combined with higher latitude are the main drivers of these differences across sub-counties (Figure 4).

![Mean annual temperature (1999-2018)](image)

\textit{Data: ERA5 daily mean temperature at the sub-county level.}

Observed mean annual temperature (Figure 4) for the sub-counties of KeLCoP project. By the 2040s (2036-2045), when the capitalization period of the project is projected to end, temperatures in the sub-counties will have increased from 1.5°C to 1.9°C on average compared to the mean temperature in the reference period (here 1986-2005). The analysis however separates warming in the dry season and in the wet season.

On average and across most of the sub-counties, the dry season is projected to experience a faster warming than the wet season. The sub-counties of Nakuru could be exposed to the fastest warming. The Northernmost county of Marsabit is projected to experience a slower warming compared to the other counties – however, on average, the mean temperature of the Marsabit sub-counties will remain the highest of the KeLCoP counties by the 2040s.

Findings from the in-depth climate risks analysis show that the high climate risks in different KeLCoP sub-counties emanating from increased drought and heat stress have noticeably different effects on the selected value chains. For instance, sheep and poultry

\textsuperscript{13} USAID (2018). Climate risks in food for peace geographies. USAID
are particularly more stressed especially in the northern counties, showing decreased suitability which may lead to reduced productivity and mortality. Goats and bees are less affected and should therefore be prioritized for adoption in regions where sheep and poultry are less suitable. Figure 5 below shows that the sheep value chain is likely to experience high thermal humidity stress in Marsabit and Busia counties, with Baringo coming in at moderate/severe stress.

Further, it is reported that average precipitation will remain at today’s level but with a massive change in the distribution within the dry and especially wet seasons. More extreme wet events that could lead to flash floods and landslides are projected in the Northern counties, in line with the current change in climate. Temperature will increase on average of between 1.5 and 1.9 degrees with the Southern regions warming faster than the Northern ones. There is need to invest in a climate and weather information system in order to relay information on extreme weather events to farmers and pastoralist, as well investing in climate proofing water infrastructure, and climate smart livestock interventions such as hay making, efficient feed management, sustainable pasture management, and sustainable land and water management practices such as reforestation and agroforestry, and livestock insurance.

2.4. Climate change mitigation. The project focuses on climate adaptation largely, although some adaptation activities may have beneficial impacts on mitigation. The livestock sector in Kenya contributes significantly (90%) to GHG emissions (specifically Methane gas), and is expected to account for an increase of 30% in GHG emissions by 2030. KELCOP focuses on small ruminants which have a low contribution to GHGs in comparison with cattle/dairy value chain. IFAD and the GoK are developing a livestock sector nationally appropriate management action (NAMA) project that will help mitigate the impacts of climate change on the dairy cattle and general livestock sector in Kenya. The project is seeking financing from the Green Climate Fund, and will complement KELCOP by addressing mitigation aspects of the project. Calculations of the baseline and projected emission reductions will be done at the proposal development stage.
2.5 Target group profiles

The primary target groups will comprise (i) the very vulnerable, ultra-poor, mostly women headed, pastoralist and agro-pastoralist households (ii) the smallholder men and women commercially orientated pastoralist and agro-pastoralist households (iii) young women and men involved in production and entrepreneurial activity at critical points in the value chain. Indigenous people are also a critical target group. The project has a strong focus on the inclusion of women and youth, marginalized tribes and persons with disabilities. In addition, the project will engage with value chain drivers such as farmers who have the resources to function as breeders of livestock, and traders, private sector companies, transporters, private agro-vets and input suppliers who will comprise the members of multi-stakeholder forums. The project seeks to be nutrition sensitive, gender transformation, climate focused and youth sensitive. Measures have been put in place in the PDR and PIM to address mainstreaming themes.
3. Policy, Legal and Institutional analysis

The GoK has put in place several policies, legislations and institutional frameworks to regulate and address environmental, climate and social inclusion thematic areas as illustrated in Table 2 below.

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Policies/Legislations/Guidelines/Strategies/Action Plans</th>
<th>Key Institutions</th>
</tr>
</thead>
</table>
3.1. Key National Policies on Thematic Areas

**Gender.** “The Kenya National Policy on Gender and Development (2000) made some achievements including the requirement for gender representation and mainstreaming gender considerations across all sectors. However, the pace of achieving these milestones was slower than expected. The 2010 Kenya constitution created a platform for gender equality and non-discrimination. Article 10 of the Constitution is on the National Values and Principles of governance highlights such principles as equality, equity, inclusiveness and non-discrimination. These principles support gender equality. Nevertheless, the patriarchal social order supported by statutory, religious and customary laws and practices; and the administrative and procedural mechanisms for accessing rights have continued to hamper the goal of attaining gender equality and women’s empowerment. Progressive provisions in law have not delivered gender equality.

The National Policy on Gender and Development (2019) is geared towards ensuring gender equality and women empowerment in the social, economic, political and cultural spheres as envisaged in the Constitution. The framework will endeavour to establish and strengthen Affirmative Action efforts aimed at reducing gender inequalities and geographical disparities in the distribution of natural resources and access to productive resources such as land, labour, finances, information and technology. The development of this policy is influenced by international and national instruments for GEWE that emphasize gender mainstreaming as the key strategy for the achieving development. It is also informed by the constitutional dispensation and transformation, the socio-economic environment and other national orientations.”

**Youth.** The draft Kenya Youth Development Policy (2018) seeks to scale up youth empowerment programmes and to ensure valuable contributions of the youth to the Country’s development. The thematic areas of the policy are: Youth, Health and Nutrition; Patriotism and Volunteerism; Leadership, Participation and Representation; Skills Development and Employment, and Entrepreneurship Development; Creativity and Talent Development; ICT Development; Agriculture; Environment and Sustainable Development; curbing Drugs and Substance Abuse; Crime, Security and Peace Building; Youth Mainstreaming; and eradicating Radicalization and Violent Extremism.

**Environment and Natural Resources Management.** The Environmental Management and Coordination Act, 1999 and the 2015 amendment provides an institutional framework for environmental management in Kenya, and entitles every citizen to a clean and healthy environment. The ACT operates on the following principles: polluter pays; public participation; international cooperation, cultural and social principles; inter and intra-generational equity; and the precautionary principle. The ACT also establishes the National Environment Management Authority and provides regulations and guidelines for mitigation of environmental risks through the EIA guidelines.

**Climate Change.** The Kenya Climate Change Act (2016) provides a regulatory framework for an enhanced response to climate change, provides mechanisms and measures to improve resilience to climate change and promotes low carbon development. The act seeks to mainstream climate resilience in all development plans, and encourages the use of climate proof/clean/green technologies. Furthermore, the National Climate Change Response Strategy involves comprehensive strategies developed to respond to climate variability and climate change. It proposes activities and actions to adapt, mitigate, and cope with climate change management. The National Climate Change Action Plan (NCCAP) 2018-2022 facilitates mainstreaming of climate action to Kenya’s Big Four Agenda. Moreover, Counties are required by law to prepare and implement County Integration Development Plans which mainstream climate change adaptation and mitigation actions to sectoral actions and strategies.

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**Nationally Determined Contributions.** Kenya is a signatory to the UNFCCC and the Paris Agreement, and has committed to climate mitigation and adaptation actions under its NDCs. The mitigation contribution intends to abate greenhouse gas (GHG) emissions by 30% by 2030. The key mitigation priorities are: renewable energy (geothermal, solar, wind, biogas etc.) and energy efficiency; afforestation and reforestation (10% tree cover); climate smart agriculture; low carbon and efficient transport systems; and sustainable waste management. The adaptation actions include: increasing the resilience of energy systems; promoting climate smart technologies; climate proofing infrastructure; awareness creation, training and education on climate change across all sectors; enhancing climate information services; strengthening the adaptive capacity of vulnerable groups and communities through safety nets and insurance; climate smart agriculture, fisheries and livestock development; mainstream climate change into CIDPs. Kenya is a signatory to the Paris Agreement, and has committed to climate mitigation and adaptation actions under its NDCs. The mitigation contribution intends to abate greenhouse gas (GHG) emissions by 30% by 2030. The key mitigation priorities are: renewable energy (geothermal, solar, wind, biogas etc.) and energy efficiency; afforestation and reforestation (10% tree cover); climate smart agriculture; low carbon and efficient transport systems; and sustainable waste management. The adaptation actions include: increasing the resilience of energy systems; promoting climate smart technologies; climate proofing infrastructure; awareness creation, training and education on climate change across all sectors; enhancing climate information services; strengthening the adaptive capacity of vulnerable groups and communities through safety nets and insurance; climate smart agriculture, fisheries and livestock development; mainstream climate change into CIDPs.15

**Nutrition.** The National Food and Nutrition Security Policy (2011) seeks to ensure that all Kenyans enjoy safe food, in sufficient quantity and quality, to satisfy their nutritional needs for optimal health, at all times and throughout their life cycle. The Policy seeks to address associated issues of chronic, poverty-based food insecurity and malnutrition, as well as the perpetuity of acute food insecurity and malnutrition associated with frequent and recurring emergencies, and the critical linkages thereof. This includes: food availability and access: food safety, standards and quality control; nutrition improvement; school nutrition and nutrition awareness; food security and nutrition information; early warning and emergency management; institutional and legal framework and financing; and policy implementation and monitoring.

**Indigenous Peoples.** Kenya has no specific law on Indigenous Peoples but has ratified the: i) International Convention on the Elimination of All Forms of Racial Discrimination (ICERD); ii) the Convention on the Elimination of Discrimination against Women (CEDAW); and iii) the Convention on the Rights of the Child (CRC). Within Kenya Constitution's Bill of Rights, Kenya guarantees the protection of minorities and marginalized communities/groups. The Constitution obliges the State to ensure adequate representation of marginalized and Indigenous peoples in all levels of government, and to promote the freedom to exercise culture and indigenous languages. To date, Kenya is yet to ratify the ILO convention on Indigenous and tribal peoples16

4. Environmental and social category

KeLoCoP’s environment and social risk categorisation is B. The project will have moderate environmental and social impacts, which are reversible or can be mitigated through proposed interventions. The main environmental risks that were identified during the design period were related to: overgrazing and overstocking leading to soil erosion and sedimentation, pastureland degradation, effluence discharge from slaughter houses into water sources, resource use conflicts, deforestation, trampling along water sources, pests and disease outbreaks e.g. rift valley fever, pollution of water sources/bodies by animal manure; potential human health risks as a result of eating contaminated meat or using polluted water sources; continuous depletion of indigenous livestock genetic resources, insufficient or poor quality feed/forage and inadequate fodder storage. Social risks include, lack of appropriate poverty indicators and community bias that may lead to selection of better-off households for graduation packages, elite capture of grants by groups experienced in capitalizing on donor interventions, risks of men taking over women’s economic activities with increase in value or profitability and patriarchal norms that may prevent women from participating and benefitting from project activities, among others.

The project will invest in interventions that will address identified environment and social risks. Environmental risks will be mitigated through investment in rangeland and water resources governance systems, water harvesting technologies, improved fodder and

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forage species, animal breeding to strengthen genetic abilities, hay and silage making, awareness creation and sensitisation on pollution prevention, manure promotion in farms, afforestation and agroforestry, soil erosion control measures, establishment of carrying capacity and stock size management, better surveillance, monitoring and control of animal diseases and pests, and sensitisation of the public on health and safe animal products. The small ruminant systems promoted by the project will stimulate and increase the efficiency of small livestock production through better feeding, health and genetic resources management. Small ruminants emit less enteric methane (CH4) than all other domestic ruminant animals per unit body weight, are more water-efficient than large ruminants and better suited to integrated small farming systems (e.g. manure application for kitchen garden production).

4.1 Social risks
Social risks are likely to result from resource use conflicts, elite capture or takeover of women’s economic activities by men. The project will mitigate these risks through elimination of community bias in selection of ultra-poor households. One approach is that the project will incorporate community wealth ranking to capture area-specific poverty attributes, complimented by the household validation by the service provider. The elite capture will be minimized through vetting the governance and group dynamics, monthly visits by group mentors to monitor group governance and dynamics and forming of new groups of interested smallholder farmers and rural poor. Men takeover of women activities will be addressed through ensuring group ownership of assets, close contact between the mentors and the beneficiaries to monitor use of assets and economic activities. Although not observed during the design, the project will monitor other potential social risks such as child labour, gender based violence and sexual harassment, early marriages, and FGM. The project will sensitise project management and implementation units and coordinate with the relevant agencies tasked to deal with such issues on the ground.

4.2 Environment and social assessment studies
In line with IFAD’s social, environmental and climate assessment procedures (SECAP), the project has developed a draft Environment and Social Management Framework (ESMF) and its Environment and Social Management Plan (ESMP) since the actual project sites are yet to be fully determined. The ESMF identifies sub-projects that require site specific environmental impact assessments (EIAs) and their ESMPs and also develops screening criteria to ensure the project remains a category B. The ESMF also identifies environmental and social risks and proposes appropriate mitigation actions. Kenya has existing environment and social safeguards regulations and guidelines, as articulated in the Environmental Management and Coordination Act (1999) and in the Amendment of 2015. The Act provides guidelines for Environmental Impact Assessments (EIAs) through the revised schedule 2. As such, the National Environment Management Authority will be engaged in the process of approving EIA reports, licensing, and monitoring activities periodically. The overall ESMP will be embedded into the PIM and the PMCU trained on implementation and monitoring. An integrated pesticides management plan has also been developed and attached as an appendix of the ESMF. The project will further develop the draft ESMF into a detailed one integrating the findings of field visits and stakeholder engagements. The final ESMF will also elaborate risks associated with the various sub-projects and develop their ESMPs. The detailed ESMF will be finalised at the pre-implementation stage or as soon as the Covid 19 situation eases off.

The project area is home to various indigenous peoples, mainly hunters and gatherers and pastoralists, such as the Sengwers, Ogieks, Gabra, Watta, Boranas, Rendille etc. Indigenous communities possess immense knowledge on sustainable natural resources utilization and management, and have strong cultural heritages. The project will tap into this knowledge and work closely with them in conservation efforts, climate resilience building, while also co-identifying livelihood improvement opportunities. This will be done through undertaking a Free, Prior and Informed Consent (FPIC) and the development of an Indigenous Peoples Action Plan. This will be done comprehensively at the pre-
implementation stage or once the Covid 19 movement restrictions are eased and stakeholder engagements and consent can be obtained from the communities. It is also important that the indigenous peoples action plan is developed with full participation of the community. For now, the project has prepared and submitted an indigenous peoples planning framework and an indigenous peoples plan.

A draft grievance redress mechanism has been developed to address resource use and other social conflicts in the project area. The grievance redress mechanism will be finalised after field visits and stakeholder participation at the pre-implementation stage or once Covid 19 restrictions ease off. The PIM has attached ToRs (environment and social safeguards consultants) that indicate the staggering of these assignments and pending work.

5. Climate risk category
KELCoP’s climate risk classification is high. Some of the project counties are exposed to extreme weather events, mainly frequent and prolonged droughts as well as drought Droughts in ASAL counties (such as Marsabit, Samburu and Baringo) have continued to affect livestock production/productivity and the livelihoods of pastoralists/agro-pastoralists.

Temperatures in Kenya have increased moderately over the years (by 0.25-0.5°C). The decrease in rainfall combined with the moderate increase in temperature has resulted in reduced length of the seasons as well as an increase in heat stress. Drought frequencies have increased to every 1-3 years which has in some instances resulted in losses of up to 60% of livestock in recent years in Marsabit County.17 During the drought, livestock are emaciated and their value drops drastically. Prolonged droughts also result in long-term environmental changes such as deforestation, drying up of rivers and shallow wells, increased incidences of new pests, weeds and diseases, land degradation and amplified wildlife-human conflicts. The climate related risks could lead to emergence or re-emergence of climate related diseases, such as the Rift Valley Fever or anthrax, which re-emerges, periodically in ASAL areas after occasional heavy rains and flooding. The strengthening of epidemiological surveillance systems will mitigate such risks and the project will concurrently enable rapid and adequate response during outbreak of climate sensitive diseases through contingency planning and responses.

The western counties (Trans Nzoia, Kakamega, Bungoma, Siaya and Busia) are relatively cooler, wetter and the mean annual temperatures are lower. In various climate projection scenarios, western regions will more likely experience extreme events related to floods and landslides (caused by a combination of deforestation, intensive rainfall, soil erosion and agricultural activities on hilltops. Farmers in this region have also noted changing seasonality, i.e., delayed onset of rains, unreliability and variability of rains, reduced or increased amounts of rainfall, and higher temperatures during the dry season. All these present major risks to crop production and livelihoods.

Green House Gases (GHGs) emission intensities for small livestock are relatively lower than for that of dairy cows or beef production systems. The project will promote and increase the efficiency of small livestock production (through better feeding, health and genetic management). Small ruminants are more water-efficient than large ruminants, versatile and readily adapt to a changing climate (and are more suited to integrated small farming systems (e.g. manure for kitchen garden production), emit less enteric methane (CH4) than all other domestic ruminant animals per unit body weight and are recognized as an affordable asset which can be easily relocated in case of climate vagaries.

The potential increase in pressure on natural resources and biodiversity due to the expected growth in small ruminants under the project will be mitigated through promotion

17 https://www.wfp.org/sites/default/files/Marsabit%20CGNA%20-%2028062016_V2.pdf
of, (i) stall feeding systems coupled with intensified fodder production combining the use of drought tolerant forage varieties and diversified feed and fodder resources, as well as better rangeland governance and (ii) a more effective marketing system with the establishment of organized aggregation points for traders to collect animals, including the application of a digitized market information system.

The key activities being promoted to enhance climate resilience include: reforestation and agroforestry, sustainable land management practices such as soil erosion control, water harvesting, small-scale irrigation, renewable energy, weather and climate information services and diversification of livestock production systems, among others. Given that some KelCoP’s activities have a high climate risk rating, an in-depth climate risk analysis will be undertaken to comprehensively analyse climate risks and propose appropriate adaptation and mitigation measures.

5.1 In-depth climate risk and vulnerability analysis
In consistence with a high climate risk classification, an in-depth climate risk analysis has been undertaken and a detailed report submitted. The report identifies climate risks at county level and assesses the impacts of climate change or variability on the four value chains proposed by the project. The study also shows the suitability of the various value chains to prevailing and projected climatic conditions in the. It also proposes appropriate mitigation and adaptation actions, which will be integrated in the PIM and into the AWPB.

6. Recommendations for project design and implementation
The project has budgeted for the recruitment of an environment, climate, and safeguards officer as well as a social inclusion and mobilisation specialist. At county level, these officers will work with their county counterparts (environment and NRM officer and gender/social inclusion officers) to drive the mainstreaming agenda and to ensure safeguards are adhered to within the project. The key recommendations with regards to mainstreaming are:

6.1 Value chain(s) and geographical targeting
The project has selected the three value-chains that have the highest potential for social inclusion, improving nutrition of poor households and commercialization i.e small ruminants (for ASAL counties), poultry and honey. In line with the CSPE recommendations, the project’s target areas will include two Semi-Arid counties (Elgeyo Marakwet and Baringo) and two arid counties (Marsabit and Samburu). The selection of the counties was based on scoring along specific criteria, such as, incidence and prevalence of rural poverty, aridity of the geographical area, potential for commercialization of selected commodities, population of targeted livestock, priority given to the value chain by the county in its strategic plans, potential to build on and collaborate with existing development interventions and security. In the selected counties, the project activities will focus on value-chains with high potential in that county.

Within counties, the same criteria that has been used for selecting counties will be used to select a focal area for the project intervention. The focus of project activities in terms of support to producers and value chain actors will be limited to between two to four contiguous wards depending on area and population of wards in the county, which are preferably contiguous. A value chain driver serving the population of the selected wards could still be supported even if located in a different ward.

**Targeting approach.** The project will use a variety of targeting mechanisms to implement activities in a manner sensitive to the needs and constraints of smallholder women and men farmers, as well as youth and vulnerable groups. This will include, i) geographic targeting to identify areas where smallholder producers of selected value chains are located and where there is potential for developing the value chain. For social
inclusion of women, youth and vulnerable groups, direct targeting will be used. Close attention will be paid to procedural matters such as duration, timings and location of training etc. to ensure that target groups self-select themselves for project activities.

The targeting approach also aims to ensure geographic concentration of project interventions in contiguous areas to increase impact, effectiveness, and efficiency. Close supervision and monitoring through mentors, beneficiary feedback and a grievance redress system will be used to ensure that the risk of elite capture is minimized. The project will address the strategic interests of women, youth and marginalized tribes by promoting their visibility in the livestock strategies, ensuring the inclusion of County officials responsible for women and youth on the steering committees. Peer to peer learning will be used to promote learning, best practice and innovations. It will promote citizen engagement by building linkages between smallholder farmers and County Livestock departments as well as ensuring that the voice of the project’s target group is included in policy formulation.

The project will help the County Governments to develop gender-sensitive and youth sensitive livestock strategies. The roles that rural women and men play in different livestock sub-sectors vary by region, country, and community, reflecting different economic, social and cultural contexts. They are also influenced by the particular dynamics that characterize specific livestock sub-sectors. The county strategies will capture the county and value-chain specific roles.

Women’s strategic interests will be addressed by promoting their visibility through recognizing the critical role that they play in the livestock sector and their involvement at different stages of the livestock value chain as producers, traders, butchers, processors etc. The livestock strategies will also identify the main constraints faced by women and men in accessing, controlling and managing livestock and address the challenges faced by women and men in access to, control over and management of livestock while highlighting the additional and specific challenges faced by women and specific strategies to address challenges faced by women. The strategies will also identify the role of young women and men in livestock value-chain, their specific constraints and opportunities and strategies for their meaningful involvement.

**Entry points for mainstreaming issues.** The primary target group will comprise (i) the very vulnerable, ultra-poor, mostly women headed, pastoralist and agro-pastoralist households (ii) the smallholder men and women commercially orientated pastoralist and agro-pastoralist households (iii) young women and men involved in production and entrepreneurial activity at critical points in the value chain. The project has a strong focus on the inclusion of women and youth, marginalized tribes and persons with disabilities. In addition, the project will engage with value chain drivers such as farmers who have the resources to function as breeders of livestock, and traders, private sector companies, transporters, private agro-vets and input suppliers who will comprise the members of multi-stakeholder forums.

**Targeting ultra-poor and food insecure households**

Small livestock are important for economic opportunities especially to the poorest households. These households can be landless or have very little land around their dwelling and few, if any livestock assets. A significant proportion of these households are likely to be women-headed households. These households depend for their livelihoods on casual labour, trading vegetables, forest produce, charcoal, firewood, tooth sticks, gums and resins, traditional medicines, *mira* (khat) and other natural products and handicrafts. Their earning can range from 200 KES to 400 KES. Coping mechanism include reliance on traditional safety nets such as kalakshime /dabare, cash transfers from national programmes and NGOs and food packages from government’s relief efforts during droughts, ‘merry go rounds’ – each person contributes a part of their daily earnings and
each day a different person receives the sum collected. The project will directly target 4000 ultra-poor households combining the graduation approach with GALS. 20 percent of these will include highly vulnerable persons such as those belonging to marginalized tribes, persons with disabilities, persons with HIV. An additional 3000 households will be targeted with GALS, a household methodology for gender equality and economic empowerment.

The project has a clear strategy for the inclusion of women, youth, ultra-poor households and highly vulnerable persons. Women comprise 52 percent of beneficiaries, youth comprise 30 percent and a minimum of 5% of beneficiaries will be from vulnerable groups (marginalized tribes, persons with disabilities and persons with HIV). The project will (i) develop gender sensitive livestock strategies reflecting the strategic interests of women, (ii) Use GALS methodology to address gender issues including distribution of work, control over income and GBV, (iii) prioritization of ultra-poor women for graduation packages (iv) equal access to knowledge on animal husbandry training, business skills training, entrepreneurship training, access to ICT4D through e-vouchers for inputs, e-extension platforms (iv) promotion of women’s leadership and collective agency through working with women’s groups and representation in decision-making bodies, coordination and steering committees created by the project (v) exposure through peer exchange visits (vi) well-being through nutrition training

**Generating employment and economic opportunities for youths**

Similarly, a strong focus will be placed on youth in activities such as, (i) capacity building, apprenticeship, entrepreneurship training, business skills and formal courses in animal husbandry (ii) access to capital through matching grants, (iii) voice through representation on decision-making and coordination bodies such as multi-stakeholder forums and Project. Marginalized tribes and vulnerable groups will benefit from the project interventions described above through quotas and delivery mechanisms sensitive to their needs and aspirations.

**6.2 Recommendations for mainstreaming environmental management and climate change adaptation and mitigation**

Under component 1, the project will promote several activities for mainstreaming environmental management, climate change adaptation and mitigation against negative outcomes of small livestock production intensification. These activities will include, i) enhanced feed efficiency through promotion of stall feeding systems, intensified fodder production of drought tolerant forage varieties and diversified feed and fodder resources, ii) more effective marketing system with the establishment of organized aggregation points for traders to collect animals and digitized market information systems, iii) poultry/dairy goat manure management through adoption of composting, (iii) improved water efficiency through rainwater harvesting facilities in rangelands and (iv) promotion of solar energy use for water pumping in small ruminants and incubators in poultry production and v) support to rangeland governance through institutional strengthening and county specific interventions required for improved rangeland governance and management.

**7. Further studies needed** At the pre-implementation stage, the project will finalise and submit final reports of the ESMF, ESMPs of the various sub-projects, FPIC report and Indigenous Peoples Action Plan. The grievance redress mechanism will also be finalised and contextualised through consultations with communities and relevant stakeholders. The integrated pesticides management plan will also be elaborated. These studies have been submitted in draft form due to current movement restrictions occasioned by Covid 19.
8. Monitoring and evaluation
The ESMPs will be the core monitoring tools in ensuring that the project complies with the recommended safeguards measures. The ESMP identifies some indicators that can be embedded into the project’s operational M&E framework in order to ensure that the implementation of safeguards is regularly monitored. IFAD will monitor implementation of the ESMP during its annual supervision missions, MTR and project completion. The NEMA will also be engaged periodically in the monitoring of implementation of the safeguards measures. The Indigenous peoples action plan will be the guiding tool on how to engage with indigenous peoples and its key indicators, including the number of IPs reached, will be included in the operational M&E framework of the project.

9. Capacity building, staffing and budgeting
The project has budgeted to recruit an environment, climate and safeguards officer as well as a social inclusion and mobilisation specialist who will be part of the PMU. At county level, a budget has been set aside to work closely with GoK counterparts at county level at 20-30% of their time. These officers together will drive the project’s mainstreaming agenda and also ensure environment and social safeguards are implemented in collaboration with NEMA. A budget has been allocated towards the finalisation fo the various SECAP studies especially the drafts – ESMF, FPIC, and the integrated pesticides management plan. A budget has also been set aside for training and capacity building on SECAP and safeguards for PMU and counties, as well as for annual review workshops and baseline studies. A budget for mid-term and end-term surveys has also been set aside in the costabs. Moreover, a budget has been allocated to the implementation of proposed safeguards actions in the various SECAP studies.

10. References
The references are provided as part of the foot notes throughout the SECAP review note.
## Environment and Social Management Plan Matrix

<table>
<thead>
<tr>
<th>Environmental/Social and climate Impacts</th>
<th>Recommended Mitigation/Enhancement measures</th>
<th>Public Consultation Activities</th>
<th>Responsible Institution In Implementation Phase</th>
<th>Means of Verification (Monitoring and reporting)</th>
<th>Frequency of Verification</th>
<th>Cost Estimate</th>
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</thead>
</table>
| Overgrazing, overstocking & pastureland degradation                                                      | • Investment in rangeland and water resources governance systems  
• Right mix of water harvesting technologies  
• Improved fodder and forage species  
• Participatory water planning and site selections and capacity determination | Stakeholder engagements during meetings and field visits | PMCU, SDL | Geo mapping, field observations, pictures | Annual, mid term, end line | Provided for within project interventions or costabs |
| Effluent discharge from slaughterhouses, animal manures and processing units                            | • Continuous awareness creation and sensitisation on pollution prevention,  
• Manure promotion in farms  
• Working closely with NEMA and WRA to ensure relevant standards are met | Stakeholder engagements during meetings and field visits | PMCU, Water Resources Authority and NEMA | Random inspections, supervision missions and reports | Quarterly | Provided for within project interventions or costabs |
| Pests and disease outbreaks from livestock, fall army worms, desert locusts,                            | • Better surveillance, monitoring and control of animal diseases and pests  
• Sensitisation of the public on health and safe animal products  
• Training of farmers on animal health and husbandry  
• Develop an integrated pesticides management plan | Stakeholder engagements during meetings and field visits | MALFC, Veterinary departments at county level, PMCU | Inspection  
Training and sensitisation records  
Integrated pesticides management plan produced and implemented | Quarterly | Provided for within project interventions or costabs |
<p>| Drought                                                                                                 | • Investments in water harvesting technologies, rangeland planning and remote sensing to assess the conditions of the rangelands and help the county governments develop investment plans for their regeneration, afforestation | Stakeholder engagements during meetings and field visits | PMCU, NDMA, meteorological department | Number of functioning investments | Quarterly | Provided for within project interventions or costabs |</p>
<table>
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<tr>
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<tbody>
<tr>
<td>Floods</td>
<td>and agroforestry; promotion of drought resistant varieties; hay and silage making • Liaising with the Kenya Met to provide downscaled drought advisories to farmers and pastoralists</td>
<td>Stakeholder engagements during meetings and field visits</td>
<td>PMCU, Meteorological department</td>
<td>Record of meetings and advisories</td>
<td>Bi-weekly or monthly</td>
<td>Provided for within project interventions or costabs</td>
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<tr>
<td>Deforestation</td>
<td>• Reforestation and promotion of agroforestry and pasture re-establishment</td>
<td>Stakeholder engagements during meetings and field visits</td>
<td>PMCU, KFS, KWTA, county governments</td>
<td>Inspection, visual observations, pictures, geo mapping</td>
<td>Quarterly</td>
<td>Provided for within project interventions or costabs</td>
</tr>
<tr>
<td>Human-livestock-wildlife conflicts</td>
<td>• Sensitisation and training of communities on conservation • Liaising with the KWS and agencies managing wildlife at county level to coordinate community conservation efforts and ensure compensation for injuries or loss by stray wildlife • Investments in sustainable pasture and rangeland management as well as in water infrastructure</td>
<td>Stakeholder engagements during meetings and field visits</td>
<td>PMCU, KWS, KFS</td>
<td>Inspection, visual observations. Reports of conflict, poaching</td>
<td>Continuous</td>
<td>Provided for within project interventions or costabs</td>
</tr>
<tr>
<td>Environmental/Social and climate Impacts</td>
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| Land degradation                        | • Sustainable land, pasture and water management technologies  
• Investments in fodder, pasture and rangeland management  
• Investment in water infrastructure such as boreholes, dams | Stakeholder engagements during meetings and field visits | PMCU, SDL, WRA, KWTA, KFS | geo maps, observation, pictures, inspection | Quarterly | Provided for within project interventions or costabs |
| Exploitation of protected areas and Ramsar sites | • Sensitisation of communities on conservation of protected areas  
• Liaising with relevant agencies at county level to share information and to enhance resource use synergies  
• Ensure project interventions are not located within a radius of 5km from where protected sites or Ramsar sites are | | PMCU, KWS, counties | Observation, inspection, pictures, geo maps | Continuous | Provided for within project interventions or costabs |
| Large water abstractions                | • Ensure water users obtain water abstraction permits from WRA | Stakeholder engagements during meetings and field visits | WRA, PMCU | Inspection, reports of abstraction, field visits | Quarterly | Provided for within project interventions or costabs |
| Ultra-poor households not accurately targeted in graduation packages | • Selection process incorporates community wealth ranking by targeted communities to capture area-specific poverty characteristics/criteria  
• Service provider will validate identification of ultra-poor with household visit | Stakeholder engagements during meetings and field visits | PMCU | Minutes of discussions, meetings and engagements | When required | Provided for within project interventions or costabs |
<table>
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</thead>
</table>
| Patriarchal norms prevent women from participating and benefiting from project activities | • Extensive use of GALS methodology to empower women and make women’s roles, needs and aspirations visible; and sensitizing smallholder farmers, women, men and youth to the need of gender justice to increase well-being  
• Increasing women’s self-efficacy, access to knowledge, skills, ICT, capital through training, grants, exposure visits and GALS fairs  
• Increasing women’s visibility as actors in the value chain in the Master Plan for Livestock and County Livestock strategies and Behaviour Change Communication Campaign | Stakeholder engagements during meetings and field visits | PMCU, gender units at county levels | Training records, consultation meetings | As required | Provided for within project interventions or costabs |
| Capacity constraints of women and youth to engage profitably in selected value-chains. | • Use of GALS tools to build confidence, agency and vision.  
• Entrepreneurship training, technical training in the selected value chains (poultry, small ruminants, bee-keeping)  
• Youth specific grants and training Quotas for women and youth in all project activities  
• Representation of women and youth on decision | Stakeholder engagements during meetings and field visits | PMCU, service providers, partners, counties | Record of training Numbers of beneficiaries using GALS | Quarterly | Provided for within project interventions or costabs |
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<tbody>
<tr>
<td>making and coordination bodies such as Multi-Stakeholder Platforms, County Coordination Committee</td>
<td>Stakeholder engagements during meetings and field visits</td>
<td>PMCU, service providers, partners, counties</td>
<td>Focus group discussions, field visits and discussions with farmers</td>
<td>quarterly and during supervision missions</td>
<td>Provided for within project interventions or costabs</td>
<td></td>
</tr>
<tr>
<td>Risk of men taking over of economically viable women’s economic activities and assets</td>
<td>Group ownership of assets is one strategy for protecting women’s assets. Male members of any one household cannot appropriate the asset. Mentors will be in close contact with beneficiaries to monitor use of asset and economic activity Beneficiaries will be informed about the Grievance Redress system</td>
<td>PMCU, service providers, partners, counties</td>
<td>Records of groups, including group characteristics, ensuring the project targeting approaches are adhered to</td>
<td>Quarterly</td>
<td>Provided for within project interventions or costabs</td>
<td></td>
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<tr>
<td>Elite capture of grants by groups experienced in capitalizing on donor interventions</td>
<td>Social Mobilization Provider will be responsible for ensuring that groups comprise of active producers in the selected value chain KelCop does not require working with existing groups so new groups of interested smallholder farmers and rural poor can be formed.</td>
<td>PMCU, service providers, partners, counties</td>
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</tbody>
</table>
| Livestock policies and strategies not adequately acknowledge the role, needs, priorities and interests of smallholder farmers, women, youth and marginalized communities in agriculture | • SMSP will be responsible for vetting the governance and group dynamics of any existing group included in the project  
• Group mentors will visit groups monthly and monitor group governance and dynamics | Stakeholder engagements during meetings and field visits | PMCU, SDL, partners, counties | Surveys  
Ensure alignment with existing policy  
Support for policy engagement | Annual | Provided for within project interventions or costabs |
| | • The project will facilitate the National Governments and the County Governments to develop inclusive livestock strategies. The strategic interests of smallholder pastoralist and agro-pastoralist farmers, rural women, youth and marginalized traditional tribes will be addressed by promoting their visibility through recognizing the critical role that they play in the livestock value chains and addressing their needs and priorities | | | | | |
| Resource use conflicts | • Liaise with established interagency security units  
• Invest in community based grievance redress mechanisms | Stakeholder engagements during meetings and field visits | PMCU, partners, counties, relevant security agencies | Reports of conflicts, observation | Quarterly | Provided for within project interventions or costabs |
| Indigenous peoples not adequately involved | • Develop an FPIC  
Develop an indigenous peoples action plan | Stakeholder engagements during meetings and field visits | PMCU, indigenous community leaders, counties, KFS, SDL, KWTA | FPIC documentation  
IPs action plan implemented | Quarterly | Provided for within project interventions or costabs |
<table>
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<th>Public Consultation Activities</th>
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<th>Means of Verification (Monitoring and reporting)</th>
<th>Frequency of Verification</th>
<th>Cost Estimate</th>
</tr>
</thead>
</table>
| Child labour                            | • Awareness creation among PMCU and implementing partners  
  • Liaising and sharing information with relevant authorities at county level whenever issues arise | Stakeholder engagements during meetings and field visits | PMCU, counties and relevant departments, partners | Reports of child labour | Continuous | Provided for within project interventions or costabs |
| Gender based violence                   | • Awareness creation among PMCU and implementing partners  
  • Liaising and sharing information with relevant authorities at county level whenever issues arise  
  • GALS mentorship | Stakeholder engagements during meetings and field visits  
  Stakeholder engagements during meetings and field visits | PMCU, counties and relevant departments, partners | Reports of GBV, evidence of GALS training and mentorship | Continuous | Provided for within project interventions or costabs |
| Early marriages                         | • Awareness creation among PMCU and implementing partners  
  • Liaising and sharing information with relevant authorities at county level whenever issues arise | Stakeholder engagements during meetings and field visits | PMCU, counties and relevant departments, partners | Reports of early marriages | Continuous | Provided for within project interventions or costabs |
| Female genital mutilation               | • Awareness creation among PMCU and implementing partners  
  • Liaising and sharing information with relevant authorities at county level whenever issues arise | Stakeholder engagements during meetings and field visits | PMCU, counties and relevant departments, partners | Reports of FGM | Continuous | Provided for within project interventions or costabs |
<p>| Stunting and malnutrition               | • Nutrition education and campaigns, mobilisation and mentorship, gardens | Stakeholder engagements during | PMCU, counties and relevant departments, partners | Campaign records, attendance of training, surveys | Annual | Provided for within project |</p>
<table>
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<tr>
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<th>Public Consultation Activities</th>
<th>Responsible Institution In Implementation Phase</th>
<th>Means of Verification (Monitoring and reporting)</th>
<th>Frequency of Verification</th>
<th>Cost Estimate</th>
</tr>
</thead>
</table>
| Poor engagement of the youth            | • Establishment of a youth participation quota  
• Training of youth in value chain related enterprises  
• Provision of grants and start-up funds  
• GALS mentorship | Stakeholder engagements during meetings and field visits | PMCU, counties and relevant departments, partners | Records of youth participation and activities | Quarterly | Provided for within project interventions or costabs |
| Risks to Community health including COVID 19 | • Awareness creation/sensitisation on diseases or possible injuries  
• Protective gear and equipment  
• Social distancing, wearing masks, washing hands with soap regularly | Stakeholder engagements during meetings and field visits | PMCU, partners, counties | Records of awareness creation activities | Quarterly | Provided for within project interventions or costabs |
| Poor focus of Rural finance investments on environment and social and safeguards | • Ensure that rural finance also embeds environmental and social sustainability and resilience in promoted investments through awareness creation and activities promoted | Meetings | PMCU, MFIS, | Training/awareness creation records  
No. of rural finance activities that embed environment, climate and social safeguards | Bi-annual | Provided for within project interventions or costabs |
| Poor environment and social safeguards measures in Procurement | • Ensure procurement by the PMU, counties and contractors done in accordance to IFAD’s SECAP environment and social safeguards  
• Create awareness during MSPs or project related meetings | Meetings | PMCU, IFAD | Record of awareness creation activities  
No. of procurement activities embedding environment and social safeguards | Annual | Provided for within project interventions or costabs |
Kenya

Kenya Livestock Commercialization Project
Project Design Report

Annex 6: First Annual Work Plan and Budget (AWPB)
## Annex 6: First Annual Work Plan and Budget (AWPB)

### Subcomponent 1.1: “Integrating Vulnerable HHs into Value Chains”

#### 1. Social Mobilization and Mentoring of Smallholder Farmers /b

<table>
<thead>
<tr>
<th>Description of activity by Category</th>
<th>Description of activity by Component/subcomponent</th>
<th>Unit</th>
<th>Quantity</th>
<th>Cumulative Expenditure (000’USD)</th>
<th>2021 Planned Expenditures (000’USD)</th>
<th>The expected results of the project for 2021</th>
<th>Expenditure by financing source for 2021 (000’USD)</th>
<th>Narrative on status, rationales, challenges, solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA_EA</td>
<td>Socio-Economic Assessment /c</td>
<td>study</td>
<td>10.00</td>
<td>122.5</td>
<td>9</td>
<td>122.5</td>
<td>IFAD</td>
<td>Pl/An Act/ual % GoK (cas h) GoK (in-kind) Beneficiaries (cash) Beneficiaries (in-kind) Heifer International PF Plan Act/ual % Plan Act/ual % Plan Act/ual % Plan Act/ual % Plan Act/ual %</td>
</tr>
<tr>
<td>TA_EA</td>
<td>Regional Managers /d</td>
<td>person-year</td>
<td>1.50</td>
<td>86.43</td>
<td>6</td>
<td>86.43</td>
<td>GoK</td>
<td>TA_EA (in-kind)</td>
</tr>
<tr>
<td>TA_EA</td>
<td>Senior Supervisor of Mentors /e</td>
<td>person-year</td>
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#### 2. GALS Training

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## C. Value Chain Management Information Systems

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Total of Component 2 1,251,62 - 65,00 8,67 178,90 - -

### 3. Project management and Coordination Unit (PMCU)

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Total for Subcomponent 3.1. "A, Policy and PM Unit" 1,103,40 - - - - - -

### Subcomponent 1.3. "A, PM and Coordination Unit"

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Total for Subcomponent 3.1. "A, PM and Coordination Unit" 1,103,40 - - - - - -

### 2. Start Up Activities, Workshops, Training & Studies

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Total for Subcomponent 3.1. "A, Policy and PM Unit" 1,103,40 - - - - - -
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<td>36</td>
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<td>29.87</td>
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<td>112.0</td>
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<td>p.a.</td>
<td>1.5</td>
<td>350.3</td>
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<td>B. Operational Costs</td>
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<td></td>
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<td>5</td>
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<td>7</td>
<td>266.5</td>
<td>7</td>
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<td>p.y.</td>
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<td>Description of activity by Category</td>
<td>Description of activity by Component/subcomponent</td>
<td>Unit</td>
<td>Quantity</td>
<td>Cumulative Expenditure (000'USD)</td>
<td>2021 Planned Expenditures (000'USD)</td>
<td>Quantiy for 2021</td>
<td>The expected results of the project for 2021</td>
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<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------</td>
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<td>3,967,25</td>
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<td></td>
<td></td>
<td>5,070,65</td>
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Annex 7: Procurement Plan

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<tr>
<th>Procurement Plan SUMMARY</th>
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<tr>
<td>Country: Kenya</td>
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<tr>
<td>Project Name: Kenya Livestock Commercialization Project (KeLCoP)</td>
</tr>
<tr>
<td>Project ID: TBD</td>
</tr>
<tr>
<td>Version: 1.0</td>
</tr>
<tr>
<td>Version Date: 13-Feb-20</td>
</tr>
<tr>
<td>Prepared by:</td>
</tr>
<tr>
<td>Approved by:</td>
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<td>LCU</td>
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<tr>
<td>Goods</td>
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<tr>
<td>Works</td>
<td>2 822 877.00</td>
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<tr>
<td>Consulting Services</td>
<td>15 019 417.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22 496 578.00</strong></td>
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<th>Prior Review Thresholds</th>
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<tr>
<td>Thresholds</td>
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<tr>
<td><strong>Goods</strong></td>
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<tr>
<td>Prior Review &gt; US$ 50000.00</td>
</tr>
<tr>
<td>ICS &gt; US$ 50000.00 andNon-Consulting Services &gt; US$ 50000.00 andFirms - Consulting Services &gt; US$ 30000.00 andIndividuals - Consulting Services &gt; US$ 5000.00</td>
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<table>
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<th>Procurement Method Thresholds</th>
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<tr>
<td>Shopping</td>
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<td>Goods</td>
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<tr>
<td>Works</td>
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<td>Non-Consulting Services</td>
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<th>ICS/QQS</th>
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<th>QCBS</th>
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<td>Individuals</td>
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<td>&gt; US$ 0.00 to &lt; US$ 0.00</td>
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<tr>
<td>Firms</td>
<td>&lt; US$ 50000.00</td>
<td>&gt; US$ 0.00 to &lt; US$ 0.00</td>
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All Direct Contracting and Single-Source Procurements are Prior Review (in alignment with IFAD Procurement Handbook).

ICS is to be used for all selection for individual consultants, regardless of value.
## Contents

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I. Assessment of Procurement Systems

A. Country Procurement Systems Assessment

1. Procurement Regulations applicable to KeLCoP: IFAD’s Project Procurement Guidelines 2019 specify that procurement of goods, works and services for IFAD-financed projects shall be carried out according to the Borrower’s/Recipient’s procurement regulations to the extent that they are consistent with these Guidelines. KeLCoP will carry out its procurement activities in accordance with Kenya’s Public Procurement and Asset Disposal Act NO. 33 of 2015 - Revised Edition 2016, to the extent that it is consistent with the IFAD Procurement Guidelines 2010. National systems will be applied to all procurements except for international competitive bidding (ICB) that will be undertaken in accordance with thresholds established by IFAD in the Letter to the Borrower. KeLCoP will put in place safeguards to ensure that the Project does not suffer from similar problems faced during implementation of other IFAD supported projects. This includes: (i) providing intensive training at start-up phase to familiarize the PCU and County CPITs with IFAD Guidelines and strengthen procurement capacity and (ii) reduce procurement thresholds during the initial period of implementation until the Project can demonstrate confidence in its systems and methods.

2. Legal Aspects and Procurement Practices: With the enactment of the Public Procurement and Asset Disposal Act, No. 33 of 2015 which came into force on 7th January, 2016, Kenya has a sound and comprehensive legal framework for public procurement, ensuring that public procurement is carried out in accordance with the principles of economy, efficiency, and transparency. This is demonstrated by its wide applicability and accessibility, existence of procurement oversight, requirement for procurement planning and procurement methods and procedures, which are applied largely according to international standards. Furthermore, the new Act sets out an elaborate section on interpretations of terminologies. This is given a broader perspective taking into account the devolved system of government. The Act provides guiding principles for Public Procurement and Asset Disposal for State organs and public entities. The Principles are based on values and principles of the Constitution. These include maximization of value for money, incorporation of local content. The Act has addressed governance well in accordance with international best practice, for instance it vests powers to establish policy, systems and structures at macro level in the National Treasury, The Act establishes the Public Procurement and Regulatory Authority (PPRA) to among other functions, monitor, assess and review the public procurement and asset disposal system to ensure they respect the national values and other provisions. This in essence transforms the Public Procurement Oversight Authority (PPOA) from an oversight authority to a regulatory authority as a distinct regulator of procurement related matters within the public sector with a governing board whose mandate would be to oversee prudent procurement practices with the Director General of the Authority to undertake executive role.

3. At the same time, the legislative and regulatory framework suffers from a number of weaknesses the most important ones being:

   a. The Act permits a procuring entity to negotiate with bidders in order to stay within the budget. In addition, this particular alteration gives a procuring entity a potentially wide opening to negotiate with bidders in circumstances that would require termination of the bid under good international practice generally. The Act should not allow negotiation when price deviation causes an increase in excess of the pre-agreed

   b. Regulations explicitly permit applying direct contracting method for procurement from government-owned enterprises without limitations except the appropriateness of the price.

   c. The Act should prohibit the use of point system evaluation (except in the case of consulting services), and specify that criteria not evaluated in monetary terms should be evaluated on a pass/fail basis.

   d. Excessive thresholds for domestic preference: The PPDA prescribes the use of preferences and reservations. One of the more remarkable elements of this provision is the excessive
threshold of 500 million KES (approx. USD 5,000,00) for procurement of goods, services and works, below which exclusive preference shall be given to citizens of Kenya.

e. The Public Procurement Regulations should be issued immediately to avoid any misinterpreting for the new Act.

f. The General Procurement Manual was issued in 2009, and has not been updated since. The Procurement Manual should be reviewed to ensure consistency with the legislative framework, and should not be used to introduce deviations from or exceptions to the legislative requirements. As a general administrative matter, legislative and supporting materials should be reviewed to ensure that cross-references are to the appropriate documents and correct versions thereof.

B. Project Specific Assessment

4. The review of the procurement system in the Ministry of Agriculture, Livestock, Fisheries and Irrigation- State Department for Livestock, the lead implementing agency, indicated that the procurement capacity is inadequate. Common areas of weakness in procurement arrangements include: (a) the need for improvement of procurement practices; (b) Instructions to bidders, qualification, evaluation, award criteria, and contract management are not sufficiently clear; (c) the contract conditions can be improved to achieve a more equitable balance between employer and contractor/supplier. A major shortcoming that leads to awarding contracts to nonperforming contractors/suppliers is not applying a post-qualification process on the nominated contractor/supplier for award. The overall assessment is moderately unsatisfactory. The details of the review are as follows:

5. Procurement planning: The legal framework provides thorough guidance on procurement planning, linking the planning process up with the budgeting process, hence providing an important first step towards actual integration of procurement planning in the budgeting process. According to the legal framework, all procurement shall be within the approved budget of the PE.

6. At the same time, the procurement planning process suffers from a number of weaknesses the most important ones being:

   a. The procurement planning was typically limited to a list of contracts and estimated budgets. In general, little or no consideration was given to timing, contract packaging, procurement methods.

   b. Spending units sometimes do not receive funds until the end of the fiscal year in May-June. The funds must then be disbursed quickly, which strains adherence to procedures. Choices in procurement method are limited because of the insufficient time for open tendering. If more restricted procedures are not approved (shortage of time being the weak justification), financial resources go unused.

7. Procedures for pre-qualification: As provided by the Law, the pre-qualification procedure is allowed based on the nature of procurement. In relation to the practice of the procuring entities for pre-qualification spelled out in the law, it is limited to registration of vendors.

8. Preparation of bidding documents: The legal framework is complemented with a series of Standard Bidding Documents (SBDs) covering procurement of goods, works and services. However, the procuring entities lack capacity in preparation of Bidding Documents resulting in poor quality evaluation criteria, general and special conditions and technical specifications, which, leads to poor quality procurement of goods, works and services. In some cases, allegation exists that technical specifications are tailored for a specific manufacturer which leads to de facto SS.

9. Management of bidding process from advertisement to bid opening: In the procuring entity, compliance with the mandatory steps were existed as follows:

   a. Advertisement for open tenders is mandated in at least one daily newspapers of wide national circulation and in the Electronic Procurements portal.
b. The minimum period provided by the current Executive Regulations for the preparation of national open tenders. However, the permissible time (14 days) could be insufficient for complex assignments.

c. Ensure that the place or site where tenders shall be submitted is open and accessible and provided with a secured tender box. However, secure tender box does not exist in many cases.

d. Carry out public opinion immediately after the closing date and time.

10. **Bid evaluation and contract award:** The evaluation committees in most cases, did not include members with a relevant type of skills, knowledge and experience relevant to the procurement requirement. Irregularly in the application of the evaluation criteria, post qualification requirements and preliminary examination was noticed in several cases.

11. **Contract management during implementation, including dispute resolution methods:** Based on the available information from the assessed procuring entity, lack of proper contract management and contract administration in place. Although the Law requires the public entity to monitor the conformity of the materials supplied by the contractor with the published technical specifications, the review highlighted that there is no independent authority that fulfils this function.

12. **Procurement monitoring:** The Public Procurement Regulatory Authority’s (PPRA) Excel-based Procurement Database is used to monitor procurement activities. This database captures at least 80 percent (value) of public procurement activities, including those of semi-autonomous government agencies (SAGAs), state corporations, and County Government. It details contract awards, values of awards and successful bidders. However, the PPRA website contains little information on the nature of contracts awarded, and lacks a comprehensive contracts classification system. Often, there is a time lapse of approximately one year between implementation of activities and their publication on the website.

13. **Record-keeping:** PE recordkeeping practices remain poor, the legal frame-work establishes norms for the safekeeping of records and documents related to procurement transactions and contract management within financial management units only. The findings of the assessment indicate that the PE surveyed did not have complete records. Lacked data on areas such as advertisement procedure followed, tender evaluation and award criteria applied, public opening or existence of contract completion reports. In addition, the assessed procuring entity confirmed that there is inadequate space for record keeping as a result of accumulated documents.

14. **Staffing:** The available expertise at PE level does not meet the need for specialised procurement knowledge: The overall lack of procurement knowledge remains a major weakness to the efficiency of procurement operations. It should be noted that there is an urgent need for additional procurement expertise who are possessing the necessary competence levels. Massive upgrading of qualifications through training as well as an increase in the supply of specialised graduates will be required to fill this gap.

II. **KeLCoP Procurement Arrangements**

A. **General Considerations**

15. The responsibility for the implementation of the Project, and therefore for the award and administration of contracts under the Project, rests with the Borrower/MALR. The IFAD, for its part, is required to ensure that the proceeds of any loan or grant are used only for the purposes for which the loan or grant was granted. While in practice the specific procurement rules and procedures to be followed in the implementation of a Project depend on the circumstances of the particular case, seven (7) principles generally guide the Fund’s requirements: 1) Ethics, 2) Accountability, 3) Competition, 4) Fairness, 5) Transparency, 6) Efficiency, Effectiveness & Economy and 7) Value for Money.

16. **Ethics:** The guiding principles of ethical behaviour are impartiality, independence and integrity.
17. No person or entity shall use, or attempt to use, his, her or its authority, position or office for personal gain or interest, which is defined as soliciting, accepting or otherwise benefiting from anything of material value in any form, either in person or indirectly through close relatives or associates, in connection with IFAD financed operations.

18. Officials of the Borrower/Recipient engaged in any project procurement activity have a duty to enhance the reputation of the Borrower/Recipient by:
   a. Maintaining the highest standards of honesty and integrity in all professional relationships;
   b. Developing the highest standards of professional ethics;
   c. Maximizing the use of IFAD financing and other resources for the purposes for which they were provided to the Borrower/Recipient country;
   d. Providing information in the course of their duties that shall be true, fair and not designed to mislead; and
   e. Complying with both the letter and the spirit of:
      i. The financing agreement;
      ii. The laws and regulations of the Borrower/Recipient country;
      iii. Professional ethics; and
      iv. Contractual obligations.

19. The Borrower/Recipient must declare any actual, perceived or potential personal interest that may affect, or might reasonably be perceived by others to affect, impartiality in any matter relevant to their duties (conflict of interest). In a situation of this nature, the official concerned should not participate in any way in the procurement process to avoid adverse measures, including misprocurement.

20. The Borrower/Recipient must respect the confidentiality of information gained in the course of duty and not use this information for personal gain or for the unfair benefit of any third party, including any bidder, supplier or contractor.

21. **Accountability:** The Borrower/Recipient is accountable to IFAD for all actions and decisions in connection with project procurement activities. This includes, but is not limited to ensuring:
   a. That financing is used solely for the purpose for which it was provided;
   b. That procurement is undertaken in accordance with these Guidelines; and
   c. Full compliance with the Social, Environmental and Climate Assessment Procedures.

22. **Competition:** All project procurement activities shall be based on full, fair and legitimate competition among eligible suppliers and contractors.

23. Competition for the procurement of goods, works and services is normally sought through a competitive bidding process, which should be conducted through an agreed5 procurement method involving at least three separate6 suppliers or contractors, if this is not attainable a justification should be provided and approved by IFAD.

24. For purposes of efficiency and practicality, low-value contracts for goods, works or services should not be advertised internationally. The procurement plan must outline the approved procurement method, including the degree of competition required for each procurement activity.

25. The Borrower/Recipient must promote competition throughout the procurement process and may be required to provide evidence of:
   a. Fair and genuine competition in the compilation of shortlists and solicitation of bids; and
b. The effectiveness of competition during the entire process.

26. Single sourcing and direct contracting do not provide the degree of competition required by IFAD and will be considered only in exceptional circumstances pursuant to procurement plans.

27. **Fairness**: Project-funded procurement will be open to as many eligible bidders as reasonable in order to comply with the principles and requirements of competition.

28. The Borrower/Recipient must ensure that all prospective bidders are:
   a. Managed with a consistent approach and under the same laws, regulations and requirements;
   b. Offered conditions that allow for genuine competition; and
   c. Treated in a fair, impartial and unbiased manner so that the principles of impartiality and equal opportunity can be applied and demonstrated in all procurement activities.

29. Striving for fairness in its procurement operations, IFAD will not tolerate exclusion, discrimination, bias, prejudice, favouritism or unequal treatment of any potential supplier or contractor, either directly or indirectly, through manipulation of any part of the procurement process, including (but not limited to) the preparation of technical specifications, evaluation criteria or bidding requirements. Where any such activity is suspected or proven, IFAD reserves the right to take any preventive, corrective or remedial action allowed under IFAD’s legal and operational framework, as it considers appropriate.

30. The Fund will seek to address, in consultation with the Borrower/Recipient, any impositions that may deter or impinge on the attainment of fairness throughout the procurement process.

31. **Transparency**: The highest degree of transparency and openness will be applied in all IFAD procurement processes. A lack of transparency will be perceived as an attempt to withhold information, which in turn may compromise the fairness and integrity of the procurement process.

32. Transparency within procurement relates to disclosure in the public domain of information for all parties involved, interested in or affected by the procurement process, including but not limited to information on:
   a. The availability of procurement opportunities;
   b. Where to access relevant data;
   c. The processes with which the procurement will be undertaken;
   d. The mechanisms by which contracts will be awarded;
   e. Contract award data; and
   f. Appeal procedures (debriefs and protests).

33. Modes of disseminating this information will depend on the nature of the data, but will generally comprise government websites, public noticeboards and media, and the procurement documentation relevant to individual procurement activities (e.g. bid notices and bidding documents).

34. At all times, Borrowers/Recipients will be required to carry out the procurement process openly, predictably and in accordance with the information provided. Modes of communication/publication of such information will vary depending on the nature of the data but will generally be through existing means of public information (e.g. government websites, public notice boards or media) or in the procurement documentation relevant to an individual procurement activity (e.g. bid notices and bidding documents). Borrowers/Recipients are required at all times to act openly, predictably and in accordance with the information provided.

35. **Efficiency, Effectiveness and Economy**: The Borrower/Recipient will be required to demonstrate efficiency and economy regarding the implementation of project procurement activities in order to avoid implementation delays and to maximize value for money.
36. Procurement must be well organized and carried out correctly with regard to quantity, quality and timeliness, at an optimum price.

37. Processes must be proportionate to the procurement activity in order to minimize the overall cost of conducting the procurement process, and tailored to the budget for each activity.

38. Efficiencies can be gained through a combination of procurement methods.

39. **Best value for money:** Every Borrower/Recipient should seek to obtain the best value for money for all project procurement activities by:
   
a. Applying sound, internationally recognized procurement principles;
   
b. Ensuring that the goods, works or services procured meet the requirements of the activity;
   
c. Ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle; and
   
d. Ensuring that the provider of the goods, works or services is qualified, legally entitled and competent to enter into and execute the contract.

40. Ensuring best value does not necessarily entail the selection of the lowest-priced bid, but rather the best return on investment, taking into consideration the unique circumstances of each procurement activity, the time, cost and quality required, and the unique objectives of each contract.

41. **Borrower/recipient officials engaged in procurement activity have a duty to:**
   
a. Maintain and enhance the reputation of the borrower/recipient country by:
      - Maintaining the highest standards of honesty and integrity in all professional relationships;
      - Developing the highest possible standards of professional competence;
      - Maximizing the use of IFAD funds and other resources for which they are responsible for the purposes for which these funds and resources were provided to the borrower/recipient country; and
      - Complying with both the letter and the spirit of:
        - The financing agreement;
        - The laws and regulations of the borrower/recipient country;
        - Accepted professional ethics; and
        - Contractual obligations.
   
b. Declare any personal interest that may affect, or might reasonably be deemed by others to affect, impartiality in any matter relevant to their duties (conflict of interest). In a situation of this nature, the official concerned should not participate in any way in the procurement process, to avoid mis-procurement; and
   
c. Respect the confidentiality of information gained in the course of duty and not use such information for personal gain or for the unfair benefit of any bidder, supplier or contractor. Information given in the course of their duties shall be true, fair and not designed to mislead.

42. The Project will contribute to building up the in-house procurement capacity of the Ministry of Agriculture, Livestock, Fisheries and Irrigation- State Department for Livestock, instilling best practices and the required approach and methodology, and monitoring the timeliness and quality of the process. IFAD plans an intensive training Project at KeLCoP start-up to familiarise KeLCoP staff with IFAD Guidelines. The effectiveness of procurement will be assessed during supervision and alternate arrangements put in place if necessary.

43. The PPRA standard bidding documents will be used for undertaking procurement under this Project for all transactions applying National methods (NCB, Restricted Bidding and National Shopping) and consistency with IFAD Procurement Guidelines should be ensured. Concepts relating to Accountability, Competition, Fairness, Transparency, Efficiency, Effectiveness & Economy and
Best Value for Money contained in IFAD’s Procurement Guidelines and which are central to IFAD’s Procurement Philosophy are discussed above.

44. The Procurement Process involves the purchasing, acquiring, hiring or obtaining of goods, works and services by any contractual means and can be defined in more detail as procurement of goods, procurement of works and procurement of services. The procurement cycle consists of General Procurement Notice, Tender Document Preparation, Pre-Qualification, Advertisement, Receipt of Tenders, Public opening of Tenders, Evaluate of Tenders, Award of Contract, Issue of Work Order or Purchase Order and Performance of contract.

45. Each Annual Procurement Plan will identify procedures which must be implemented by the Borrower in order to ensure consistency with the IFAD Procurement Guidelines. IFAD may require that all bidding documents and contracts and other records for procurement of goods, works and services financed by the Loans/Grants are:
   a. Available for full inspection by the Fund of all bid documentation and related records;
   b. Maintained for ten years after the project completion date; and
   c. IFAD may also require that the Project cooperate with agents or representatives of the Fund carrying out an audit or investigation into procurement issues.

46. IFAD’s review of and no objection to procurement plans is compulsory under all financing agreements directly supervised by IFAD. KeLCoP is one such agreement.

47. IFAD monitoring and review to ensure that the procurement process is carried out in conformity with IFAD procurement Guidelines and with the agreed procurement plan, IFAD will review arrangements for procurement of goods, works and services proposed by the borrower/recipient, including:
   a. Contract packaging;
   b. Applicable procedures and procurement methods;
   c. Bidding documentation;
   d. Composition of bid evaluation committees;
   e. Bid evaluations and award recommendations; and
   f. Draft contracts and contract amendments.

48. The extent to which these review procedures will be applied to each project will be contained in the letter to the borrower/recipient and the procurement plan. For full details on the review processes, refer to IFAD Procurement Handbook.

49. Post-review: All other contracts will be subject to post-review and may be subject to procurement audit by the Fund. The Project staff will maintain accurate records of all procurement activities and documents related to the Project. The procurement files will be maintained for review by IFAD supervision missions and independent audits. The Project staff will also consolidate procurement activities into quarterly and annual progress reports.

50. Mis-procurement: IFAD will not finance expenditures for goods, works or consulting services that have not been procured in accordance with IFAD Procurement Guidelines and the financing agreement. In such cases, IFAD may, in addition, take other remedial action under the financing agreement, including cancellation of the amount in question from the loan and/or grant account by declaring it ineligible. Even if the contract was awarded following IFAD’s “no objection” statement, the Fund may still declare mis-procurement if it concludes that this statement was issued on the basis of incomplete, inaccurate or misleading information furnished by the borrower/recipient, or that the terms and conditions of the contract had been modified without IFAD’s approval.

51. As part of the design process, a Project’s PRM was developed, the overall procurement risk is “Medium”. Despite the robust country procurement legal and policy framework, the assessment indicated the following risks: (i) insufficient staff responsible for handling procurement; (ii) delay in initiating most of the planned transactions; (iii) inadequate Technical Specifications and evaluation criteria, (iv) incomplete records keeping and filing; (v) excessive use of non-competitive procurement methods, without proper justification; (vi) weakness in ensuring contract management
(supervision)/administration (monitoring) during contract implementation to completion that may result into cost overruns; (vii) lack of accountability of procurement decisions; and (viii) improper procurement planning.

B. Procurement Risk Assessment

52. Key mitigation measures to address procurement capacity gaps are the following:

(a) IFAD will ensure the application of the Project Implementation Manual (PIM) on all steps within the procurement cycle. PIM is developed to include detailed section on all procurement related aspects.

(b) Recruiting two qualified and experienced procurement staff at the PCU to carry out procurement activities.

(c) Provide focused training and hand-holding for capacity building of the staff of the CPMU and other implementing partners.

(d) During the preparation of the Procurement Plan, low-value procurement activities are often grouped under one tender for the purpose of benefitting from economies of scale. Where it is determined that separation was made to avoid using the specified procurement method, defined by the relevant financial threshold, IFAD withholds its No-Objection to the Plan until such arrangements are rectified.

(e) Clearly identifying the roles and responsibilities of PCU staff in the preparation of Contract Management Plans for complex and high-value contracts, in order to improve accountability.

(f) IFAD will closely monitor the implementation of procurement plans and exercise quality control on all aspects of the procurement process, including evaluation, selection, award, contract signing and implementation to completion.

(g) Improve contract supervision and monitoring, and application of the conditions of contracts to minimize poor performance of service providers.

(h) Hiring a Third-Party Quality Assurance/Quality Control Consultant to provide independent assurance of the quality of civil works.

(i) Regular top management monitoring and follow-up of implementation.

C. Institutional Arrangements.

53. The KeLCoP PCU will be responsible for managing and overseeing overall Project-related procurement including International Competitive Bidding (ICB), National Competitive Bidding (NCB) procurement and selection of consultants as well as other procurements on the National Level. At the county level, the CPITs to be established within the respective counties will spearhead execution of small value procurement activities that apply request for quotations method. With regard to procurement management, two procurement staff (Specialist and Assistant) with required qualifications and experience will be recruited from the market and stationed in the PCU. The effectiveness of procurement will be assessed during supervision and alternate arrangements put in place if necessary.

54. KeLCoP Steering Committee will be established by the Ministry of Agriculture, Livestock, Fisheries and Irrigation- State Department for Livestock in order to i) fast track each step of KeLCoP procurement processes; ii) monitoring on the overall procurement processes of the Project putting in place corrective actions when needed; iii) approve the procurement documents in order to assure the right timing of the processes and that tender documents are accurately prepared; follow up on the requests of No Objections to avoid delays in treatment.
D. Applicable Procurement Rules and Regulations

Overriding principles
As provided in Section 7.05 of the General Conditions, procurement of goods, works and services shall be carried out in accordance with the provisions of the Borrower/Recipient’s procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines and by observing the following specific principles:

- Procurement will be carried out in accordance with Financing Agreement and any duly agreed amendments thereto;
- Procurement will be conducted within the Project implementation period, except as provided under Article 4.10(a)(ii) of IFAD General Conditions;
- The cost of the procurement is not to exceed the availability of duly allocated funds as per the Financing Agreement;
- Procurement is to be consistent with the duly approved annual work plan and budget (AWP/B) including a procurement plan (for the first time, the procurement plan will cover the first 18 months of the Project implementation period);
- Procurement is to result in the best value of money and fit for purpose.
- All goods, works and services procured will be exempt from duties and taxes.

E. Procurement Planning

55. At the outset of the Project, the Project in conjunction with IFAD, shall establish a procurement plan covering the first 18 months of the Project, followed by 12-month successive plans synchronized with the annual work plans and budget during implementation. IFAD’s review of and No objection to procurement plan is compulsory.

56. For each contract to be financed by IFAD proceeds, the types of procurement methods, estimated cost, prior review requirements and time-frame would be agreed between the Project and IFAD respectively in the Procurement Plan.

Procurement plan should be divided into goods, works and services and as a minimum, the procurement plan must contain the following information:

i. A brief description of each procurement activity to be undertaken during the period or the plan;

ii. The estimated value of each activity;

iii. The method of procurement to be adopted for each activity

iv. The method of review IFAD will undertake for each activity;

v. In addition to the minimum information above, it is considered good practice for the procurement plan to capture additional information such as:
   - Planned timing of the procurement activities;
   - Procurement by Project component;
   - Dates for IFAD prior review;

The procurement plan shall be prepared in excel sheets in accordance with IFAD Procurement Plan Template and each procurement category (goods/works/consulting services/non-consulting services) in separate excel sheets as follows:

For goods, Works and Non-Consulting Services

- Project title:
- Financiers:
- Period:
- Type of procurement: goods/works/services
- Code as per AWPB
- Component/unit
- Procurement tender number
- Item description
- Plan vs Actual with two rows:
  - planned
  - actual
- Contract type: Lumpsum or exact /BQS
- Total amount in USD
- Procurement method
- Prior or post review
- Preparation of tendering process
  - bid document preparation and submission to IFAD
  - IFAD No objection
- Bidding process
  - Publication/invitation/advertisement
  - Closing/opening
- Evaluation process
  - Technical and financial evaluation and submission of report to IFAD
  - IFAD No Objection to award
- Contract
  - Award and notification of award
  - Signing of the contract
  - Contract period
  - Contract completion date
  - Comments

For services
- Project title:
- Financiers:
- Period:
- Code AWPB
- Component/unit
- Procurement tender number
- Item description
- Plan vs Actual with two rows:
  - planned
  - actual
- Contract type: Lumpsum or time based
- Total amount in USD
- Selection method
- Prior or post review
- Preparation of tendering process (terms of reference)
  - Preparation date
  - IFAD No objection
- Bidding process/Request for Expression of Interest
  - Dated of invitation
  - Closing/opening

- Shortlist
  - Date proposed for submission of shortlist to IFAD
  - Date of IFAD No Objection

- Request for Proposal
  - Date prepared and submitted to IFAD
  - Date of IFAD No Objection
  - Invitation date
  - Date of opening

- Evaluation process:
  - Technical evaluation
  - IFAD No Objection to technical evaluation report
  - Date of opening financial proposals
  - Date of submission of combined evaluation report
  - Date of IFAD No Objection to the report and award

- Contract
  - Award and notification of award
  - Signing of the contract
  - Contract period
  - Contract completion date
  - Comments

F. Procurement Methods and Thresholds

57. Procurement Methods: The methods which are permitted for the procurement of works and goods are: a) international competitive bidding (ICB), b) limited international bidding (LIB) or restricted tendering, c) national competitive bidding (NCB) or open tender, d) international or national shopping or requests for quotations, e) direct contracting, and f) procurement from United Nations agencies.

58. The methods which are permitted for the procurement of non-consulting services are: a) international competitive bidding (ICB), b) national competitive bidding (NCB) or open tender, c) national shopping or requests for quotations, and d) direct contracting.

59. The methods which are permitted for the procurement of consulting services are: a) quality and cost-based selection, b) quality-based selection, c) selection under a fixed budget, d) selection based on consultant qualifications, e) least cost selection, f) single-source selection, and g) selection of individual consultants.

60. For each contract to be financed by IFAD proceeds, the types of procurement methods, estimated cost, prior review requirements and time-frame will be agreed between the Project and IFAD respectively in the Procurement Plan. IFAD financed procurement of works, goods and consultancy services. While eventually the specific thresholds for procurement financed under the Project will be stipulated in the Letter to the Borrower, the recommendations are the following (based on the guidance established by the IFAD Procurement Manual):
6. **Definition of the applicable Procurement methods for Goods, Works and Non-consulting Services**

61. **International Competitive Bidding:** International competitive bidding (ICB) is a procurement method suited to high-value requirements that would be of interest to the international business community. The objective of ICB is to provide all eligible prospective bidders located and operating both within the Borrower’s/Recipient’s country and abroad with timely and adequate notification of the Borrower’s/Recipient’s requirements and an equal opportunity to bid for the required goods and works. Where ICB is the identified method of procurement within an approved procurement plan, IFAD procedures as set forth in the Procurement Handbook will apply.

62. **Limited international bidding (LIB)** is essentially ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where:

- Contract amounts are small;
- There is only a limited number of suppliers or contractors; or
- Other exceptional reasons exist that may justify departure from full ICB procedures.

63. Under LIB, borrowers/recipient should seek bids from a list of potential suppliers or contractors broad enough to ensure competitive prices. This list should include all suppliers and contractors when there are only a limited number. Domestic preferences are not applicable in the evaluation of bids under LIB. In all respects other than advertisement and preferences, ICB procedures apply to procurement under LIB, including the publication of the contract award.

64. **National Competitive Bidding (NCB)** is the competitive bidding procedure normally used for public procurement in the country of the Borrower/Recipient, and may be the most efficient and economical way of procuring goods or works that, by their nature or scope, are unlikely to attract foreign competition. NCB may be the preferred method of procurement where foreign bidders are not expected to be interested because:

- Contract values are small;
- Works are scattered geographically or spread out over time;
- Works are labor-intensive; or
- The goods or works are available locally at prices below those on the international market.

65. NCB procedures may also be used where the advantages of ICB are clearly outweighed by the administrative or financial burden involved. Advertising for procurement under NCB may be limited to the national press of the Borrower’s/Recipient’s government or, where possible, a free and open-access website. Bidding documents may be in an official language of the country, and local currency is generally used for the purposes of bidding and payment. The procedures are to provide for adequate competition in order to ensure reasonable prices, and the methods used in the evaluation of bids and the award of contracts are to be objective and made known to all bidders, and are not to be applied arbitrarily. The procedures will also include public opening of bids, publication of results of evaluation and of the award of contract, and provisions for bidders to protest. In addition, bidding documents will provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission of bids. Adequate response time for preparation and submission of bids will be provided. If eligible foreign firms wish to participate under these circumstances, they are to be allowed to do so.

66. **Shopping** is a procurement method that entails comparing price quotations from several suppliers or contractors (usually at least three) to ensure competitive prices. It is an appropriate method for procuring readily available, off-the-shelf goods or standard specification commodities that are small in value, or simple civil works of small value. Requests for quotations should indicate the description and quantity of the goods, together with desired delivery (or completion) time and place. Quotations may be submitted by mail, electronic mail or facsimile. The evaluation of quotations will follow the principles of competition. The terms of the accepted offer are to be incorporated in a purchase order or brief contract. Under international shopping, the purchaser is to solicit quotations
from at least three suppliers in two different countries. National shopping may be used where the desired goods are ordinarily available from more than one source in the country of the Borrower/Recipient at competitive prices.

67. **Procurement from United Nations agencies.** There may be situations in which procurement from specialized agencies of the United Nations, acting as suppliers and pursuant to their own procedures, may be the most economical and efficient way of procuring relatively small quantities of off-the-shelf goods. Use of such agencies as supply sources, together with the Project component and the type of goods or works to be procured from such sources, are to be expressly and specifically agreed between the Borrower/Recipient and IFAD before proceeding with the application of this method of procurement.

68. **Direct Contracting** (for Goods, Works and non-consulting services) consists in procuring goods or works without competition (by single or sole-source selection). Due to its non-competitive nature, DC may be only permitted in the following exceptional circumstances:

- An existing contract for goods or works awarded in accordance with procedures acceptable to IFAD, may be extended for additional goods or works of a similar nature to a maximum of 25 per cent (%) of the original contract value, with the prior approval of IFAD, provided that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provision for such an extension, if considered likely in advance, is to be included in the original contract;
- Standardization of vehicles, equipment or spare parts to ensure compatibility with existing vehicles, equipment or machinery may justify additional purchases from the original supplier. For such purchases to be justified, the original vehicles, equipment or machinery should be suitable; the number of new items should generally be less than the existing number; the price should be reasonable; and the advantages of another make or source of equipment are to have been considered and rejected on grounds acceptable to IFAD;
- The required equipment is proprietary and obtainable only from one source;
- The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee; and
- Purchases from the original supplier may also be justified in exceptional cases and emergencies, such as in response to a natural disaster, conflict and post conflict, or in countries where there are restrictions to free markets and enterprises.

69. Any request for direct contracting from a Borrower/Recipient must be accompanied by a detailed justification, which IFAD will examine carefully to ensure that it is satisfied that no other alternative selection methods can be used. Aforementioned may be modified from time to time as notified by the Fund to the Borrower.

70. **Register of Contracts:** Procurement carried out under the Project will be recorded and registered against the Procurement Plan. In addition, all contracts, with or without prior IFAD approval, will be listed in the Register of Contracts maintained by the procuring entity with the dates of approval as provided by IFAD. When a contract is amended, the amendment will be recorded in the Register of Contracts. If a contract is cancelled or declared ineligible for financing by IFAD, this information will be written in the Register of Contracts. As this register facilitates the review and approval of payment requests on contracts, it is to be updated and submitted to the IFAD country programme director on a monthly basis. The project shall use IFAD’s Contract Monitoring Tool for this purpose.

71. **RECORD KEEPING**

The IFAD General Conditions for Agricultural Development Financing require that Borrower/ recipients retain documents and records for review by IFAD at any time within a period of three (3) years after completion of the bid or contract. The following table shows what procurement files, folders or dossiers should contain:
<table>
<thead>
<tr>
<th>Document</th>
<th>Preferred format</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. A copy of the published advertisement or shortlist (if applicable) *</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>ii. A copy of the published pre-qualification and invitation documents and any amendments, extensions or clarifications that were requested and issued*</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>iii. A record of tender opening signed by all present</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>iv. A full copy of each bid received and evaluated, plus clarifications requested and responses received</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>v. A copy of the evaluation report*</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>vi. Signed minutes of all meetings relating to the procurement, including pre-bid and negotiation meetings where these were held</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>vii. A contract award notice*</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>viii. Any letter of tender acceptance to the supplier, contractor or consultant*</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>ix. The signed contract document and contract acceptance*</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>x. Any contract amendments*</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xi. All contractual correspondence between the procuring entity and a supplier, contractor or consultant</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xii. Post-contract documents relating to the fulfillment of contract obligations, in particular photocopies of bank guarantees or payment guarantees</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xiii. Signed minutes of any meetings related to contract management, including contract progress or review meetings</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xiv. Signed delivery documents evidencing delivery of supplies or signed completion certificates in relation to a contract for services or works under the contract, including any contract delivery records</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xv. A copy of all invoices for works, services or supplies, including work papers verifying the accuracy of payments claimed and details of the actual payment authorized</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xvi. A copy of cumulative payment worksheets/records evidencing management of all payments made</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xvii. A copy of all submissions to and all decisions of the appropriate approval authority related to the procurement, including the approval of the invitation documents, approval of the evaluation report(s), contract award, approval of contract documents and contract amendments and any decision to suspend or cancel procurement proceedings</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xviii. A copy of any claims made by the procuring entity with respect to any warranty, non-warranty, short supply, damage and other claims upon the provider or upon the procuring entity</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xix. In the case of IFAD prior review, all submissions and correspondence in relation to the seeking of IFAD’s no-objection</td>
<td>Hard and/or Soft copy</td>
</tr>
<tr>
<td>xx. any other communications relating to the procurement in questions, including internal entity correspondence</td>
<td>Hard and/or Soft copy</td>
</tr>
</tbody>
</table>

* Ideally, drafts of these published documents and reports should also be retained for completeness and to provide a full picture of how the published document evolved. It is, however, accepted that where issues of space exist this may not always be possible in practice.
Annex 8: Project Implementation Manual

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DRAFT TERMS OF REFERENCE OF SERVICE PROVIDERS
DRAFT TERMS OF REFERENCE FOR THE ENVIRONMENTAL SAFEGUARDS CONSULTANT
DRAFT TERMS OF REFERENCE FOR THE SOCIAL SAFEGUARDS CONSULTANT
1 Introduction

1.1 Overview

1. This draft Project Implementation Manual (PIM) provides guidelines for the implementation of the IFAD funded interventions under the Kenya Livestock Commercialisation Project (KeLCoP). The PIM elaborates the procedures and processes that are to be followed in the implementation of the IFAD funded interventions and activities in KeLCoP. The PIM is an annex of the Project Design Report (PDR) and thus processes and procedures presented in this document are to be read in conjunction with the relevant sections of the main PDR.

2. The processes presented here are a framework that is meant to assist the KeLCoP implementation staff including those at the County level in implementing the processes for the different sub-components. It is proposed that at startup, the recruited staff be facilitated to review the activities and processes presented herein. The review would clarify, update, refine and confirm the activities and processes that will be used during implementation. The value in undertaking such a review would be that through the process, the implementing staff would “own” the PIM and share a common understanding which would facilitate implementation. However, it is to be emphasized that the PIM is a living document and lessons from experiences will be incorporated in it on a periodic basis and submitted to the Project Steering Committee and IFAD for approval.

2 Targeting strategy

2.1 Geographical targeting and project intervention area

3. Project Area: The project will cover 10 counties (out of the total 47 counties), four (4) in the western region, four (4) in Rift Valley region and (2) in the Northern Region. The population is rural, and depend on livestock and crop production for their livelihood. Poverty levels are highest in the 2 Northern Counties, Samburu and Marsabit and in Bungoma in the Western Counties. There are also pockets of deep poverty in the other counties. In the Western and Rift Valley regions, small scale farmers practice mixed farming, with poor segments of the population growing crops, keeping small ruminants, poultry and engage in honey production. In the North, they are predominantly pastoralists raising camels, beef cattle, goats and sheep for meat. Demographic details on the target counties are provided in Table 1 below.

Table 1: Demographic details on the target counties

<table>
<thead>
<tr>
<th>No</th>
<th>County</th>
<th>Area km²</th>
<th>% of Total</th>
<th>Population</th>
<th>% of Total Pop.</th>
<th>% of rural Population</th>
<th>Population Density</th>
<th>Total Sheep/ Goats</th>
<th>Total Chickens</th>
<th>Poverty Index*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Siaya</td>
<td>2,530</td>
<td>0.4</td>
<td>993,183</td>
<td>2.1</td>
<td>89</td>
<td>393</td>
<td>473,464</td>
<td>1,115,347</td>
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<tr>
<td>2</td>
<td>Busia</td>
<td>1,695</td>
<td>0.3</td>
<td>893,681</td>
<td>1.9</td>
<td>84</td>
<td>527</td>
<td>133,838</td>
<td>1,017,045</td>
<td>69.3</td>
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<td>3</td>
<td>Bungoma</td>
<td>3,032</td>
<td>0.5</td>
<td>1,670,570</td>
<td>3.5</td>
<td>78</td>
<td>551</td>
<td>249,157</td>
<td>2,493,848</td>
<td>35.7</td>
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<td>4</td>
<td>Kakamega</td>
<td>3,051</td>
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<td>1,867,579</td>
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<td>85</td>
<td>612</td>
<td>256,457</td>
<td>3,193,849</td>
<td>35.8</td>
</tr>
<tr>
<td>5</td>
<td>Trans Nzoia</td>
<td>2,496</td>
<td>0.4</td>
<td>990,341</td>
<td>2.1</td>
<td>80</td>
<td>397</td>
<td>155,490</td>
<td>836,820</td>
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<tr>
<td>6</td>
<td>Elgeyo</td>
<td>3,029</td>
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<td>454,480</td>
<td>1.0</td>
<td>86</td>
<td>150</td>
<td>660,600</td>
<td>531,960</td>
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<td>Marakwet</td>
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<td>666,763</td>
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<td>Nakuru</td>
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<td>4.5</td>
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<td>288</td>
<td>878,059</td>
<td>2,176,865</td>
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<td>9</td>
<td>Marsabit</td>
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<td>459,785</td>
<td>1.0</td>
<td>78</td>
<td>6</td>
<td>4,357,786</td>
<td>93,855</td>
<td>63.7</td>
</tr>
<tr>
<td>10</td>
<td>Samburu</td>
<td>21,022</td>
<td>3.6</td>
<td>310,327</td>
<td>0.6</td>
<td>83</td>
<td>15</td>
<td>1,255,658</td>
<td>318,530</td>
<td>75.8</td>
</tr>
</tbody>
</table>

* Basic Report on Wellbeing in Kenya, World Bank, UNICEF.

4. In line with the Kenya Country Strategy and Programme Evaluation (CSPE) recommendations, KeLCoP’s target areas will include 2 Semi-Arid counties (Elgeyo Marakwet and Baringo) and 2 Arid counties (Marsabit and Samburu). The selection of the counties was made by scoring counties on the following criteria: (i) incidence and prevalence of rural poverty; (ii) aridity of the geographical area; (ii) potential for commercialization of selected commodities; (iii) population of targeted livestock; (iv) priority given to the value chain by the county in its strategic plans; (vi) potential to build on and collaborate with existing development interventions; and (vii) security. In the selected counties, project activities will focus on the
value-chains with high potential in that county. The same criteria will be used to select the focal areas for the project intervention within the county. Annex 14 presents the score sheet for the selection of the participating counties. (In addition, Wards in which marginalized tribes are found will be prioritized. The focus of project activities in terms of support to producers and value chain actors will be limited to between two to four contiguous wards depending on area and population of wards in the county which are preferably contiguous. A value chain driver serving the population of the selected wards could still be supported even if located in a different ward.

2.2 Value chains

5. The project has selected the three value-chains that have the highest potential for social inclusion, improving nutrition of poor households and commercialization. The focus will be on poultry and dairy goats in Siaya, Busia, Kakamega, Bungoma, Trans Nzoia and Nakuru; meat goats and dairy goats in Baringo, Elgeyo-Marakwet, Samburu and Marsabit; and honey value chain in Baringo, Samburu, Siaya and Bungoma. The project has developed an indepth climate risk and vulnerability analysis report that among others, advises on the suitability of the proposed value chains to various counties and sub-counties. In the selection of the value chains at implementation stage, the team should ensure that this report and its recommendations are taken into consideration.
Table 1: Project Beneficiaries

<table>
<thead>
<tr>
<th>1.2: Integrating Vulnerable HHs into Value Chains</th>
<th>Direct Beneficiaries</th>
<th>Direct and Indirect Beneficiaries</th>
<th>Nutrition Households</th>
<th>Nutrition Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation Package</td>
<td>Total 6,000 Women 6,000 Youth 1,800 Households 6,000 Total people 27,000 Female 13,500 Youth 6,804</td>
<td>6,000 27,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nutrition Package</td>
<td>1,000 1,000 500 1,000 4,500 2,250 1,134</td>
<td>1,000 4,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training in GALS</td>
<td>6,000 3,000 1,800 6,000 27,000 13,500 6,804</td>
<td></td>
<td></td>
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<tr>
<td>Outreach by GALS Champions</td>
<td>4,500 2,250 1,134 4,500 20,250 2,250 5,103</td>
<td>4,500 20,250</td>
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<tr>
<td>E-Finance Voucher support</td>
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<tr>
<td>E-Extension System</td>
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<td>1,000 4,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to Young Producers</td>
<td>90 45 90 90 405 203 102</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nutrition Training &amp; Mentoring</td>
<td>20000 16000 4800 20000 90,000 45,000 22,680</td>
<td>20,000 90,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.3 Breed Improvement

| Training to Breeders                             | 400 100 100 400 1800 900 454 |
| Improved Breed distribution (groups)             | 6000 3600 1800 6000 27000 13500 6804 |
| Apprenticeship for young breeders               | 200 50 200 200 900 450 227 |

1.4: Climate Resilient Production Systems

1.4.2 Climate Resilient Water Infrastructure     | 20,000 10,000 5,040.00 6,300 90,000 45,000 22,680 |

1.4: Animal Health Improvement

1.4.2 Certificate Training the youth as AHW and Paravets | 200 100 200 200 900 450 226.8 |

1.4.4 BCC approach to improve animal husbandry practices | 20000 10000 6000 20,000 90,000 45,000 22,680 |

Component 2: Support to livestock market development

2.1.1: Upgrading Market Infrastructure | 30,000 9,000 9,000 30,000 135,000 15,000 7,560 |

2.2: Building Inclusive Value Chains

2.2.1 Matching grants for smallholder commercial producers | 6,000 4,200 1,800 6,000 27,000 13,500 6,804 | 6,000 27,000 |
<table>
<thead>
<tr>
<th></th>
<th>Direct Beneficiaries</th>
<th></th>
<th>Direct and Indirect Beneficiaries</th>
<th></th>
<th>Nutrition Households</th>
<th>Nutrition Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Women</td>
<td>Youth</td>
<td>Households</td>
<td>Total people</td>
<td>Female</td>
</tr>
<tr>
<td>2.2.2: Training, peer to peer exchange, exposure visits and SSC.</td>
<td>3,000</td>
<td>1,800</td>
<td>900</td>
<td>3,000</td>
<td>13,500</td>
<td>6,750</td>
</tr>
<tr>
<td>2.2.3: Training of Young Entrepreneurs</td>
<td>500</td>
<td>250</td>
<td>500</td>
<td>500</td>
<td>2,250</td>
<td>1,125</td>
</tr>
<tr>
<td>2.2.4: Grant to Young Entrepreneurs</td>
<td>500</td>
<td>250</td>
<td>500</td>
<td>500</td>
<td>2,250</td>
<td>1,125</td>
</tr>
<tr>
<td>2.4.5: County Level multi-stakeholder platforms</td>
<td>4,000</td>
<td>1,200</td>
<td>1,200</td>
<td>4,000</td>
<td>18,000</td>
<td>9,000</td>
</tr>
<tr>
<td>1.3.5: Grants to Youth Innovative Start-ups</td>
<td>50</td>
<td>25</td>
<td>50</td>
<td>50</td>
<td>225</td>
<td>113</td>
</tr>
<tr>
<td>1.3.6 Building dashboard for Crowdfunding</td>
<td>30</td>
<td>15</td>
<td>30</td>
<td>30</td>
<td>135</td>
<td>68</td>
</tr>
<tr>
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<td>143,470</td>
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<td>41,944</td>
<td>129,770</td>
<td>645,615</td>
<td>262,433</td>
</tr>
<tr>
<td>Benefitting Households (After adjusting for double counting)</td>
<td>110,000</td>
<td>60,000</td>
<td>33000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.3 Project Target Group

6. **Beneficiaries**: The primary target group will comprise: (i) the very vulnerable, ultra-poor, mostly women headed, pastoralist and agro-pastoralist households; (ii) the market-oriented small-holder men and women pastoralist and agro-pastoralist households; and (iii) young women and men involved in production and entrepreneurial activity at critical points in the value chain. The project has a strong focus on the inclusion of women and youth, marginalized tribes (including indigenous peoples) and persons with disabilities. In addition, the project will engage with value chain drivers such as farmers who have the resources to function as breeders of livestock, and traders, private sector companies, transporters, private agro-vets and input suppliers who will comprise the members of multi-stakeholder forums.

7. **The ultra-poor pastoralist/agro-pastoralist households**: These households can be landless or have very little land around their dwelling and few, if any livestock assets. A significant proportion of these households are likely to be women-headed households. Women headed households are defined as including women left by/divorced from the husband, women in polygamous households who are no longer supported, widows, single women responsible for dependents, married women whose husband is incapable of functioning as an income earner, married women who have been abandoned by their husbands for any reason. The number of dependents in these ultra-poor households may be higher than average and include members who are especially vulnerable, persons with HIV, persons with disabilities, children out of school. These households depend for their livelihoods on casual labour, trading vegetables, forest produce, charcoal, firewood, tooth sticks, gums and resins, traditional medicines, miraa and other natural products and handicrafts. Their earning can range from 200 KES to 400 KES per day. Coping mechanism include reliance on traditional safety nets such as kalakshime /dabare, which entail cash transfer from better off members of the clan, national programmes and NGOs, food packages from government’s relief efforts during droughts, and ‘merry go rounds’ (each person contributes a part of their daily/monthly earnings and each day/month a different person receives the sum collected.

8. The project will directly target 10,500 ultra-poor households combining the graduation approach with GALS (6000 directly and 4500 through GALS champions). Sixty per cent of these will be women-headed and 20 percent of these will include highly vulnerable persons such as those belonging to marginalized tribes (e.g. indigenous peoples), persons with disabilities, persons with HIV.

9. **Market-oriented Small-holder Men and Women Pastoralists** in the ASAL counties rely on livestock as their major source of income. They have herds with a mix of animals including sheep, goat, camels and donkeys. There are regional variations but typically livestock owners with up to 50 small ruminants comprise this target groups. They have viable herds that allow them to derive food and cash income from livestock even in absence of external support. They can access natural resources like pasture and water by migrating widely and this is fundamental to the continuation of their livelihood. Their livelihoods may be supported by receiving remittance from a family member. The constraints they face include limited productivity of animals, lack of access to improved breeds, loss of pasturelands, limited access to water, limited access to veterinary services and medicines, limited access to markets and low prices for livestock and low demand for by-products such as leather or wool. Drought and conflict in the northern counties have caused significant losses for this group. **Women** in pastoralist households perform all the
household tasks. One of the most time-consuming tasks can be collection of water. They are also responsible for the care of livestock, especially small ruminants, when they are at the homestead. In addition to the constraints faced by men, women are limited by patriarchal norms, double burden of work and limited assets. Traditionally, women’s ownership of livestock, including small-ruminants was limited to caring for them while selling and buying was done mostly by men. However, this is changing, the trend of women selling livestock in the ASAL’s themselves is growing. There are women who own livestock herds inherited from their fathers in their own right, trade animals and are involved in the butchery business. Donor interventions have resulted in a mushrooming of women’s groups that own small ruminants collectively. The small ruminants are bought when they are young and sold after 6 months. This has been a successful strategy for protecting assets in a highly patriarchal society that gives men authority over women’s assets. In terms of nutrition, malnutrition and stunting are more exacerbated for pastoralists given the limited variety of food available.

10. Market-oriented Small-holder Agro-pastoralist men and women farmers: The agro-pastoralist households have both land on which they cultivate crops and own some livestock. They can have up to 3 acres of land in the ASAL counties with smaller plots of up to 1 acre in the Western Counties. Their livelihood sources are more diversified with cultivation of crops, fodder, vegetables and livestock. They can have a small ruminants from 10 to 20, a few cattle as well as poultry up to around 50 birds. They may also be engaged in honey production with anywhere from 5 to 20 hives. Additional sources of income can come from trading, remittances and small businesses such as village shops, butcheries, cafes. They face similar constraints in livestock as the pastoralists. The constraints they face as small ruminant and poultry farmers includes limited productivity of animals, lack of access to improved breeds, limited access to quality feed, high cost of feed, limited access to veterinary services and medicines, limited access to markets and low prices for livestock and low demand for by-products such as leather or wool. The challenges for bee-keepers include limited capital to invest in hives, limited knowledge of apiary management, lack of processing equipment to improve quality of honey and limited access to markets. Women are actively engaged in farming, livestock and marketing of some produce. Poultry constitutes the ‘women’s wallet’. The income from sale of eggs and poultry is considered to belong to women. Traditionally, women had a limited role in honey production although they were involved in selling honey in the local markets. Women’s role in honey production is also changing with the intervention of development agencies.

11. Youth\(^1\): Although current engagement of youth in the livestock sector is limited, young women and men are engaged at critical points in the livestock value chains. Some of the more common activities for young men are animal walkers, traders, boda-boda transporters of livestock, and manual labourers at markets. Some of the young men accumulate capital required to engage in livestock production through these entry points. Young women are more visible as producers and sellers of honey and in groups that are formed around poultry and small-ruminants. The mission also met with some dynamic young men and women entrepreneurs who are innovating and establishing modernized agribusinesses in poultry and honey. The mission noted that youth are attracted to agri-businesses with quick returns. Youth also expressed a strong preference for working as individuals. They maintained that the formation of youth groups had been driven by Government financing opportunities,

\(^1\) The Constitution of Kenya (2010) Article 260 defines a youth as a person aged between 18 and 34 years
predominantly funding group-based activities. Young men and women’s ability to engage in the livestock value chain is limited by their lack of capital, limited access to finance and limited knowledge of the opportunities for investment. KelCoP aims to increase the visibility of youth engaged in the livestock sector by recognizing their current engagement, aspirations and opportunities in the development of County Livestock Strategies, helping to identify opportunities for youth engagement and supporting them with business skills, entrepreneurial skills and matching grants to support them in production and marketing activities.

12. Young men and women will constitute 30% of total beneficiaries in the project. The project will target 33,000 young women and men as smallholder farmers, entrepreneurs, traders and transporters.

2.4 Targeting approach

13. The project will use a variety of targeting mechanisms to implement the project in a manner sensitive to the needs and constraints of small-holder women and men farmers, as well as youth and vulnerable groups. This will include geographic targeting to identify areas where small-holder producers of selected value chains are located and where there is potential for developing the value chain. Direct targeting will be used to ensure social inclusion of women, youth and vulnerable groups (marginalized tribes (e.g. indigenous peoples), persons with disabilities, persons with HIV). Close attention will be paid to procedural matters such as duration, timings and location of training etc. to ensure that target groups self-select themselves for project activities.

14. The targeting approach also aims to ensure geographic concentration of project interventions in contiguous areas to increase the project’s impact, effectiveness, and efficiency. The project will put several measures in place to ensure that the risk of elite capture is minimized. This will be achieved through close supervision and monitoring through mentors, beneficiary feedback and a grievance redress system. It is further assumed that the GALS approach which gives individuals and groups a strong sense of agency and empowerment will further help to mitigate against this risk. The project will address the strategic interests of women, youth and marginalized tribes by promoting their visibility in the livestock strategies, ensuring the inclusion of County officials responsible for women and youth affairs on the steering committees and through GALS fairs which will bring together women farmers and entrepreneurs engaged in the selected value chains promoting their visibility and voice. Peer to peer learning will be used to promote learning, best practice and innovations and provide exposure to women and youth. KeLCOp will promote citizen engagement by building linkages between small-holder farmers and County Livestock departments as well as ensuring that the voice and interests of the project’s target group is included in policy formulation.

15. Nutrition Sensitive Strategy: KeLCOp will adopt a nutrition sensitive approach and mainstream nutrition in its various investments starting from the policy level (Livestock Master Plan), to the institutional level (county Government), the community level (groups formed by the project) and at the household level (GALS and mentoring approach). In terms of the investment area which KeLCOP has chosen, namely livestock, there is considerable evidence which shows that production of specific, nutrient-rich produce has more of an effect on improving diet quality than simply emphasizing overall production (Current Developments in Nutrition CDN, 2018). Livestock production has shown to be one asset strongly associated with an increased frequency of milk and dairy consumption among children. Furthermore, the KeLCOP approach is based on the evidence that achieving a
sustainable decrease in malnutrition rates requires an integrated response (WFP, 2014). The project is designed to target on the basis of nutritional vulnerability, it seeks to engage women and include interventions to protect and promote their nutritional status, decision making and overall empowerment and incorporate nutritional behaviour change communication through the use of GALS tools at the group level and at the household level for the ultra-vulnerable households, supported by GALS mentors trained in nutrition. The project has focused on the very vulnerable, ultra-poor, mostly women headed, pastoralist and agro-pastoralist households and the small-holder men and women commercially orientated pastoralist and agro-pastoralist households being organized into 440 groups for targeted nutrition support as these are the individuals and households who are supported by mentors who will be interacting with them over a period of time sufficient to support behavior change.

16. **Gender Action Learning System**: A stock take by IFAD of the use of the GALS and household mentoring approach (IFAD, 2019) shows that many projects are designed based on the intuitive promise of the approach. In so far as the use of GALS for women’s empowerment is concerned that in and of itself is a pathway for improved nutrition. Research on the subject shows strong evidence that income and assets controlled by women are used differently than male-controlled income and show that female income and asset ownership was associated with a significantly higher probability of consumption of a much more varied diet and that women's involvement in decision making was positively, significantly related to better-quality household diets (CDN, 2018). In addition, as GALS comprises a set of tools that can be easily adapted for multiple purposes, it can be further used to develop vision for the households nutrition, analyse current challenges and identify strategies for overcoming them. The project is also providing support to the targeted households for developing and improving kitchen gardens. The GALS approach which empowers women with a range of tools, combined with the intensive visits by mentors who have received training in nutrition, provides the requisite support needed for behavior change over a period of time. This intervention is being supplemented by the strengthening of kitchen gardens and transfer of livestock assets for increased food availability and diversity. As the use of GALS for nutrition is in its infancy, and evidence is not yet available from projects that are using it, this use of GALS in combination with other pathways, can be considered an innovation and documented to provide evidence for future projects. The project will target 38,500 households with nutrition messages, production support and mentoring.

2.5 **Social Inclusion Strategy**

17. KelCoP has a clear strategy for the inclusion of women, youth, ultra-poor households and highly vulnerable persons. Women comprise 53 percent of beneficiaries, youth comprise 30 percent and a minimum of 5% of beneficiaries will be from vulnerable groups (marginalized tribes (e.g. indigenous people), persons with disabilities and persons with HIV). Women’s intrinsic, instrumental and collective agency will be promoted by (i) Developing a gender sensitive Livestock master plan and County livestock strategies reflecting the strategic interests of women and youth (ii) Use of GALS methodology to address gender issues including distribution of work, control over income, assets and GBV (iii) prioritization of ultra-poor women and inclusion of

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2 The Pro-WEIA defines indicators for intrinsic, instrumental and collective agency as follows: intrinsic agency - autonomy in income self-efficacy attitudes about intimate partner violence respect among household members; instrumental agency - input in productive decisions, ownership of land and other assets access to and decisions on financial services, control over use of income, work balance, visiting important locations; collective agency - group membership, membership in influential groups
vulnerable persons such as persons with disability, HIV and marginalized tribes for graduation packages (ii) affirmative action for women to access knowledge on animal husbandry training, business skills training, entrepreneurship training, ICT4D through e-vouchers for inputs, e-extension and e-marketing platforms (iv) promotion of women’s leadership and collective agency through working with women’s groups and representation in decision-making bodies, coordination and steering committees created by the project (v) exposure through peer exchange visits (vi) well-being through nutrition training. Similarly, there is a strong focus on providing youth with (i) capacity building through apprenticeship, entrepreneurship training, business skills and formal courses in animal husbandry (ii) access to capital through grants and matching grants (iii) access to ICT through e-vouchers for inputs, e-extension platforms voice through representation on decision-making and coordination bodies such as multi-stakeholder forums and Project Committees. Marginalized tribes and vulnerable groups will benefit from the project interventions described above through quotas and delivery mechanisms sensitive to their needs and aspirations. The Livestock Master plan and County Livestock strategies will acknowledge the role of marginalized communities in the value chains and make special provisions to safeguard their interests and the project help them to capitalize on their traditional modes of production to capture niche markets.

18. The project has developed an indigenous peoples planning framework and plan. The framework provides guidance on how the FPIC process will be conducted and indigenous peoples action plans developed in consultation and with the consent of the IPs and their leaders. The action plans will reveal the project interventions the IPs would wish to be engaged with and ways in which they would benefit from the project. The PMU should then embed these agreed actions into the project delivery mechanism under the different sub-components under component 1 and 2 as is relevant. To the best extent possible, their wishes should be captured within the confines of the project budget and activities.

Social Inclusion Strategy by Component

Component 1: Climate-smart production enhancement for small livestock

1.1 Integrating Vulnerable HHs into Value Chains

19. Social Mobilization and Mentoring of Smallholder Farmers: The SMSP hired to do the social mobilization will have a proven track record in working with women, youth and marginalized tribes (such as indigenous peoples). The Regional Managers, Senior Supervisors and Group Mentors hired for social mobilization will be 50% women and 50% men. Only women will be recruited as graduation mentors as they will be working at the household level with women. The social mobilization staff will all be sensitized to gender issues, youth, IPs, and nutrition issues through their training in GALS and through training in Nutrition. The socio-economic assessment will consult women, men, youth and marginalized tribes (e.g. IPs) during the assessment and identify the specific constraints of these socially excluded groups. The teams through which these assessments are conducted will include both women and men.

20. GALS will be a cornerstone of the work with the smallholder farmers both in groups and in ultra-poor households to empower women and men, improve relationships, help households harness their collective potential, negotiate gender equitable decision making and workloads and improve nutrition. GALS tools will be used to have smallholder farmers and processors map the value chain in ways which make
women and youth’s engagement visible and helps groups develop a common inclusive vision. The GALS practitioners selected as GALS champions to train other community persons will be 70 per cent women and 30 per cent men. Five percent of GALS champions as well as the recipients of GALS training will be persons from marginalized communities, persons with disability or persons with HIV. GALS fairs will be held to provide women with an opportunity to travel and connect with other women across counties, dialogue with county officials and have opportunities to learn from each and develop a collective voice and vision.

21. Women’s knowledge, skills and access to ICT will be promoted through **business skills training, e-vouchers** and access to **e-extension platforms**. Women will receive 60 percent of the training in business skills and 60 percent of the support through e-vouchers. Thirty percent of the business skills training will be given to young women and men. In addition, young women and men will be selected and trained as business coaches from the wards the **project** is implemented in. Business skills training will be delivered to the farmers groups through them. Five percent of the recipients of business skills training will be persons from marginalized communities, persons with disability or persons with HIV.

22. The women in ultra-poor households will be the focus of the intervention and seventy percent of these households will be women-headed. At least 5 percent of these households will be very vulnerable households of persons belonging to marginalized tribes, persons with HIV or households with persons with disabilities.

23. Grants made available for 90 young persons who belong to households graduated out of poverty and sixty percent of these grants will be for women.

**1.2 Climate Resilient Production Systems**

24. Young men and women will receive the opportunity to increase their knowledge and skills about breed improvement through apprenticeships. The project will give women an opportunity to engage in a non-traditional activity. Twenty-five percent of apprenticeships will be reserved for women.

**1.2.1 Climate Resilient Production Systems**

25. The project will identify opportunities to involve youth and women in the fodder business. When establishing water infrastructures, the project will prioritize those infrastructures which can also increase the supply of water for household consumption. The possibility of clean water for drinking with filtration will also be explored so there can be a positive impact on nutrition and women’s workload in collecting water.

**1.2.2 Animal Health Improvement**

26. The Behaviour Change Communication Approach will be used to promote improved animal husbandry and management practices. The formative research will be based on consultations with women, men youth and marginalized tribes to capture their knowledge, practices, preferences. The strategies and channels used for communication will be tailored to the needs and preferences of women, men youth and marginalized tribes.

**1.2.3 E-Extension Services**

27. Recognizing that the capacity of the County Government’s to provide extension services using the traditional visit approach is no longer feasible given the shrinking manpower and operational budgets of County Governments, the project will therefore implement an ICT based approach to extension services by using e-
extension based models that are appropriate for the needs and literacy levels of its participants. The project will procure e-extension services on a competitive basis from the range of service providers available in the country. Nutrition awareness messages and importance of dietary diversity and the dietary practices during pregnancy, weaning and early child development will also be integrated into the e-extension messages. In addition, the service provider will develop modules which allow farmers to access expert veterinary advice on call for the diagnosis and treatment of ailments for which local expertise may not be immediately available. Customer willingness to pay for the services will be assessed by the service provider to enable the establishment of a sustainable model of e-extension. The ESMF and ESMP identify risks such as e-waste disposal, that are associated with the use of ICT. The PMCU should ensure that these risks are mitigated during implementation.

Component 2: Support to Livestock Market Development

2.1 Market Infrastructure and Capacity Development

28. **Upgrading Market Infrastructure** The upgrading of the market infrastructure involves making the markets more women friendly by providing toilets, seating arrangements and designated stalls inside the market, including construction of appropriate shelter for vendors of cooked food, raw fruits and raw vegetables who are mostly women. There will also be a special effort made to include improved infrastructure for poultry which is a value chain women are very active in. Where poultry is traded in the market or in a nearby market that does not include ruminants—the project will consider that part of the livestock market and implement improvements. One of the criteria that a county government must agree to before the project funds market infrastructure is that “special provisions will be made in the design to encourage women producers and traders to come to the markets by building designated stalls, seating arrangements and toilets for them”

29. **Capacity Building Support to Livestock Marketing Associations (LMAs) & County Governments:** Under this component, the project will work with 20 LMAs and the Kenya Livestock Marketing Council to strengthen the capacity of LMAs and ensure that they operating an economically sustainable model which is gender and youth sensitive. Training will focus on awareness of KEBS Livestock Market Standards and best practices for organization and management of livestock markets will include sensitization to needs and priorities of women and youth. Similar training will also be made available to County Government officials.

2.2 Building Inclusive Value Chains

30. **Matching Grants for Smallholder Commercial Producers:** Seventy percent of these 300 matching grants have been reserved for women and thirty percent for youth, given that both have limited access to capital for investing in their business. Five percent of these loans will be for persons from marginalized tribes, persons with disability and persons with HIV.

31. **Training, Peer to Peer Exchange And Exposure Visits:** The project will provide opportunities for training, peer-to-peer learning and exposure visits to those participating in the selected value chains. Sixty percent of these visits will be for women and thirty percent for youth. The project will be sensitive to the specific needs for women, ensuring safe places to stay, safe transport and allowing them to travel with a child if they need to.

32. **Training for Young Entrepreneurs:** There are many young men and women in the livestock sector who operate at the fringes of the value chains selected due to
lack of opportunities, skills and capital. The project will provide them with opportunities to build their skills and knowledge. Fifty percent of these entrepreneurs will be women.

33. **County Level Multi-Stakeholder Platforms:** The project will ensure the representation of women and youth in the multi-stakeholder platforms created at project level so that they have visibility, voice and exposure to multiple actors in the value chain.

34. **Grants to Youth Innovative Start-ups:** There is an impressive array of young men and women in the project counties engaged in the selected value chains as entrepreneurs linked to a large number of smallholders and providing them with key inputs to grow their poultry, apiary, dairy and meat businesses as well as purchase their produce in open arrangements or under contractual agreements. These young people are constrained by lack of capital and access to finance. The project has therefore given these grants exclusively to the youth with a 50 percent quota for young women.

35. **Crowd Funding:** The project will select young men and women who might need additional financing support through philanthropic crowd-funding opportunities. The project will carefully screen and select around 50 profiles of young men and women who are credible entrepreneurs from among its beneficiaries and develop their profiles and detail their specific business venture and their opportunities for growth. Fifty per cent of these youth will be women and 10% will be from marginalized tribes, persons with disability and/or persons with HIV.

36. **E-marketing:** The use of ICT itself encourages the inclusion of youth. In addition, through its social mobilization, behavior change campaign and mobilized groups and households, the project will ensure that women are informed of e-marketing platforms and encouraged to use them.

37. The ESMF has identified social risks that are likely to be witnessed in the project areas. These risks include among others GBV, FGM, child labour, early marriages, resource use conflicts, including community health issues such as the COVID 19 pandemic etc. The project through component 1 offers some remedy for GBV through the GALS approach. There is need for the mitigation measures proposed in the ESMP to be addressed as and when they arise, reported or observed during implementation. COVID 19 will be addressed in the project sites by working jointly with county teams and relevant stakeholders to create awareness on social distancing, handwashing, mask wearing and following government guidelines. The social inclusion specialist and the environment, climate and safeguards officer, working closely with the relevant county based departments would be charged with addressing these concerns and ensuring safeguards are put in place and that the responsible agencies are kept informed at all times.

**Component 3: Project Management**

3.1 **Policy and Institutional Support to National Government:**

38. In the Livestock Master Plan and the County level Livestock Strategies, the project will facilitate the National Governments and the County Governments to develop inclusive livestock strategies.

39. Smallholder pastoralist and agro-pastoralist farmers, rural women, youth and marginalized traditional tribes strategic interests will be addressed by promoting their visibility through recognizing the critical role that they play in the livestock
sector and their involvement at different stages of the livestock value chain as producers, traders, butchers, processors etc. The livestock Master Plan and strategies will also identify the main constraints faced by them in accessing, controlling and managing livestock while highlighting the additional and specific challenges faced by women and specific strategies to address challenges faced by women. The Master Plan and strategies will also identify the role of young women and men in the livestock value-chain, their specific constraints and opportunities as well as strategies for their meaningful involvement. As roles vary in different livestock sub-sectors by region, county, and community, reflecting different economic, social and cultural contexts and are also influenced by the particular dynamics that characterize specific livestock sub-sectors, the county strategies will capture the county and value-chain specific roles played by men, women and youth smallholder farmers and stakeholders.

40. The project will also facilitate the recognition of the role played by marginalized tribes who have their own traditional ways of managing livestock. Strategies will be identified to facilitate their engagement in the value chain in a way that values their traditional practices and capitalizes on these to capture market opportunities. There will be particular care taken to develop a certification regime for indigenous producers that protects their traditional practices while helping them to secure a market niche.

41. The terms of reference for the service providers involved in assisting policy development will include the following:

- Service provider must demonstrate expertise in mainstreaming gender, youth and marginalized tribes in policies.
- Service provider will be responsible for ensuring the visibility of women, youth (young women and men) and marginalized tribes in the strategies, identifying their specific interests, constraints and opportunities and including strategies to address them.

3.2 Project Management and Coordination Unit Support

(i) Staff

42. The PMCU will recruit a minimum of 30 percent women in its staff. It will have a Social Inclusion Specialist to facilitate the implementation of the social inclusion strategy and to address social safeguards associated with the project. The responsibility of mainstreaming the social inclusion strategy will be incorporated into the TOR of staff, service providers and consultants recruited for the project.

(ii) Start-up Workshop

43. The start-up workshop will include a session on detailing the rationale for social inclusion, strategies per component and the role of participating stakeholders in implementing the strategy and achieving targets.

(iii) Monitoring & Evaluation

44. The baseline and completion survey for the project will incorporate the Pro-Women’s Empowerment in Agriculture Index Assessment (Pro-WEIA) assessment. The Pro-WEIA indicator to be finalized by the Environment, Climate Change and Gender (ECG)

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3 The Pro-WEIA assessment has been piloted and is in the final stages of finalization. It defines indicators for intrinsic, instrumental and collective agency as follows: intrinsic agency - autonomy in income self-efficacy attitudes about intimate partner violence respect among household members; Instrumental agency - Input in productive decisions, ownership of land and other assets access to and decisions on financial services, control over use of income, work balance, visiting important locations; collective agency - group membership, membership in influential groups.
department in IFAD has been included as an impact and output indicator in the logframe. The following indicators have been incorporated into the logframe: access to productive capital, access to financial services and group membership. The project will collect gender and youth disaggregated data against all its indicators. The progress reports submitted by service providers will highlight the targets achieved, lessons learnt and strategies for course correction regarding the projects targeting strategy.

3 Project Description

3.1 Project Duration

45. The project will be implemented over a six-year period with a total implementation duration of 72 months from start to completion.

3.2 The Components and activities of KeLCoP

46. The IFAD supported project will have three inter-related components. The first component will target the production level, the second will support participation of smallholders in the value chain. The third component will ensure project coordination, implementation support, the improvement of the institutional and policy environment and finance monitoring and evaluation aspects of the project. The structure by component, sub-component and activity is as follows

3.3 Project structure

Component 1: Climate-smart production enhancement for small livestock

Sub component 1.1: Integrating Vulnerable HHs into Value Chains

Activity 1.1.1: Identification and Mentoring of Households
Activity 1.1.2: Technical Training in Gender Action Learning System
Activity 1.1.3: Gender Sensitive Value Chain Maps
Activity 1.1.4: Asset Transfer (poultry unit, goat package, hives)
Activity 1.1.5: Procurement and Transport costs
Activity 1.1.6: Improved technical and business skills
Activity 1.1.7: Short-Term Technical Specialists (nutrition messages, prototype poultry housing, branding and labelling, etc.)
Activity 1.1.8: E-finance voucher support
Activity 1.1.9: E-Extension System

Social Mobilization and Graduation of Smallholder Farmers and Vulnerable Households:

47. This component will be implemented by using the expertise of one or more than one service providers (SMSPs) for social mobilization and mentoring of groups and ultra-poor households contracted by the PMCU. It focuses on graduating ultra-poor households out of poverty through an approach which integrates a household methodology, Gender Action Learning System (GALS), with the Graduation Approach as well as building the capacity of market-oriented women and men small-holder farmers to increase their productivity, profitability and well-being through offering them training in GALS, animal husbandry management, business skills, nutrition education and positioning them to benefit from other project interventions. 1. Socio-Economic Assessment and Selection of Area/Households

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48. **Socio-economic Assessment**: In each County, the SMSP in close consultation with the County Government will use the following criteria to identify the two to four wards and potential villages that will constitute the focal area of project implementation. A rapid socio-economic assessment of these wards will be conducted by the service provider which will include identifying the number of villages, population, socio-economic conditions of the target group, registered women and youth groups, specific constraints of women, men and youth smallholders with regard to the selected value chain, existing markets. The assessment will identify the role of women and youth in the selected livestock value chain, identifying opportunities and constraints in for their engagement with production, processing and marketing as well as any other factors that will affect their participation in the project. A report on the Socio-Economic Assessment will be submitted to the PMCU to finalize the selection of the target area within the county and inform its strategies for implementation in each county. The socio-economic assessment will also include the socio-economic assessment that will be done during the FPIC to inform on issues affecting IPs and intervention areas, including the integration of the IP action plans into the social inclusion strategy. The FPIC will be undertaken once COVID 10 movement restrictions are lifted by government.

49. **Village Orientations (Year 2)** The SMSP will deliver orientation sessions at Village meetings (barazas) to inform the smallholder farmers about KelCoP. The objectives, activities and criteria for participation will be shared with potential beneficiaries.

50. **Participatory Rural Appraisal**: The SMSP will hold meetings in identified villages to introduce the project and conduct a PRA participatory rural appraisal to identify the Ultra-poor households and the market-oriented smallholder farmers who would like to participate in the project.

51. **Selection of Ultra-poor households & Smallholder Farmers**: The Ultra-poor household will be identified on the basis of a wealth ranking exercise involving women and men from the targeted community after the project has presented its objectives and targeting criteria. The smallholder farmers involved in the value chain selected for the County and interested in participating in the project will be selected. The selection of ultra-poor households will be finalized after household visits to validate community selection.

**Selection Criteria**

a. The **Ultra-poor households** will be selected based on criteria specified by the project as well as criteria that emerges during PRA with communities thus capturing area-specific dimensions of vulnerability. The direct beneficiaries of the graduation packages will be women 30 per cent of them young women (18 -34 years). The project criteria for include the following:

- women-headed
- asset-poor
- persons with disabilities in the household
- persons with HIV in the household
- Indigenous peoples

b. **Small-holder women, men and youth farmers** will be organized into producer groups by the SMSP through Group Mentors. The following criteria for inclusion will be used
Market Oriented Small-ruminant Smallholders
✓ Pastoralists (men and women) – with up to 50 small ruminants
✓ Agro-pastoralists – with up to 25 small ruminants
✓ A minimum of 50% of the smallholders will be women and 30% youth and women – exceeding this target will be seen as an achievement
✓ At least 10% of the overall target should be indigenous peoples

Market-oriented Poultry Smallholders
✓ Agro-pastoralists – Up to 150 – 200 birds
✓ A minimum of 50% of the smallholders will be women and 30% youth and women – exceeding this target will be seen as an achievement
✓ Atleast 10% of the overall target should be indigenous people

Market-oriented Bee-keepers
✓ Up to 20-40 beehives
✓ A minimum of 50% of the smallholders will be women and 30% youth and women – exceeding this target will be seen as an achievement
✓ Atleast 10% of the overall target should be indigenous peoples

2. Mobilization and Mentoring of Small-holder Market Oriented Farmers

2.2 Formation of Market-Oriented Smallholder Farmer Groups

52. Formation of new group: The objectives of forming inclusive groups, with a minimum of 50% women, 30% youth and smallholder farmers focussed on the selected value chain makes it likely that the project will have to form new groups and facilitate their registration. All women groups can also be formed as long as young women are also included. The leadership of women in mixed groups should be encouraged and facilitated.

53. The project will make a concerted effort to include communities benefitting from water infrastructures so they too can benefit holistically from the range of project interventions.

54. Existing groups can be used as an entry point but only if they fulfil the following criteria (i) good governance principles are being followed and there is no elite capture (ii) project’s social inclusion criteria are being met (iii) majority of smallholders are engaged in the specified value chain.

2.3 Mentoring & Capacity Building of Smallholder Farmer Groups

55. The SMSP will be responsible for ensuring the delivery of capacity building and mentoring the groups. In delivering training or any other service to the groups, particular attention will be paid to training modalities as these can pose barriers especially for women and the poor. The modalities of delivery of training in terms of timing, duration and selection of days will be determined through consultation with the small-holder farmers. Childcare will be provided for women and /or women will be allowed to bring their children to the training as the lack of such facilities can pose barriers for the participation of some women. Care will be taken when engaging indigenous peoples, to ensure the engagement aligns with their action plans and that they have consented to the proposed activities.

56. Orientation for Market-oriented Small-holder Farmers Groups and Action Plan: Group mentors will provide smallholder farmers who have elected to be in
groups an in-depth orientation on project activities. In consultation with the group, an action plan for the capacity building activities including GALS, Business Skills, Training in Animal Husbandry and Nutrition Education for the group will be jointly planned and scheduled over a two-year period.

57. **GALS training (8 days):** This will be a mandatory first step after project orientation. The Group Mentors will introduce GALS basic and advanced tools to the men and women to develop individual and group visions, action-plans and integrate gender justice into the value-chain and raise awareness on Nutrition Education and Climate Adaptation. The GALS tools that will be used are detailed in the section on GALS training. The delivery of the training in terms of days, duration and timings will be determined in consultation with women and men smallholder farmers. It will be ensured that there are no procedural barriers for women and youth in benefitting from the training.

58. **Nutrition Training & Mentoring:** The Group and Graduation Mentors in each county will receive a TOT organized by the SMSP in collaboration with the County Nutrition Officer and will disseminate the training to the ultra-poor households and the group mentors. The training on nutrition is likely to include the following topics: (IYCN, WASH, dietary intake, mother’s nutrition, food safety, preservation importance of good nutrition) In addition, food demonstrations will be held in each county. In addition, households will also be provide with mentoring in nutrition to influence behaviour and homestead production support to improve dietary diversity.

59. **Business Skills Training (5 days):** This will be delivered to the groups through young women and men in the community who will be trained and paid by the project. The scope of the business skills training will focus on

   (a) Financial literacy
   (b) Savings
   (c) Farming as a household business, including record keeping and climate resilience considerations (similarly for other non-farm household enterprises);
   (d) The changing climate and how to factor it in to your business decisions;
   (e) Group management and governance for business purposes;
   (f) Commercialization, marketing and negotiation – becoming a reliable player in the market.

60. **Training in Animal Husbandry:** The packages developed using the Behaviour Change Communication Approach (BCC) approach will be delivered at the group level by the Group Mentors. Mentors will also inform members about other channels through which information may be available. (More details in section on Behaviour Change Communication)

2.4 Mentoring

61. The Group Mentors will visit the groups on a monthly basis. The mentoring will involve the use of self-diagnostic and self-improvements tools including GALS tools, so each group can “own” its development process and regularly benchmark its strengths and weaknesses against objective measures. Mentoring is expected to be provided for approximately 4 years for newly mobilized groups, on a reducing basis. For more mature groups, approximately 2-3 years of mentoring is anticipated to support commercialization. The mentors will be responsible for facilitating access to the project interventions intended for beneficiaries including **access to e-voucher, e-extension platforms, improved breeds, water and market infrastructure as well as linkages with markets.** The mentors will also monitor
group dynamics, governance and progress in meeting milestones of individual and group action plans as well as reinforce nutrition messages. The mentors will be responsible for alerting their Supervisors if there is any risk of elite capture or any other challenge in group dynamics that they may not be able to address themselves.

3. Graduation of Ultra-Poor Households

62. The objective of this sub-component is to graduate 4000 households out of poverty, through their engagement in the three selected value chains. These households will be mobilized and mentored through the Graduation Mentors. The Graduation mentors will be trained in the Gender Action Learning System, Business Coaching, Nutrition Education through TOTs. They will then use their knowledge to build the capacity of the households. They will also be in charge of informing the households about opportunities available through the project.

63. In addition to refining the selection criteria, the SMSP will also define the criteria for graduation, specifying verifiable indicators for women’s empowerment, nutrition, improved livelihoods and impact on gender relations. These can vary according to counties and include indicators such as (i) number of meals (ii) percentage increase in income, diversification of income sources, achievement of a specified yearly income (iii) increase in women’s decision-making.

The households will be provided with the following:

(i) **Consumption support**: This will be given in the form of a small cash stipend for the first 3-4 months to ease the pressure on the household.

(ii) **Health insurance/ Linkages to healthcare providers**: where possible.
households will be protected from health shocks through health insurance.

(iii) **Gender Action Learning System:** Graduation mentors will train women and other household mentors in GALS over a period of time to help them develop self-confidence, well-being, a common vision for the well-being of the household, improved relationships, and equitable workloads informed by the principles of gender justice.

(iv) **Nutrition Training & Behaviour Change Support:** Graduation mentors will have received training in nutrition from the Nutrition County Officer. They will help women and other members of the household set nutrition goals, analyse their specific challenges and develop strategies to meet their goals. These Graduation mentors will be linked to the Nutrition County Officers and will be able to link these households to any relevant nutrition initiative and draw on resources/knowledge needed to support the household

(v) **Business Training:** Graduation Mentors will have received training in coaching on business skills and will provide basic financial literacy and business management training to women in modules during home visits.

(vi) **Transfer of Livestock or other livestock value chain related asset:** Graduation mentors will help women identify livelihood opportunities based on the market opportunities identified by the SMSP. These will be livestock related economic activities. This could involve rearing small-ruminants, poultry or bees, trading livestock, setting up a small butchery etc. In case of livestock, the asset package should include support in building appropriate housing, initial starter packs with inputs, including feed, disinfectants; feed troughs; drinkers, vaccinations etc.

(vii) **Access to training and/or provision through mentor to training in skill required to care for asset:** Graduation mentors will help to identify the kind of preparation and training needed for the household to care for livestock or other planned activity. The mentors will ensure that the women of participating households can access training made available for livestock rearing by the project or through another source. The mentors will also provide information about reliable sources for assistance and services (e.g., a veterinarian, feed suppliers etc).

(viii) **Kitchen gardens & Homestead production:** Mentors will support women in establishing or improving kitchen gardens for improved nutrition with advice from Ward Agriculture Officers. Some seed and implements may also be provided.

(ix) **Savings** will be encouraged once consumption stabilizes. This must be done using a modality which ensures the safety of the savings and gives women control over their saving.

(x) **On-going mentoring support** with weekly visits reduced over time to one every two weeks. Mentors will support the household through advice on nutrition, business planning, money management, health and disease prevention services. They will also support women in implementing their vision for gender equitable relationships, improved livelihoods and improved nutrition through GALS.

4. **Improved Community Nutrition and Practices**

64. The objective of this intervention is to improve community nutrition practices and household food security through raising awareness on nutrition and promoting informed choices. The training in nutrition will be complemented by reflection on nutrition issues through GALS. In the communities for which access to water for livestock is being increased through water infrastructures, where possible, increased water for household consumption will also be made available to increase
65. **Nutrition Training**: The nutrition training will be customized to address the county-specific challenges for nutrition and capitalize on any existing nutrition initiatives in the county. The training will be developed by the County Nutrition Officers who will inform the design with their knowledge of the current nutrition initiatives, local customs and challenges in the county. The project will support them to design and deliver a TOT. The Group and Graduation Mentors and their Supervisors in each county will receive a TOT in Nutrition and will disseminate the training to the ultra-poor households (4000) and the smallholder farmer groups (440 groups). The training on nutrition is likely to include the following topics: WASH, mothers nutrition, food safety, preservation importance of good nutrition, recipes for cooking food with locally available ingredients. The training should include food demonstrations. During the demonstration, the steps for cooking and nutritional messages will be explained with participants able to see the tasks that are being performed. Once the different dishes have been prepared, participants will taste the cooked food and evaluate the taste, appearance, smell and acceptability. Recipes can be modified and refined in line with community and household capacities and needs. Graduation mentors can enlist the support of County Nutrition Officers in organizing these events.

5. **GALS Training**

**GALS (Gender Action Learning System) is a community-led empowerment**

66. methodology that uses principles of inclusion to improve income, food and nutrition security of vulnerable people in a gender-equitable way. It positions poor women and men as drivers of their own development rather than victims, identifying and dismantling obstacles in their environment, challenging service providers and private actors. It has proven to be effective for changing gender inequalities that have existed for generations, strengthening negotiation power of marginalized stakeholders and promoting collaboration, equity and respect between value chain actors.\(^5\)

67. The project will use GALS to increase the intrinsic, instrumental and collective agency of project beneficiaries recognizing that gender justice is critical to positive economic, social and nutritional outcomes. GALS will assist ultra-poor households, smallholder women and men farmers and young women and men to engage in the value chains more effectively. Some of the key issues that will be addressed include:

- Development of individual, household and group vision to achieve greater productivity, profit and nutritional well-being
- Visibility of women and youth’s engagement in the value chains and potential value chains
- Women’s and youth’s meaningful representation in group leadership and decision making
- Women’s and youth’s access to and control over resources and benefits/expenditure
- Joint decision making of group and household resources and opportunities at all levels
- Of value chain-planning, production, harvesting, marketing and investment of profits
- Understanding of requirements for nutritious diets for children and adults and

\(^5\) Oxfam Novib (2014), GENDER ACTION LEARNING SYSTEM PRACTICAL GUIDE FOR TRANSFORMING GENDER AND UNEQUAL POWER RELATIONS IN VALUE CHAINS
- innovative uses of oilseeds in the diet
- equitable workload distribution and use of labour-saving technologies to reduce women’s drudgery
- gender-based violence and other social risks identified in the ESMF

68. The project will train 120 Group and Graduation mentors who will in turn train 4000 ultra-poor households and 11,000 smallholder farmers in each county. The project will also train

- A team of consultants or service provider will use GALS manuals adapted to include Nutrition and Climate Change Adaptation for KelCoP6. These can be further adapted for the Kenyan context if necessary. They will supervise the staff and the GALS champions they train in the field to ensure that quality training is taking place. Field visits will be undertaken with the Supervisors of the mentors to enable them to continue supervision. They will also be responsible for specifying the monitoring, evaluation and documentation system to be adopted by the Project for GALS. This will include developing simple formats for groups and households to document their progress in a standard format in their record books and for group and graduation mentors. In addition, NOSP will set up periodic follow ups by mentors and field supervisors to check on the status of both groups and ultra-poor households. They will also implement and design a short survey in consultation with the Social Inclusion Specialist and M&E Specialist to help the mentors and field supervisors capture information on uptake of the methodology.

- TOT workshops (5 days) on Basic GALS Tools will be organized in each county to train Graduation mentors, Group mentors, Supervisors and Regional Managers in basic tools for GALS: These include but may not be limited to Vision Road Journey, Gender balance tree, Challenge Action Tree and Social Empowerment Maps.

- The Group and Graduation Mentors will introduce these tools to all groups and households they are working with. The Graduation Mentors will introduce these tools to households and the Group Mentors will train the smallholder farmers in groups. This will initiate an approximately 6-months process of individual, household and collective action learning for gender equality and livelihoods improvement, and setting up skills and structures for peer learning.

- The consultants / service provider for GALS will supervise the mentors through onsite visits with supervisors during this 6 month period.

- After 6 months, the second TOT will focus on the Advanced Tools will be held for Group and Graduation Mentors. This TOT will focus on preliminary scoping and mapping of gender and power issues in value chains, strengthening negotiation power and negotiating win-win strategies in value chains and managing and monitoring impact, to promote a sustainable action learning process. Under this phase each workshop takes 5 days the tools used include Vision achievement Journey, Diamonds, Multilane highway, Trees, maps etc.

- After a year, individuals (women, men and youth) who have used the training to transform their lives will be identified for further training as GALS Champions. A TOT held in each county to train 30 Champions in each county. They will be supported with supervision in the field by the technical service provider and the Social Mobilization service providers.

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6 GALS manuals mainstreaming nutrition, climate change and focusing on Value Chains have been developed by several projects and organizations. The manuals developed by PRELNOR project Uganda, Oxfam Novib on Value Chains may be particularly useful. The ECG division at IFAD can further facilitate access to other valuable resources.
• The GALS champions will be tasked with training 30 women, men and youth each and will be paid a stipend of USD $100 for each group of 10 participants they successfully introduce to the basic GALS tool. After they have completed training 30 participants, they will be certified as GALS Champions.

• The consultants / service provider will facilitate in collaboration with PMCU and County staff, GALS fairs. There will be five GALS fairs. Each GALS fair will bring together women from 2 counties. They will share their visions, challenges and successes in transforming their lives. Together they will build a vision of women’s engagement in the three value chains. County Officials will be invited to these events to engage in a dialogue with these women. There will be an opportunity to celebrate with songs and dances created by the women. A minimum of 200 women will participate in each fair with representation of ultra-poor households (30%) and young women (30%).

6. Business Skills Training

69. The SMSP will contract in experienced business coaches to provide 4 Training of Trainers courses for a maximum of 8 young women and men from each county, belonging to the wards the project is being implemented. The young men and women will be recruited against specified criteria to ensure these young people have the required education and aptitude to be successful mentors. As residents in their community, these skills will remain after the project and continue to be available to support their peers in the future in preparing investment plans, loan applications or joint negotiations with new buyers and so enabling easy replication and scaling-up of successful models. The business skills training will include the following:

   a. Financial literacy
   b. Savings
   c. Farming as a household business, including record keeping and climate resilience considerations (similarly for other non-farm household enterprises);
   d. The changing climate and how to factor it in to your business decisions;
   e. Group management and governance for business purposes;
   f. Commercialization, marketing and negotiation – becoming a reliable player in the market.

70. The SMSP will organize 4 TOTs for Graduation Mentors (10 from each county). The Graduation mentors will train the 4000 ultra-poor households in financial literacy, money and business management.

71. **Matching Grants:** Among the vulnerable poor households, 90 will be selected, after two years of mentoring support and tracking, and provided with matching grants of up to USD 10,000 each. This support will also be available to women (70 per cent) and young (30 per cent) producers as well as persons living with disabilities (PWDs). The producers contact with commercial banks will be facilitated to enable them to access commercial credit.

**Sub component 1.2: Climate resilient production systems**

**Breed improvement**

   Activity 1.2.1: Strengthening County Breed Multiplication Centres (infrastructure, equipment and improved breeds and technical assistance
   Activity 1.2.2: Community Breed Improvement Programme
• Training to outreach/elite breeders farmers by Technical Staff
• Improved Breeds (small ruminants for meat and dairy)
• Apprenticeship for young men and women breeders

1.2.1: Strengthening County Breed Multiplication Centres

72. The breed improvement programme will be placed under the direct supervision of the Production Lead Specialist at the PMCU, and closely with the Procurement Specialists/Procurement Assistant and other officers based at the county, such as (i) the Livestock Production Officers/Directors of Livestock Production (at the county department of livestock production); and (ii) the Breeding technicians based at the Breed multiplication centers. In this sub-component, the project will address the needs of small ruminants and poultry producers. The environment, climate and safeguards officer will support the team in ensuring that together, the environment, climate, and social risks identified under sub-component 1.2. in the ESMF and the ESMP are addressed and appropriate mitigation actions put in place during the design and implementation of interventions under this sub-component.

73. For small ruminants, there is a lack of capacity from both commercial breeders/farmers and most pastoralists to undertake operations of genetic selection or importation of improved breeds. The project will therefore support (i) the importation of quality parent stock and (ii) their multiplication and dissemination to smallholder producers through upgrading the capacity of existing three breed multiplication centres located in three counties. The selected centres are Nomotio in Samburu, Kimose in Baringo and Naivasha sheep and goat centre for the small ruminants.

74. The support package to breeding centers will include, i) material support for fencing, upgrading of training facility, procurement of small equipment for animal husbandry practices and support to water supply. This support will strengthen the centre’s capacity to offer technical training on breeding concept, animal husbandry and related topics to elite breeders/outreach farmers and offer apprenticeship to young men and women breeders.

75. The second support will involve supply of additional parent stocks to breed multiplication centres, where the outreach/commercial/elite farmers or breeders can buy the parent stock from. With strong mandate and expertise, the multiplication centres will be supported with additional parent stock from where they can do the multiplication and sell the improved stock through public auctions.

76. The elite breeders/outreach farmers to be trained at the center will be drawn from different sub-counties and wards. This is for ease of reaching as many farmers as possible, including in far flung wards. The selected elite breeders/outreach farmers should meet some minimum conditions, such as:

(a) They should already be in livestock production business;
(b) Demonstrate capacity through, ownership of land, forage, basic production infrastructures, and bigger flock of animals with strong management;
(c) They should capably act as multiplier for quality animals and have capability to supply farmers with pure stocks.

77. The young women and men breeders will be drawn from available paravets, agrovets, dealers, and students that will be sponsored through the project to pursue certificate courses at animal health colleges. The training will equip them with hands-on
experience to learn breeding techniques and technically support the smallholders in their counties.

78. In poultry production, supply of either improved Kienyeji birds or fertile eggs and day old chicks to smallholders will be facilitated through KARLO Center in Naivasha/Kakamega as well as selected private hatcheries in TransNzoia, Kakamega, Bungoma and Siaya. Prior to project start, thorough assessment of the capabilities of selected hatcheries, nature of required support from the project and intervention choices will be made. The selected hatcheries will play the role of supervision, and technical training for outreach farmers.

79. Breed improvement interventions, whether institutional or community based, should take into account potential environmental, climate and social risks identified in the ESMF and the sub-project ESMP, and ensure that the proposed mitigation measures are put in place.

**Activity 1.2.2.: Community Breed Improvement Programme**

80. The project will concurrently run a community breed improvement programme where improved breeds (small ruminants for meat and dairy) will be distributed to community groups directly on a 50-50 cost sharing basis. In this arrangement, the farmer groups are expected to pay 50% of the purchase cost of the breeding buck or doe while the project will match the other 50% of the purchase cost. This activity can be implemented in partnership with an international research institution and other institutions with demonstrated expertise and experience in community breed improvement project.

**Climate Resilient Production Systems**

Activity 1.3.1: County Livestock Feed strategy
Activity 1.3.2: Climate Resilient Water Infrastructure – solar-powered borehole, Sub-surface dams or rock - catchment, water pans and shallow wells with solar panel,
Activity 1.3.3: Upscaling production of grass seeds (fencing and seeds) in 4 counties
Activity 1.3.4: Rangeland Governance System
Activity 1.3.5: Rangeland Plans and GIS maps
Activity 1.3.6: Support to GIS Laboratory
Activity 1.3.7: Rangeland Policy Support
Activity 1.3.8: Poultry feed improvement
Activity 1.3.9: Feed storage infrastructure (Haysshed's, equipment for baling, hay harvesting equipment, labour saving equipment, etc.)

81. The Climate Resilient Production Systems activities will be placed under the direct supervision of the Production Lead Specialist/ Procurement Assistant at the PMCU, who will work closely with the Procurement Specialists and the (i) the Water Engineers (at the county department of water); and (ii) the Range Development Officers/Directors of Livestock Production (at the county department’s of range development and, iii) Poultry Production Officer’s at the county level. The technical staff should work closely with the environment, climate and safeguards officer as well as the county based environment and NRM officers, to ensure environment, climate and social risks identified under sub-component 1.3. in the ESMF and mitigation actions in the ESMPs are addressed during the design and implementation of the various project interventions under this sub-component.
**Activity 1.3.1: County Livestock Feed strategy**

82. Prior to rolling out feed/fodder support activities to the counties and beneficiaries, an assessment of the status of the availability and accessibility of livestock feed will be undertaken at country level. The purpose is to estimate feed and forage deficits in relation to small ruminants and poultry and develop a viable strategy to increase forage and feed production. Appropriate entry points for feed intervention will be guided by this assessment.

83. The assessment of feed deficit will build on the national level study on feed deficit conducted by FAO and any other existing study/assessment by the National Drought Management Authority (NDMA). This partial support to development of feed strategy will be organized into clustered interventions e.g. across the ASAL counties as one and the poultry producing counties as the other cluster. Based on this and further consultations with technical staff, each county government will contribute and spearhead the development of county-specific feed strategy based on assessment results from this exercise/activity. The feed strategy should also be informed by the findings of the indepth climate risks analysis, particularly future temperature, heat stress, humidity and precipitation projections and their impacts on the value chains at county and sub-county levels.

**Activity 1.3.2: Climate Resilient Water Infrastructure – solar-powered borehole, Sub-Surface Dams or rock - catchment, water pans and shallow wells with solar panel**

84. Specific investments to establish water infrastructures and auxiliary facilities will be made for human and livestock in ASAL counties.

85. The establishment of water infrastructure should be based on thorough preparatory tasks:

   (a) Building on or conducting fresh hydrological surveys;
   (b) Assessment and building on existing water needs per county,
   (c) Review of existing water maps
   (d) Further community consultations to understand location of water points, choice of water technology and related environmental, socio-economic impacts associated with each water infrastructure.
   (e) Ensure that water development should be participatory and in compliance with IFAD’s safeguard measures as outlined in the SECAP review note and the ESMF/ESMP under sub-component 1.3. The inte A.5 = should read “E-Extension services”

86. Water infrastructure will largely be established in ASAL counties and will mainly support livestock production, human use and pasture feedlot development. The counties with irrigation potential such as Samburu should also pursue possibility of pasture production from irrigation systems. Care should be taken to ensure that irrigation system that will be developed must not exceed 100ha per system, as this is likely to trigger a category A status of the project.

**Activity 1.3.3: Upscaling production of grass seeds (fencing and seeds) in 4 counties**

87. In fodder interventions, the project will support three activities,

   (a) Upscaling the production of grass seeds and pasture, which will include working with about 100 groups across the 10 counties (mainly targeting
women and youths). The support package will include fencing, water supply and supply of initial stock of drought resistant indigenous grass seeds. The support will facilitate the establishment of group owned pasture feedlot that will produce pasture and grass seeds for commercial purposes. This activity will be implemented with groups already active in hay production and sale and are willing to tap into the growing demand for fodder. The project will explicitly explore specific commercial opportunities for women and youths in fodder business. This will address seasonality by making higher quality feed available during the dry season. The production of grass seeds and fodder should be informed by the findings of the indepth climate risk analysis (especially future climate, temperature, humidity, heat stress and precipitation projections) and the proposed measures to address climate related risks such as drought, floods, desert locusts etc.

(b) Feed storage facilities and infrastructure and equipment (e.g. hay sheds, baling equipment, hay harvesting equipment and other labour saving equipment will also be given to groups to enable them start their fodder enterprises. The project will also work with the environment, climate and safeguards officer and their county counterpart, to ensure that potential risks associated with feed storage facilities and hay harvesting and other labour saving equipment as identified in the ESMF are mitigated during implementation.

(c) Rangeland management interventions across the ASAL counties, and the project activities will be executed as discussed below:

**Activity 1.3.4: Rangeland Governance System**

88. This activity is an assessment/study to establish the status of rangeland governance in four counties, i.e. Marsabit, Samburu, Elgeyo-Marakwet and Baringo. It include analysis of institutions, rules and regulations as well as the status of their enforcement and associated bottlenecks. The result of the improved analysis will shape the design of county specific interventions for improving rangeland governance and the management systems. This study can build on existing, reports, assessment and the rangeland investment priorities at the county level.

**Activity 1.3.5: Rangeland Plans and GIS maps**

89. Planning is critical to rangeland use and management. In order to improve overall grazing plans and management of rangeland, this activity will support participatory rangeland mapping to articulate priorities for the protection of key grazing resources, livestock mobility and the seasonal use and access to grazing resources.

90. This activity will simultaneously improve the capacities of pastoral communities to implement participatory rangeland planning, identify strategic resources, multiple users and access modalities. This activity will incorporate Geographical Information System (GIS) digital maps to display resource distribution data with high spatial precision. The GIS maps will form important legislative and management tools to protect key grazing resources, inform community led resource management and link customary to formal systems of resource management. The maps should also be used as a means to verify the undertaking of environmental safeguards identified in the ESMF. For example, to establish a baseline on rangeland, pastureland degradation and rehabilitation, and observe progress over time (mid and end term). The project thus should exploit the main potential uses of GIS in sustainable NRM, safeguards and M&E tool.
Activity 1.3.6: Support to GIS Laboratory

91. Sustainable and lasting solution will only result from strong capacity (technical and equipment) of county departments of natural resource management and rangeland management.

92. The project will provide specific support to the county department of natural resource management. The natural resource management department is currently supporting rangeland department to generate basic GIS maps but they have limitation with respect to GIS equipment, laboratory facilities and technical skills for rangeland observations. Natural resource department also provides technical assistance to rangeland officers and environmental/NRM officers on need basis. The project will identify required support and provide additional material and skills through provision of specific equipment to operationalize the GIS laboratory. At the start of the project, specific need will be assessed in four ASAL counties and tailored support will be provided.

Activity 1.3.7: Rangeland Policy Support

93. Based on the results of governance assessment (Activity 1.3.4), the project will identify specific activities for strengthening governance institutions through, for example supporting development of appropriate by-laws, laws, recognition and strengthening of local institutions. It will also include capacity building on by-law formulation and facilitation of by-law development process with the county assembly officials.

Activity 1.3.8: Poultry feed improvement

94. In poultry feed, the project will adopt an e-voucher scheme to improve stallholders access to subsidized feeds, which is an electronic voucher platform for managing inputs and service subsidies through the private sector. The e-voucher card wallets will enable farmers access package of inputs (i.e. vaccines, extension, poultry feed etc.). The wallet will also double up as farmers’ saving account.

95. In collaboration with other stakeholders, the livestock production officers in every county will mobilize and recruit the farmers along established and validated eligibility criteria for community-based targeting and screening. The Financial Institutions (FIs) will perform accounts opening and subsequent enrolment of selected farmers in the field and accepts 10% farmers’ contribution deposits that could be paid either through the FIs branches/outlets, bank agents or via Mobile banking (M-Pesa) option.

96. The farmer’s initial deposit will trigger inputs access from the e-voucher platform. During enrolment, the banks will train the farmers focusing on financial services module, particularly management of debit cards and PIN. Then the Project Management and Coordination Unit will prepare the payroll for each farmer from the list of successfully opened accounts and after 10% deposit by farmers. The Banks credits the payroll, which are then shared with the targeted Sub-Counties for mobilization of farmers to swipe for inputs/services at selected and qualified agro-vets.

97. The second intervention on feed will be through the youth grants where the project will identify and evaluate options for supporting youths to enter into poultry feed milling business and technical support to smallholders.
Activity 1.3.9: Feed storage infrastructure (Hayshed's, equipment for baling, hay harvesting equipment, labour saving equipment, etc.)

98. The support to pasture production enterprises will extend to include establishment of feed storage facilities and provision of infrastructure and equipment such as hay sheds, baling and hay-harvesting equipment and other labour saving equipment.

99. In supporting feed storage facilities, consideration will be given to approaches that demonstrate innovativeness to consider spatial and practical utility aspects of a given county and community. This will be ensured through participatory planning for storage facilities and exploring practical questions around distance and access for primary users.

Animal Health Improvement

Activity 1.4.1: Strengthen the system of disease surveillance and monitoring
Activity 1.4.2: Development of disease contingency plans
Activity 1.4.3: Certificate Training for animal health workers and Para vets for young men and women
Activity 1.4.4: Smart Device for Agrovets for tracking and monitoring disease
Activity 1.4.5: Behavioral Change Approach (BCA) for Animal health and disease

100. The animal health improvement activities will be placed under the direct supervision of the Production Lead Specialist/Procurement Assistant at the PMCU, who will work closely with the Procurement Specialists and the county veterinary officers.

Activity 1.4.1: Strengthen the system of disease surveillance and monitoring

101. In order to improve disease surveillance and monitoring system, the project will have a preparatory assessment to understand the current system for disease surveillance and monitoring across all the counties. The system for disease surveillance and monitoring will be evaluated in all the counties and intervention entries for strengthening the systems will be identified and supported. This support could include among others, capacity building of field agents in surveillance, monitoring and reporting, community based surveillance networks such as Community Disease Reporters (CDRs) etc.

Activity 1.4.2: Development of disease contingency plans

102. The contingency approach will address three important aspects of disease preparedness: (i) the development of contingency plans (ii) the implementation of simulation exercises, and (iii) the establishment of a contingency fund to respond to climate and disease related emergencies.

103. Development of contingency plans. In order to be ready to respond to any sanitary crisis, veterinary services need to have ready and up to date contingency plans at hand, for each disease at risk (the response will be different depending on the specie affected, the epidemiology of the disease). The project will review the existing contingency measures and support the county government develop plans for PPR, CCPP, blue tongue, RVF and any other known or emerging disease depending on the epidemiological situation in the region and the actual major risks.

104. Organization of simulation exercises: once the contingency plans are prepared, the recommended practice will involve undertaking simulation exercises in order to (i) test the Contingency Plan, (ii) build capacity of staff for implementation of the plan in almost real conditions (on hands training); (iii) test operational response
arrangements and examine the liaison and interdependencies between the key operational partners (the deployment of the plan often requires cooperation between veterinary services, police, customs, public health for zoonotic diseases, which makes its implementation very complex). During the exercise, all components of the response will be reviewed, such as laboratory diagnosis, epidemiological investigation, biosecurity measures, and disease containment barriers as well as cleaning and disinfection processes of affected holdings. The project will support the organization of simulation exercises for common small ruminant and poultry diseases. Mitigation actions on zoonotic diseases proposed in the ESMF and ESMP should inform these simulation exercises and appropriate measures taken to deal with potential risks. The integrated pesticides management plan provides further information on the identification, safe use, handling, protective wear, storage, and disposal of agrochemical products.

105. **Establishment of a contingency fund for small ruminants diseases:** even if a contingency plan is available and updated, and if capacities for response have been strengthened and tested through simulation exercises, the deployment of an adequate response to a sanitary crisis also depend on the availability and accessibility of means, including in particular financial means, to implement the response mechanisms. The response depends on the disease and on the epidemiological situation, but it can require deployment of measures of containment, protection disinfection, restriction of movements, establishment of buffer zones and protection zones, preventive vaccination, laboratory testing, and even in some cases stamping out of animals infected or at risk. All these measures are costly, in particular stamping out, which requires proper compensation of farmers affected.

106. The project will therefore establish a reserve fund that will constitute the primary contingency fund. In case of eligible sanitary crisis, the affected county may use part of these funds to finance emergency response, in line with the mutually agreed operational guidelines and criteria for eligibility of the crisis. Detailed operational guidelines and criteria for eligibility of the crisis will be developed to guide the utilization of the funds. Should this activity be triggered, all expenditures will be made in accordance with IFAD procurement rules applicable to emergency situations.

107. The contingency fund will be managed by the Directorate of Veterinary Services – DVS under special bank account, at the national level. This fund will be utilized at the national level and not only applicable to the ten project counties. The fund utilization will only be made possible if the crisis fulfills the criteria mutually agreed upon, and should be done according to the operational guidelines. In the first year of the project, the set of criteria and operational guidelines will be developed and submitted to IFAD for approval. The transfer of the funds to the bank account will be done only after approval of these two documents. Utilization of funds in the special account will additionally require a preliminary authorization from IFAD. Only DVS will be authorized to use the contingency funds, and their utilization will follow the procurement rules in force in the country in case of emergency.

**Activity 1.4.3: Certificate Training for animal health workers and Para vets for young men and women**

108. This activity is designed to bridge the existing gaps in the extension service for the veterinary officers and animal health workers, predominantly in most affected ASAL counties. The project will offer scholarships to young men and women to pursue certificate training in animal health. The number of scholarships will not be uniform
across the counties but rather take cognizance of the level of skill gaps in each county. In total, 200 students will be sponsored to pursue certificate courses at animal health colleges such as technical and vocational colleges like Animal Health Industrial Training Institute (AHITI) in Kabete and other recognized animal health colleges across the country. The potential youths for the sponsorship will be selected from form four graduates that meet the minimum requirements and the youths already employed in agrovet business, for skill upgrade.

109. Post-training, the trainees will be supported by the project by equipping them with animal welfare kit and in discussion with the counties, consider them for possible recruitment and bonding.

110. The project trainees should also be trained on safeguards measures related to the safe use, handling, protective wear, storage and disposal of agrochemical products. The integrated pesticides management plan provides safeguards measures that should be followed.

Activity 1.4.4: Smart Device for Agrovets for tracking and monitoring disease

111. The project will complement other support by providing specific equipment and kits for the detection of small livestock diseases (PPR, RVF, CCPP).

112. Smart devices will be issued to disease monitors, community disease reporters and agrovets for regular tracking, monitoring and reporting of diseases. This smart devise will improve the efficiency for disease reporting and response. The details of the devise and operational modalities will be further explored at the inception of the project.

Activity 1.4.5: Behavioral Change Approach (BCA) for Animal health and disease

113. The BCA is an alternative approach to train farmers, not through a pre-packaged training delivery, but adopting a Behavioural Change Approach (BCA) where the community will be trained on improved animal husbandry practices. The behaviour change approach take into account the specific psychological and social influences that guide decision-making and behaviour of farmers in livestock husbandry and health management.

114. BCA entails designing and implementing interventions in a manner that is iterative and a process of discovery, learning and adaptation.

115. The project will secure the services of a specialist service provider to work closely with community groups to develop appropriate messages for behaviour change and develop a series of audio-visual and other training material for dissemination and delivery of messages.

E-Extension services

116. Recognizing that the capacity of the County Government’s to provide extension services using the traditional visit approach is no longer feasible given the shrinking manpower and operational budgets of County Governments, the project will therefore implement an ICT based approach to extension services by using e-extension based models that are appropriate for the needs and literacy levels of its participants. The project will procure e-extension services on a competitive basis from the range of service providers available in the country. Nutrition awareness messages and importance of dietary diversity and the dietary practices during pregnancy, weaning and early child development will also be integrated into the e-extension messages. In addition, the service provider will develop modules which allow farmers to access expert veterinary advice on call for the diagnosis and
treatment of ailments for which local expertise may not be immediately available. Customer willingness to pay for the services will be assessed by the service provider to enable the establishment of a sustainable model of e-extension. The ESMF and ESMP identify risks such as e-waste disposal, that are associated with the use of ICT. The PMCU should ensure that these risks are mitigated during implementation.

Component 2: Support to Livestock Market Development

2.1 Market Infrastructure and Capacity Development

117. The execution of the Market Infrastructure activities will be supervised by the Project’s Marketing Development Specialist supported by the Procurement Specialist and in collaboration with Kenya Livestock Marketing Council (LMLC) and each County’s directors of Livestock Production, Veterinary Services and the county Environmental Officer for Compliance and Licensing of Infrastructure, and any other relevant enabling county official.

2.1.1: Upgrading Market Infrastructure

118. The project will rehabilitate 20 markets, two per county. The county Director of Livestock Production will inform the project Market Developing Specialist of two county markets selected for rehabilitation. Five of these markets will be rehabilitated in the second year of the project, ten in third year and five in the fourth year.

119. The markets must fit the following KeLCoP criteria. Specifically, the market must, (i) already exist to ensure it is in the correct location; ii) have a minimum trade volume of 200 goats, sheep per market day; (iii) there must be a Livestock Market Association in place, (iv) the County Council must have passed a Bill to adopt the LMA (Livestock Marketing Association) co-management model; (v) the County Government must have agreed to work with the LMA to properly operate and maintain the markets after construction; (vi) a proper business plan must have been prepared that shows the trade volumes, revenue generation and fund allocation for operation and maintenance of the market; (vi) the County Government must be willing to consider refinements and changes to the regulatory framework within which markets operate.

120. Prior to onset of the work, the county must present a rehabilitation plan that conforms to the 2017 KEBS Livestock Market Standards regarding access to clean water, space allowances per animal, biosecurity best practices, auction blocks, non-slip loading ramps, functioning crushes, isolation pens, auction rings, regulation sized fence spacing and forage storing facilities. Even in the absence of KEBS Market Standards have specifying it as a standard, the rehabilitation plans must include appropriate drainage and animal waste disposal strategies, hygienic toilets for men and women, adequate shade for both people and animals, appropriate shelter for vendors of cooked food as well as raw fruits and vegetables. Each plan should include a poultry sector or designate improvements to the poultry sector of a nearby produce market.7

121. The project Procurement Specialist will use a bid process to hire a qualified construction contractor with experience in livestock infrastructure. This procedure must include an advertisement in one national newspaper and the ad should run

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7 For example, in the Siaya livestock market for ruminants, the poultry market is located in the nearby vegetable and fish market. In this case the definition of the livestock market may include the poultry section of other non-ruminant livestock markets.
for a minimum of 14 days. The advertisement will specify minimum requirements for bidders according to the construction planned, including a specified minimum experience conducting similar work. IFAD will support the project Marketing Specialist with review of proposals and a due diligence background checks of bidders. Contracts should specify pay per performance milestones.

122. Interventions must be climate adapted, this includes long-lived metal fencing and roofing, local rock and mortar construction, and appropriate drainage. Interventions will include hygienic disposal and management of human and animal waste and emphasize green technology, including solar energy, use of biogas, water efficient technologies and practices, and strategic location of infrastructure to reduce adverse environmental impacts.

123. The ESMF identifies environmental, climate and social risks associated with the development of market infrastructure and proposes mitigation actions. The project environment, climate and safeguards officer as well as the county representative for NEMA (National Environmental Management Authority) will inspect plans and infrastructure to ensure that structures and placement conform to Kenya environmental and safety laws and IFAD’s SECAP guidelines, and that the mitigation actions in the ESMP are undertaken. 2.1.2: Support to Regulatory Mechanisms for Markets at County Level

124. KeLCoP Marketing Development Specialist will collaborate with the KLMC’s County Livestock Marketing Officer and a designated representative from the Ministry for Livestock Development (MLD) to assist the eight counties without a Livestock Sale Yard Bill with the process of formulating bills. These bills will define an integrated policy and institutional framework for management of the markets that meets local County Government approval. For the two counties that have an existing bill, Samburu and Marsabit, these bills will be reviewed by KeLCoP Marketing Specialist and the KLMC representative and, if deemed necessary, amended. The two completed bills will be reviewed in the first year of the project and the eight incomplete bills will be produced in the second year of the project.

125. The bills will cover establishment and administration of livestock sales yards, transportation and movement of livestock, handling of unfit and/or diseased livestock, feeding and watering of livestock held in yards, offences and penalties for livestock yard infractions, matters related to sales and fees, as well as recognition LMA’s role in co-managing markets with the County and sharing in revenues intended for maintenance of the market.

126. To initiate the process, the County Assembly must authorize the drafting of the bills.

127. After authorization but before the bills are actually drafted, the short-term KeLCoP Marketing Development Specialist will coordinate support to KLMC to provide training to all county officials whose tasks involve regulation of Livestock or Livestock Markets. The curriculum will focus on KEBS regulations bearing on control of livestock, space allowances, biosecurity plan, health certification of animals, moving permits, regulation of agrovets in the market, collection of fees, accounting, record keeping and dissemination of information, lobbying and grievance mechanisms for users of the market, conflict resolution, consistent reporting and control of theft. Inconsistent policies that should be redressed include double taxation of livestock, restrictions on trucking animals between 6 p.m. and 6 a.m. (something that increases the cost of livestock transport), limited use of auctioneers, and sharing of market revenues with LMAs for the maintenance and functioning of the market.
128. Training will include use of smart phones and establishment of a communication protocol between county officials and LMA members at different markets. This protocol will serve as a foundation for the implementation of real-time price information system. The ITC portion of training will be conducted by the Project ITC Specialist.

129. After completion of the training, bills will be drafted by county drafters supported with short-term legal expert vetted and hired by the project Market Development Specialist. For Marasabit and Samburu, the two counties that have existing livestock bills, the consultant and Marketing Development Specialist will review the bills and make recommendations consistent with Livestock Yard best practices. Upon completion the new bills and/or modifications to existing bill must be authorized by County Assembly.

130. The county training regime will be integrated with the LMA training regime seen in the next subcomponent to promote knowledge and consensus on the role of LMA vs. county and encourage seamless governance.

2.1.2: **Capacity Building support to LMAs**

131. The project will work with 20 existing LMAs, two in each county, to strengthen the capacity of LMAs. The goal is to upscale the county co-management model that was initiated by the Kenya Livestock Marketing Council (KLMC) under the Arid Lands Resource Management Project (ALRMP), which is intended to increase community participation in the management of the newly constructed markets. The co-management model allows for a partnership between County Government, Livestock Marketing Councils and Livestock Marketing Associations. Five LMAs will be trained in the second year of the project, ten in the third year, and five in the fourth year.

132. KeLCoP Marketing Development Specialist will collaborate with the KLMC’s County Livestock Marketing Officer to bring together the County Livestock officials and the Livestock Marketing Associations through a binding mutual agreement that specifies sharing revenues collected on a livestock sold in the market. The LMAs will design and sign an MoU with the county authorities specifying 50-50 or 70-30 revenue sharing arrangements, the amount that must be invested in the markets and the necessary checks and balances in the management setup. The MoU will specify how the income from revenue sharing is to be used to promote livestock marketing and provide required services by the relevant stakeholders.

133. The Project will provide financial support to the KLMC to design and carry out the training. The training will focus on awareness of KEBS Livestock Market Standards and best practices for organization and management of livestock markets. Specifically, codification of regulations bearing on control of livestock, space allowances, biosecurity best practices, health certification of animals, moving permits, regulation of agrovets in the market, collection of fees, accounting, record keeping and dissemination of information, lobbying, environmental, climate and social safeguards, conflict resolution, and proper procedures for documentation of theft.

134. Training will include provision and use of smart phones and establishment of a communication protocol between county officials and LMA members at different markets. The communication protocol will serve as a foundation for the implementation of real-time price information system. Implementation will be accomplished by the PMCU and KLMC (Kenya Livestock Marketing Council).
135. Each LMA will be evaluated for additional capacity needs. Evaluation will include focus groups for which detailed summary notes will be archived to serve as baseline records for future evaluations and identification of lessons learned.

136. Each LMA will prepare a market Management Plan that includes all the foregoing considerations.

2.1.3: **Investor Forums for private sector engagement**

137. KeLCoP will promote Investor Forums. The Marketing Development Specialist will work with each County-level Trade Promotion Officer and County Planning Unit, and the KLMC’s County Livestock Marketing Officer and each county’s respective Chambers of Commerce to coordinate Investor Forums. The forums will be held in all 10 counties. The project will support 10 forums in the first year--one in each county--and 10 follow-up forums in the second year of the project.

138. Each county must do a SWOT analysis prior to the forum.

139. The plan for the investor forums will elaborate on County Integrated Development Plans (2018–2022) that exist for all 10 counties and define their overall investment plans and outline strategies for capital financing, resource mobilization and asset management strategies. The plan will define how counties attract private sector investors through regulation that facilitates businesses, such as (i) lease whereby the private party pays the county government rent or royalties and manages, operates and maintains the facility or utilizes the leased property, (ii) Land Swap where a county government transfers existing public land or an asset to the private party in consideration of an asset facility that has been developed by that private party, (iii) Build-Transfer-and-Operate where the private party constructs an infrastructure facility and assumes the costs and risks associated with the construction of the building and upon completion, transfers the ownership of the facility to the county government and continues to operate the facility on behalf of the contracting authority and (iv) Joint venture—or joint ownership of facility with private investor for mutual benefit, (vi) tax holidays and land grants.

140. The KeLCoP Marketing Specialist will help identify and contact businesses and coordinate advertising campaigns in two national newspapers (The National and The Standard), the two most popular county/local radio stations, and one Nairobi television media outlet.

141. KeLCoP will document the proceedings of the first forum and disseminate press releases.

142. During year one of the project, the project will finance the initial round of 10 investor forums (one in each county). Thereafter the County Government will make links and support the Investor Forums on its own. So long as the forums continue, KeLCoP will match county funds for advertising and hosting the forum throughout the 6-year life of the project.

**2.2: Building Inclusive Value Chains**

**2.2.1 Access to Finance Through the E-Voucher System**

143. **Subsidy Through E-Voucher System:** The project will introduce a subsidy to address the needs of the very poor segment of the target group, in order to access the very critical livestock inputs relating to their value chains. Poultry and the small
ruminants will be covered by the subsidy as apiculture does not require a regular supply of inputs during the production cycle. The subsidy will be administered through the e-voucher system that has been tried and found successful under the IFAD financed Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL). The primary objective of the e-voucher scheme is to improve farmers’ access to quality livestock inputs including animal feed, vaccines, AI, medicines, day old chicks, animal health services. The purpose is to boost smallholder use of quality inputs that would boost their production. The e-voucher will be implemented in partnership with the Equity Bank of Kenya (EBKL) and other key input suppliers enrolled in the scheme such as the Kenya Agricultural and Livestock Research Organization (KALRO), agro-dealers, Village, Ward and County Administrators, County/Sub County/Ward Agricultural Officers. To ensure that the project uses the services of the best financial service provider, the financial institution for the disbursement of the subsidy will be competitively selected;

144. Implementation of the subsidy through the e-voucher system will be implemented through the following steps;

(i) First step will be to establish the criteria for the selection of needy beneficiaries eligible to receive the subsidy. The criteria will be developed through a consultative process between the PMCU, the villages and Wards administrators, the Sub-County and Ward Agricultural Officers (SCAOs and WAOs), the church representatives, and representatives of Common Interest Groups (CIGs) operating in the concerned villages, and the participating FIs. Some of the important criteria to be considered for beneficiary farmers eligibility to participate in the subsidy programme include the following but are not exhaustive:

- high level of poverty and vulnerability, living below the poverty line;
- landlessness or very small unproductive land;
- inability to purchase inputs;
- inability to produce adequate quantities of food to meet household requirements, and are therefore net buyers of staple foods;
- belongs to a common interest group or willing to join one in order to facilitate access to services and collective group action such as marketing and resource mobilization activities, and counter defaults;
- undertake to abide to the group by-laws for effective implementation of group activities;
- willingness to participate in all trainings including financial literacy organized by the Project;
- ability to contribute the initial 10% of the total input cost in cash, progressing to 40%, 70% and eventually 100%;
- readiness to open an account in order to engage in a culture of savings mobilization for sustainability.
- not receiving subsidies from other programmes in the country;

(ii) This will be followed by establishment of Ward Project Committees (WPCs) that will be composed of all stake holders (Ward Administrators, farmer representatives, village leaders, church elders, Ward Agricultural Officers (WAOs) and PMCU representative), in collaboration with Sub-County Project Committees (SCPCs), to carry out farmers sensitization and awareness creation campaign through barazas and churches at Ward and
village level, combined with SMS messages, that explain about the subsidy Programme and the eligibility criteria;

(iii) Interested farmers will then be issued with application forms to fill out and return to Ward Agricultural Officers (WAO) within an agreed timeframe and a closing date (generally within 2 weeks);

(iv) Once application period is closed, WPCs meet to pre-select the applicants to ensure they meet the criteria provided in the forms, and completeness of filled forms

(v) The list of qualified applicants is then posted at strategic places within the Ward for all community members to see and scrutinize;

(vi) Community screening barazas are publicized using various forms of communication including churches and public gatherings to ensure maximum participation by the members of the community. The Community screens farmers pre-selected by the WPCs;

(vii) The community screening involves the WPC reading through the list of all the pre-qualified e-voucher applicants and informing the community the available opportunities and the number of farmers that can be supported per Ward. The community then discusses openly and comes up with a merit list of selected farmers to participate in the e-voucher taking into consideration the gender and youth requirements;

(viii) WPCs again scrutinizes the list of farmers generated by community to ensure gender representation;

(ix) The final list will then be submitted to the Sub-County Project Committees (SCPCs) together with copies of the filled application forms, physical copies of selected farmer’s IDs and minutes of the community targeting barazas, for further screening before approval of the selected farmers. The purpose is to ensure that the beneficiaries’ details are properly captured (i.e name of farmer as it is in the ID, ID number, date of birth, mobile phone number, location, gender, land size, estimated monthly income etc).

(x) Once cleared by the SCPC, the list is forwarded to the PMCU who forwards it to the CPCC and PSC for clearance, before its submission to IFAD through the National Treasury;

(xi) The final list of farmers that have received a No Objection from IFAD will be entered into the e-voucher computerized system where it is shared with the selected FIs and selected agro dealers, so that they can verify the farmers who go to collected input (by agro dealers), and payments (by the FIs).

145. The KelCoP subsidy package will comprise of the following livestock inputs and services: animal feeds, vaccines and drugs, day old chicks, animal treatment and extension services, AI services, etc. The private sector, specifically FIs (banks) and agro-dealers, will jointly with the beneficiaries drive the project implementation. They will be selected competitively through invitation for expression of interest followed by detailed screening of applicants.

146. **Selection of Financial Institutions:** Financial Institutions will be competitively selected, though open invitation for Expression of Interest to provide support to
redeem subsidy funds provided through the e-voucher system. The successful FIs will be required to:

- demonstrate ability and capacity to undertake the tasks;
- Provide evidence that it has a minimum of 5 years’ experience in providing mobile banking transactions;
- have a nation-wide banking coverage with a wide network of agents and a reliable fintech service in the project area;
- Be willing to subsidize financial literacy training for the participants;
- Have a package of savings and loans services that suit the profile of the KeLCoP participants.
- have extensive knowledge and experience in Kenya’s agricultural sector;
- Provide evidence of human resource capacity in the relevant financial skills;
- Past execution of similar activities and an already existing e-voucher transaction platform will be added advantage.

147. Successful FIs will develop an e-voucher transaction platform while those already with a platform could fine-tune them for more effectiveness;

148. Eligible farmers will be encouraged to open a bank account with their bank of choice or convenience among the selected banks, in order to develop a culture of saving while creating project sustainability.

149. The beneficiaries will then be issued with customized ring-fenced debit cards that will be divided into several wallets according to the value chain they are involved in. For example for poultry there will be a different wallet for each of these inputs - for day old chicks, feeds, vaccines and drugs, animal treatment and extension services. For small ruminants the wallets will respond to vaccines and drugs, animal feed, animal treatment, and extension services (animal husbandry).

(i) **Selection of the Agro-dealers** Selection of agro dealers will be initiated by the PMCU by advertising invitation of Expression of Interest (EIs) in the local newspapers, posting the invitations in the nearest markets and churches, with instructions to submit the EIs in the SCIPT Offices within 1 month of the date of the advertisement. The advertisements will also provide for briefing sessions in each locality with all interested agro dealers in the Sub County to explain to them about the Project, the logistics and implementation modalities of the e-voucher, as well as the roles implementing partners (including the agro dealers) are expected to play in the delivery of the subsidized inputs to beneficiaries. The purpose of the briefing sessions is to ensure that the agro-dealers understand the Project, and what will be expected of those who will be selected to participate. The agro dealers will be required to include the following information in the EI:

- a) Physical Address where located – town or village (priority will be given to agro dealers from the implementing Sub Counties and Wards);
- b) Copy of valid business permit;
- c) Evidence that the business is at least 3 years old;
- d) Provide financial statements as evidence that the agro dealer will be able to provide the required inputs;
- e) Provide list of livestock input commonly stocked by the agro dealer;
- f) Provide a list of equipment available in the shop for drugs/vaccine storage (e.g freezers for storing vaccines);
g) Name and qualification of qualified veterinary doctor or paravet(s) attached to the agro dealer who provides the necessary support to the beneficiaries as needed;

h) Evidence that the agro dealer is trained in animal health and registered with the Kenya Veterinary Board; or the person running the shop meets these requirements;

i) Gives an undertaking to attend trainings organized by the Project for both the attendants as well as the business owner;

j) Gives an undertaking to adhere to the prevailing prices in the geographical areas of operation, and avoid over charging (any agro dealer found to charge prices above the prevailing prices for similar products will be removed from the list of selected agro dealer participants);

k) Must be willing to sign and abide by a Contract with the Project;

(ii) Received expression of interests will first be reviewed jointly by the WAO, the SCPTT and SCPCC representatives, who will pre-select the promising candidates, by screening the EIs for completeness and to ensure that the required documents are attached;

(iii) The list of the pre-selected candidates will then be forwarded to the PMCU who will review it jointly with the CPTTs;

(iv) The final list will be submitted to the PSC for clearance and transmission to IFAD through the National Treasury;

(v) Lists from each county will be cleared independent of other counties;

(vi) Successful agro dealers are then issued with Point of Sale (POS) devices by the participating FI for transactions in the project;

(vii) The selected partner financial institution will provide input into the final selection of the agro dealers in order to verify that they comply with the FI’s policies and procedures relating to merchant/agency banking services criteria.

150. **Voucher Funds Flow:** Funds disbursed by IFAD for the E-Voucher will flow in the normal process: from IFAD to the Central Bank of Kenya, to the National Treasury, to the Ministry of Agriculture, Livestock and Fisheries, and finally to Participating Banks. Special account and replenishment mode of disbursement will be used. This will entail PMCU estimation of the first batch of beneficiaries, amount of inputs required and estimated cost of the inputs. This will constitute the initial request for funds disbursement by the PMCU (through the NT) to IFAD. The funds will be disbursed into the designated accounts that the selected FIs will open specifically for this activity. Once the FIs have paid out 50% of the resources disbursed, they will request for the replenishment of the accounts: showing how they have utilized the 50% of the initial disbursement; and the new estimated expenditure for the second batch of beneficiaries, and the process continues.

- Farmers will present themselves to the agro-dealer to purchase inputs;
- the agro-dealer verifies the farmer as a registered beneficiary through the device or smart telephone;
- the beneficiary then pays to the agro dealer 10% of the value of the inputs purchased up front, which is his/her contribution to the project.
• The agro-dealer swipes the card for the remaining 90% of the value of the inputs, which can be accessed several times until it is exhausted, and gives the farmer required inputs;

• The transaction is immediately registered with the participating bank and the dealer is paid his/her dues immediately;

151. The beneficiaries will be supported for 4 reproduction cycles as follows:

**Poultry** which takes about 4 months to mature, the beneficiary will contribute 10% of all inputs (day old chicks, drugs, vaccines, treatment, extension services) for the first batch. The second batch he/she will contribute 40%, the third batch he/she will contribute 70% and pay the full value for the 4th batch;

**Small ruminants:** The beneficiary will contribute 10% of the total value of inputs, treatment and extension services for the first 6 months, 40% from above 6 months to 12 months; 70% from above 12 months to 18 months and then he/she assumes 100% responsibility above 18 months.

**Reporting:** reporting on the implementation of the project will be contributed by the different participants – FIs, agro dealers, SCPTTs through the CPTTs and the PMCU which will compile and send the reports to IFAD through the normal Government process.

The roles and responsibilities of each of the implementing partners of the e-voucher scheme are discussed in the table below.
# Role and Responsibilities of the e-Voucher Scheme Implementing Partners

<table>
<thead>
<tr>
<th>Partner</th>
<th>Roles and Responsibilities</th>
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</table>
| **Project Management and Coordination Unit** | • Overall management and coordination of the e-voucher scheme;  
• In consultation with the village and Ward administrators, the Ward Agricultural Officers (WAOs), the church representatives, representatives of Common Interest Groups (CIGs) operating in the concerned village/ward, and the participating FIs, develop the criteria for the selection of the beneficiary farmers;  
• Preparation of the e-voucher packages according to the relevant regions and value chains, in consultation with the stakeholders, the village administrators, the Ward Agricultural Officers (WAOs), the church representatives, representatives of Common Interest Groups (CIGs) operating in the concerned village, and the participating FIs;  
• Procurement and contracting of the participating FIs, agro dealers and services providers for the mobilization of target beneficiaries with approval of GoK and IFAD;  
• Review and submission to CPCC and PSC the list of the beneficiaries that has been screened and submitted by the Sub-County Project Committees (SCPCs), for clearance and onward transmission to IFAD for No Objection;  
• Review (jointly with the selected FIs) and submission for CPCC, PSC, GoK and IFAD clearance of the lists of selected agro dealers for participation in the e-voucher programme;  
• Submission of the cleared lists of selected agro dealers to the selected FIs for enrolment into the e-voucher platform;  
• Make available the list of selected e-voucher beneficiaries to selected FIs to load them on to the e-voucher platform;  
• Overall oversee and monitoring performance of the e-voucher scheme;  
• Submission to IFAD of the initial request and subsequent replenishments, through the National Treasury, for funds to be disbursed to the participating FIs, to finance the e-voucher programme;  
• Ensure timely and complete financial reporting and audit of the e-voucher system, including the capacity building activities. |
| **Financial Institutions** | • Develop and implement the e-voucher platform for the beneficiary farmers;  
• Review the list of e-voucher beneficiary farmers and enroll them into the e-voucher platform;  
• Review and screen the list of pre-selected agro dealers for conformity with the agency banking policy and enroll those that conform into the e-voucher platform;  
• Advice the PMCU in case of failure to the required conformity by selected agro dealers after the screening, and agree on the ways to address the issue;  
• Equip selected and enrolled agro dealers with POS devices;  
• Design and deliver adapted financial services (savings and loans), suited to the beneficiary farmers of the e-voucher scheme and participating agro-dealers;  
• Open bank accounts for farmers interested in banking and saving;  
• Issue selected farmers with debit cards credited with monetary value of the agreed inputs for the given period, separated into the agreed wallets;  
• Carry out training of agro-dealers on the use of POS devices, and participating farmers on financial literacy; |
<p>| <strong>KALRO</strong> | • Support the operationalization of the e-voucher scheme through producing improved breeds of chicks, sheep and goats and availing them to the e-voucher participating farmers in the quality and quantity required on a timely basis; |
| <strong>Service Providers</strong> | • Jointly with the village and ward administrator, and Ward and Sub-County Agricultural Officers, mobilize and participate in the mobilization of target beneficiaries, and their sensitization for the e-voucher scheme participation; |</p>
<table>
<thead>
<tr>
<th>Partner</th>
<th>Roles and Responsibilities</th>
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<tbody>
<tr>
<td><strong>Partner</strong></td>
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<tr>
<td></td>
<td>• Participate in the review and screening of selected beneficiaries and agro dealers at every level of screening and filtering process;</td>
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<td></td>
<td>• Train participating beneficiaries and agro-dealers on business management and technical skills;</td>
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<td></td>
<td>• Jointly with Ward and Sub-County Agricultural Officers, carry out demonstrations, organize exchange visits for e-voucher beneficiaries, trade fairs and exhibitions where necessary;</td>
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<tr>
<td><strong>County/Sub County/Ward Agriculture Officers</strong></td>
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<td></td>
<td>• Lead in mobilization and sensitization of beneficiaries and stakeholders on all aspects of KelCoP e-voucher programme;</td>
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<tr>
<td></td>
<td>• Participate in selection, screening, vetting and validation of e-voucher beneficiaries and agro dealers, and assist where need be in their enrollment by participating FIs;</td>
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<td></td>
<td>• Oversee and support in the training of participating beneficiaries and agro dealers by the services providers and the FIs;</td>
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<td>• Submission of selected farmers and selected agro dealers lists to the PMCU;</td>
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<tr>
<td></td>
<td>• Mobilization, sensitization and support of e-voucher beneficiary farmers for account opening, enrolment into the e-voucher platform and capacity building by selected FIs and the service providers;</td>
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<td></td>
<td>• Monitor and report on the performance of e-voucher scheme with regard to the use by beneficiary farmers of inputs and other services provided under the scheme, and any evidence of beneficiary financial graduation.</td>
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<td>Agro dealers</td>
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<td></td>
<td>• Comply with the agency banking policies and requirements;</td>
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<td></td>
<td>• Participate in all required business management and technical training;</td>
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<td></td>
<td>• Stock their shops with the input packages agreed for the KelCoP e-voucher programme;</td>
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<td></td>
<td>• Adhere to the agreed inputs prices to the e-voucher beneficiary farmers, and avoid over charging which could lead to removal of the agro dealer from the list of selected participants; and</td>
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<td></td>
<td>• Maintain a Veterinary Doctor or a paravet that can be contacted by participating beneficiary farmers for advice or treatment of their livestock animals</td>
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<td>• Ensure that extremely/highly hazardous agrochemicals are not promoted by the project</td>
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<td></td>
<td>• Ensure that best practices promoted in the integrated pesticides management plan is adhered to and agro-dealers are well trained</td>
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<tr>
<td>Selected e-Voucher Farmers</td>
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<td></td>
<td>• Join farmers’ groups for ease of services provision, and monitoring of each other’s activities to mitigate the risk of falling off the programme, as well as elite capture of the project;</td>
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<tr>
<td></td>
<td>• Abide by Project guidelines in implementation of the e-voucher scheme including maintenance of their operations records – use of and cost of inputs, production and sales receipts under the various enterprises, that provide the necessary project performance data;</td>
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<tr>
<td></td>
<td>• Meet their obligation of monetary contribution (10%, 40%, 70%) towards the cost of the e-voucher package;</td>
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<tr>
<td></td>
<td>• Timely collection of the required inputs as per the e-voucher package from the designated agro dealers;</td>
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<tr>
<td></td>
<td>• Participate in farmer trainings as organized by the Project;</td>
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<tr>
<td></td>
<td>• Engage in collective group action aimed at aggregation of adequate volumes to empower them to access output market outlets and have bargaining power;</td>
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</table>

Lessons learned from the implementation of the IFAD financed KCEP-CRAL Project are as follows:

- The e-voucher has empowered many beneficiary farmers, as they are able to open bank accounts and make savings, own debit cards, and transact some businesses through the banks.
However, they need a lot of training and hand holding to understand the system. For example many farmers give their cards to husbands or neighbours to buy inputs for them, not understanding that they are the only ones who can use the cards. They also do not understand the danger of other people misusing the cards. This is mainly because vendors are located far from the beneficiaries who consider cost of transport and tend to reduce it by sending others. KelCop will make efforts to contract vendors according to their proximity to the beneficiaries.

• Vendors sometimes take advantage of the farmers by changing the prices for subsidy recipients. Agreements to be signed with the farmers and the financial institutions will include agreed prices to the farmers which can only be changed with agreements between the farmers, the Government and financial institution if there is a general price increase nationally.

• While the subsidy programme encompasses a graduation system where farmers make contributions on an increasing scale (10% the first year, 40%, the second year, 80% the third year and 100% in the fourth year), the project has not, in the past, considered situations where farmers lose all or most of their crops or animals due to drought or floods. They are expected to continue increasing their contribution on the face of food and economic devastation. This issue has been addressed in the project by increasing the price and physical contingency of the cost of the e-voucher to address such an eventuality.

• Financial institutions also take advantage of the farmers by charging them highly for the initial cards and their replacement when lost. Financial institutions will need to reduce these costs and to also provide products tailored for the poor farmers.

Therefore, in the implementation of the eVoucher subsidy program under KeLCoP, the above will be borne in mind.

2.2.2 Matching grants for smallholder commercial producers

152. The KelCoP Marketing Development Specialist will supervise this sub-component with support from the project Financial Controller, and Procurement Specialist. On the side of the county Trade Promotion Officer and Social Development office will support activities as well as the National Environmental Management Authority (NEMA). Private sector partners will include Kenya Private Sector Alliance (KEPSA) and the USAID supported Kenya Youth Employment and Skills Program (K-YES).

153. The project will provide 300 matching grants of up to USD 5,000 for an individual entrepreneur and up to USD 15,000 for organizations with a minimum of 3 to 15 members. The grants will be distributed equally in each of the 10 counties. Fifty grants will be given in the second year of the project, 100 in the third year, another 100 in the fourth year, and 50 in the fifth year.

154. Recipients must already be engaged in the marketing activity for which they seek a grant. They must provide a CV and a business plan that describes ongoing operations, assets owned, profit margins, losses, and a specification of all services and materials that will purchased with the grant money and how the investment will increase the quality and/or volume of their sales.

155. Targeted activities include, a) improvement of existing small scale existing or small scale livestock slaughter facilities (slaughters slabs) through renovation and improvements that conform to standards in the Kenya Meat Control Act, b) improvement of poultry processing centres by equipping them with micro-slaughter and refrigeration capacity for both meat and egg aggregation and storage, c) introduction or improvement of new meat processing technologies (smokers, sausage makers, picklers), d) provision of manual centrifuges in the case of honey, pasteurizing equipment in the case of goats milk, e) harvesting, refinement and sale of honey by products beeswax, pollen, propolis, bee venom, royal jelly, bee colonies, bee brood, queen bees, and package bees, f) making of cheese and soaps from goats milk, g) hide transformation into shoes or sandals, purses, masks,
ornaments and other apparel for the urban and export market. Special consideration will be given to (i) ICT platforms that bear on the target market chains, (ii) those exploring innovative feed formulation or storage strategies; (iii) distributors of innovative feed formulations; (iv) innovators of new storage technologies; (v) agro-vets that help to deliver vaccination services thereby reducing the need for closing of markets due to livestock epidemics. The ICT call for proposals will target a range of innovators in the field as well as candidates from the university Agronomy and Computer Programming/Science colleges.

156. Participants will be selected based on a combination of selective head hunting using (recruiting) and call for proposals.

157. The KeLCoP Marketing Development Specialist, Financial Controller, and Procurement Specialist will define the appropriate capacity a Service Provider will need to manage the grant program. send an invitation-to-bid to organizations with the defined capacity that are working in Kenya and have a functional, online website and are listed in a Kenyan phone directory. KeLCoP will also prepare an open invitation to bid and publish it in a national newspaper. The advertisement will be posted for a minimum 14 days. The approved service provider must demonstrate the defined capacity. IFAD will vet bidders and do due diligence background checks.

158. The Service Provider will receive and vet first submission grant applications. This includes a credit and criminal background check. The applicant must also provide the Service Provider with three notarized signees who are non-family members from each applicant’s community thereby ascertaining the legitimacy of the investment. All the preceding—grant application and business plan, CV, background and credit checks and notarized signatures—will be archived in KeLCoP office.

159. The Marketing Development Specialist, Financial Controller, and Procurement Specialist will work with the county Trade Promotion Officer and Social Development office to review and select final grant applications.

160. The Service Provider will assist each successful applicant to refine their business plan as per the previously defined specifications.

161. The project will fund up to 70 percent of the total proposed investment. The beneficiary must provide a minimum of 30 percent of the investment, whether it is from intermediary financial institution (e.g. bank or SACCO) loans, group contributions. Merry-go-Rounds (rotating savings groups) will qualify as a funding source; verification will be signed affirmation from the savings group animator and two other group participants.

162. Those grants that touch on infrastructure, technologies and processing equipment or building construction must be climate adapted and eco-friendly. This includes long-life metal fencing and roofing, local rock and mortar construction, and appropriate drainage and interventions that facilitate hygienic disposal and management of human, animal, solid and chemical waste. Improvements and innovations must conform to the mitigation actions provided for in the ESMF and in the ESMP, and with Kenyan environmental laws regulations for new businesses. However, in the absence of existing laws, investments will also emphasize green technology, including solar energy, water efficient technologies and practices, and strategic location of infrastructure to reduce adverse environmental impacts. Such projects and/or plans must conform with the National Environmental Management Authority (NEMA) compliance standards, and in accordance with IFAD Environment and Social Safeguard Standards. Where applicable, NEMA will inspect the site. Procurement by the PMCU or contractors should comply with IFAD’s environmental.
and social standards and should ensure that equipment, approaches (environmental and social) should not lead to adverse environmental or social impacts, and that to a large extent green and efficient technologies or systems are promoted. The ESMF/ESMP provides details on risks and appropriate mitigation actions.

2.2.3 Grants to Youth Innovative Start-ups

163. The project will give 50 matching grants at an average of USD 30,000 per grantee to poultry value chain start-ups that fill critical niches in the development of the poultry value chain. The grants will be distributed equally in each of counties targeted for development of the poultry value chain. These grant dispersals will begin with 10 grantees in the second year of the project, 15 in the third year, 15 in the fourth year, and 10 in the fifth year.

164. Qualifying entities are registered sole proprietorships or partnerships of up to five people that own breeding flocks for one or several of the following activities: egg production for reproduction, hatcheries, purchase of day old chicks to pullet production, egg production for consumption, extension services or feed formulation specialists, or any business whose activities directly facilitate the cited processes, such as ITC or digital technologies, production of incubators, innovative processing, storage or transportation technologies.

165. Recipients must already be engaged in the marketing activity for which they seek a grant. They must provide a CV and a detailed, professional business plan that describes ongoing operations, assets owned, profits margins, losses, and a specification of all services and materials that will purchased with the grant money and how and how much the investment will increase the quality and/or volume of their sales.

166. The grants will be vetted and selected by IFAD while the Marketing Development Specialist, Financial Controller, and Procurement Specialist will define and supervise grant dispersal schedule. The dispersals should be given in at least three phases: 30 percent upon approval of the grant, 30 percent after the initial investment in scaling up, and upon verification and final approval of the investments made with the first two instalments, a final dispersal of 40 percent.

2.2.4: Training and peer to peer exchange and exposure visits

167. The project will provide opportunities for training, peer to peer learning and exposure to entrepreneurs and specialists working in the selected value chains for 2000 members of cooperatives, groups or associations distributed equally in each of the 10 counties. Five hundred beneficiaries will be trained in the second year of the project, 500 in the third year, 500 in the fourth year, and 500 in the fifth year. Sixty percent of beneficiaries will be women and 30 percent will be young men.

168. The KeLCoP Marketing Development Specialist, Financial Controller, and Procurement Specialist will define the appropriate capacity a Service Provider will need to manage the training program and then send an invitation-to-bid to organizations with the defined capacity that are working in Kenya and have a functional, online website and are listed in a Kenyan phone directory. The approved service provider must demonstrate the defined capacity. IFAD will vet bidders and do due diligence background checks.

169. To assure that potential participants are aware of the opportunity to participate in training, the contracted service provider will craft radio advertisements that will be
aired on three different local stations over a period of three weeks, notify at least 20 rural churches and organize a meeting with county Trade Officer and Social Development office to coordinate dissemination of the information.

170. The training opportunities will include modules for business skills, economic analysis and technical aspects regarding the processing, storage, value addition and marketing of meat, dairy, poultry and honey production.

171. The training must involve hosting at least five innovative entrepreneurs who have demonstrated experience in their fields. The entrepreneurs chosen to give guest lectures must be approved by the project Marketing Development Specialist. Each entrepreneur will receive some level of compensation (recommended $50).

172. The SP will also identity visits to successful entrepreneurs and groups working in the value chain. These visits can be to business sites of the guest lecturers.

2.2.4: Training of Young Entrepreneurs

173. The project will facilitate the training of young entrepreneurs interested in opportunities associated with the target market chains through training and facilitating apprenticeship opportunities for 500 young men and women distributed equally in each of the 10 counties. The target delivery schedule is two-hundred-fifty candidates trained in the third year of the project and 250 trained in the fourth year of the project. At least 30% of the beneficiaries will be women.

174. The KeLCoP Marketing Development Specialist, Financial Controller, and Procurement Specialist will define the appropriate capacity a Service Provider will need to manage this training program and then send an invitation-to-bid to organizations with the defined capacity that are working in Kenya and have a functional, online website and are listed in a Kenyan phone directory. The approved service provider must demonstrate the defined capacity. IFAD will vet bidders and do due diligence background checks.

175. The service provider will inform youth in the county of the opportunity through announcements on at least three local radio stations. The announcements will be made over a period of three weeks at least five times daily and during peak listening hours. The service provider will also post notices on bulletin boards and distribute fliers at local high schools, universities and technical schools.

176. The service provider will receive and vet first submission grant applications. The applicant must also provide the service provider with three notarized signees who are non-family members from each applicant’s community thereby ascertaining the sincerity to participate in the training and not waste KeLCoP resources.

177. Training will include basic financial literacy, business practices and resources, transport pooling strategies, how to search for and source inputs, review of available services sector resources (such as state and civil sector entities that provide extension services), how to search for and contact buyers, and business contract best practices.

178. The KeLCoP Marketing Development Specialist will work with county Social Development office, the Kenya Private Sector Alliance (KEPSA) and the USAID supported Kenya Youth Employment and Skills Program (K-YES) to connect the graduates of the KeLCoP Young Entrepreneur Program to formal sector processing and marketing internships in the relative value chains. Internships will be sought with implementing partners, agro-vets and input suppliers, livestock markets,
LMAs, as well as the county and KeLCoP itself to place the youth at key nodes in the value chain as apprentices.

179. Upon completion of an internship, the Service Provider will guide the entrepreneurs in the preparation of a business proposal of the candidate’s choice but focused on development of the targeted market chains.

2.2.5 Grants to Young Entrepreneurs

180. As many as 500 of the young entrepreneurs who successfully graduate from the training sub-component 2.2.4 and develop a business proposal will receive small grants (up to $2,000). Two-hundred-fifty grants will be dispersed in the fourth year and the other 250 grants will be dispersed in the fifth year.

181. Prospective business projects include mechanized micro-processing and specialized micro-transporters, use of refrigeration for storage, processing of milk, meats, cheeses, production and storage of feeds as well as any undertaking that services the respective market chains, such as tool kits for small engine and refrigeration repair. Special consideration will be offered to entrepreneurs seeking to develop ICT solutions and those exploring innovative feed formulation strategies as well as micro-transport that uses motorcycles or three wheelers modified to transport live animals, or any of the products related to the targeted value chains.

182. Marketing Development Specialist, Financial Controller, and Procurement Specialist will develop a protocol for management and dispersal of the funds using accounting best practices.

2.2.6: County Level multi-stakeholder platforms

183. KeLCoP will use multi-stakeholder meetings to facilitate dialogue between key actors in the target value chains. Each year and in each of the 10 targeted counties there will be a possible total of four MSPs per value chain: one general MSP and one for each value chain. The MSPs will begin during the second year of the 6-year project, so there will be a possible total of 20 MSPs per county. The project marketing specialist and the respective county chief officer of trade.

184. KeLCoP Market Developing Specialist will work with the Country Trade Promotion Officer, Social Development office, and the Kenya Private Sector Alliance (KEPSA) to identify and invite interested stakeholders from commercial service providers and suppliers (of technical or financial services or inputs), government departments and research institutions to be members of the MSP and to attend the meetings (some can be identified from the investor forums).

185. County livestock officers with support from the project M&E specialist will create a database of farmer groups in each region to facilitate ease of their identification and representation in the MSPs. This database should include location of farmer group, contact information for two group officials, type of livestock the groups deals with, monthly production volumes, approved livestock vaccination timesheets.

186. MSPs will be jointly convened for actors across all value chains with commodity specific MSPs conducted separately thereafter. Where one of the priority value chains is missing, the county and PMCU should allocate that space for another value chain MSP that may require additional efforts (e.g. attracting more stakeholders) and time to set up.

187. The MSP meetings will entail identification of opportunities for developing strategic linkages across the supply chain (both vertically and horizontally) and developing
priorities for individual or joint actions that KeLCoP can support or facilitate. Topics will include quality control, packaging, volumes, transport, order and delivery schedules, guarantees, pricing logical and costs.

188. The KeLCoP M&E and Knowledge Management specialist will summarize the conclusions from MSPs in a non-binding cluster action plan that identifies investment priorities for private and public investments and follow-up actions by the project, county governments and other stakeholders. The plan will be made available to inform policy decisions at the county and national levels.

189. Business-to-business (B2B) follow-up. Shortly after the MSPs (normally within 1-2 weeks), bilateral follow-up meetings should take place, typically between a business (either a buyer or supplier) and a set of producers who met during the MSP and who have identified specific opportunities to do business together. The B2B follow-up meetings will focus on developing and negotiating practical trading plans between producers and buyers/businesses. Experience suggests that it may take three or more follow-up meetings before a final agreement is negotiated depending of the scale and complexity of the proposed deal/arrangement. The agreed trading plans will often lead to the need for specific actions or investments to be made by the producers, buyer/business or both. The investments and actions may be taken individually or jointly, depending on what has been agreed. Similarly, follow up meetings/interactions will take place between service providers (financial, technical, business) and producers/traders who utilize the available services and products.

2.2.7 Dashboard for Crowd Funding

190. The project will facilitate selected beneficiaries access to crowdfunding platforms. The Marketing Development Specialist and the ICT Specialist will carefully screen and select 20 to 50 profiles of young men and women who are credible entrepreneurs from among its beneficiaries and develop their profiles and detail their specific business venture and their opportunities for growth. The selected profiles do not have to be equally distributed among the counties but will be selected solely on merit of undertaking. This subcomponent will be carried out in the fifth year of the project, after all proposals and projects have been accomplished.

191. The selection of the candidates will be from among those who also provide an opportunity for employment generation and growth to others associated with the business the determination of which will be made by the KeLCoP Marketing Development Specialist, ICT Specialist, and IFAD.

192. The Project ICT Specialist will place these profiles on a specially designed platform for on-line giving using mobile platforms such as M-Changa in Kenya.

2.3 Value Chain Management Information Systems

2.3.1 E-Marketing

193. In accordance with IFAD’s November 2019 Information and Communication Technology for Development (ICT4D) and the GoK Blueprint for digital Economy by 2030, KeLCoP will leverage its ICT capacity to create linkages between buyers and sellers, transporters, service and input providers.

194. The ICT Programming Specialist will work for the life of the KeLCoP project under the guidance of a recognized and experienced consultant who will design and guide
implementation of a platform that crowd sources information from the LMA members, County Livestock Officials, traders entrepreneurs, and cooperative members, all of whom will have been trained under the auspices of KeLCoP activities described under Component 1 and other sub-components of Component 2.

195. The ICT Specialist will be responsible for overseeing implementation, maintaining the digital application, and training users.

196. The exact configuration of the information system should be defined by the consultant during the first few months of the KeLCoP project. While the consultant will determine the necessary task, the ITC application should not be restricted to market information, but should attempt to link to other e-service activities in Component 1 and Component 3 as well as M&E, the logic being that all bear directly on marketing and the success of the project. For example, disease monitoring is critical to avoiding market closures associated with regional quarantines and for opening quarantined markets as rapidly as possible when a threat has passed. Tracking climactic conditions is critical for early warning of drought and mobilizing markets to respond with stockpiling of fodder.

197. All KeLCoP staff will participate in weekly ITC meetings where the ITC specialist presents the progress of the KeLCoP ITC platform to staff from each component. Staff from each sector should prepare and offer feedback and suggestions that help guide the process. These meetings are critical to the continuity and success of integrating ITC into all aspects of the project and meeting IFAD and GoK ITC goals and should be coordinated in such a way that the consultant who has designed the process participates in the meetings remotely through Skype or another teleconferencing platform, something that should be made a stringent requirement written into the consultant’s ToR.

198. Although the value chain Information System should be a stand-alone component, KeLCoP must not lose sight of the potential for integrating efforts and the digital platform with the other KeLCoP activities, as doing so will provide a catalyst that integrates the entire project, giving it focus and encouraging communication and linkages between all the component activities and staff. Specifically, the ITC activities under the supervision of the ITC specialist can provide a mechanism to, a) crowdsource market prices to make real-time price information available to buyers and sellers, b) provide a platform for open purchase and sales orders, and c) maximize use and availability of transport as when a truck is loading for transport to or from and market destination. ICT can also be used to publicize the availability of d) feed and fodder, e) water, f) vaccinations, and g) AI breeding services as well as h) identification of available and appropriate financial services. Other needs that can be met by ICT applications and that bear directly on the market chain include i) notification of incidences of disease among livestock, something that, because of imperfect information flows, necessitate market closures in an effort to contain the disease, and j) crowdsourcing climactic conditions for real-tracking impending drought thereby facilitating early harvesting, transport, sale and stockage of fodder. The e-extension service is also an ITC strategy that should be linked to all the ITC activities in these other components.

199. At least one of the fifty $30,000 start-up grants and at least 10 of the 300 Matching $5,000 grants should target ITC enterprises or development plans.
Component 3: Policy Support and Project Management

Sub component 3.1: Policy and Institutional Support to County and National Government

Activity 3.1.1: Livestock Master Plan
Activity 3.1.2: Development of Regulations for Livestock Bill (Selected Value Chains)
Activity 3.1.3: County Level Livestock Strategies
Activity 3.1.4: County Level Livestock Strategies Developing Standards and Certification Regime for Honey products

200. Project Coordinator will lead the policy and institutional support in collaboration with the State Department of Livestock. In executing different policy and institutional support, the coordinator will work with several government and development institutions at different levels. At the county level, the activity will be co-executed with the directors of livestock production and veterinary services and county assembly for regulations and supportive legislation while the directorate of veterinary services will be closely engaged at the national level.

Activity 3.1.1: Livestock Master Plan

201. Development of a Livestock Master Plan will guide policy and investment interventions in the livestock sub-sector. There are prior activities and initiative going on with regard to the master plan and the additional project support to the livestock master plan development will be in form of financing future technical meetings, logistics and other identified support required by the secretariat. This activity will be implemented in collaboration with the Food and Agriculture Organization and the International Livestock Research Institute that will provide the technical support and overall technical expertise to master plan development.

Activity 3.1.2: Development of Regulations for Livestock Bill (Selected Value Chains)

202. After the final approval of the livestock bill (in 2020), the next tasks will be the development of appropriate regulations to fully operationalize different facets of the policy. The project will support the drafting of appropriate rules and regulations to specifically foster development of three value chains (bee keeping, poultry, sheep and goats). The supportive regulations will address issues from production to consumption through developing standards, guidelines, thus establish regulatory mechanisms for various aspects in livestock industry, and value chain developments.

203. This activity will be spearheaded by the state department of livestock at the national level in close collaboration with the county director of livestock and the county director of veterinary services and other county-level stakeholders in livestock sector, including private sectors, development partners, livestock producers and the county assembly in respective county.

204. The specific nature of the support required for different value chains (bee keeping, poultry, sheep and goats) will be identified during the project implementation.

205. The regulation should also ensure that environment, social and climate safeguards are embedded based on the ESMF/ESMP and lessons from project interventions.
Activity 3.1.3: Development of County Level Livestock Strategies

206. This is county specific support to identified priorities on feed production/security, breeding, extension services etc. Hence, this activity will support development of identified county level livestock strategies. Counties are already investing in different priorities identified and envisioned in the County Integrated Development Programme (CIDP). However, some of the investments are not clearly guided by strategy or investment guidelines. This activity will identify priority investments, assess the level to which current investments are shaped by the bigger thinking and investment logic and then support, based on the gap, any strategies for livestock development.

207. This activity will be executed under the guidance of the production lead specialist, at the PMCU, working closely with the director of livestock production and director of veterinary services, in collaboration with other technical experts such as rangeland management officers. Counties will take the lead in identifying the strategic issues for livestock development, itemize and prioritize them for action. Then the necessary budget is allocated to support the prioritized activities and strategy development.

Activity 3.1.4: Development of Standards and Certification Regime for Honey products at national Level

208. Honey producers need to be secured from unscrupulous dealers through certification and seal of quality/standard. Such effort will ensure smallholder capture market opportunities in certified and premium market such as in organic honey chain among others. Honey testing, certification and quality assurance is the mandate of the National Bee Keeping Institute. However, the institute has operational and capacity challenges to discharge such essential duties. Through this activity, this project will support capacity building for the National Bee Keeping Institute, the only institute in the country that provide honey-testing facilities. Such certification will be used by the project to link honey produced by the indigenous people (e.g. Ndorobo in mount Elgon and Ichamus in Baringo to international organic markets.

209. This support will be made directly to the National Bee Keeping Institute to support them upgrade equipment and laboratory for honey testing, quality control, standards and certification.

Sub-Component 3. 2 Project Coordination and Management

4 Institutional framework and project management

4.1 Alignment and Ownership

4.1.1 Alignment with national priorities

210. GoK’s strategy is currently guided by the Big Four Agenda (2017), which comprises of four key development pillars initiated by President Uhuru to improve the living standards of Kenyans and grow the economy. The four pillars are Food security, manufacturing (for job creation), affordable universal health care and affordable housing. Food security would be improved through better extension services and better designed and managed subsidies to increase food yields and improve qualities. In the manufacturing expansion, the focus would be in the blue economy, agro-processing, leather and textile industries. Of particular relevance to KeLCop is the government intention to have leather products made in Kenya to create employment opportunities for the youth.
211. The Big Four Agenda will be implemented through the Agricultural Sector Transformation and Growth Strategy (ASTGS -2019-2029), that is expected to transform Kenya’s agricultural sector and make it a regional powerhouse. The ASTGS has incorporated most of the existing policies and strategies such as the: *Kenya Food and Nutrition Security Policy (2011)* that recognizes adequate food and nutrition as a human right and is central to human development in the country; *Kenya’s Vision 2030 (GoK 2012)* which is being implemented through three five-year Medium Term Plans (currently implementing MTP III), with an objective to promote an innovative, commercially-oriented and modern agricultural sector through institutional reforms, enhanced productivity of key commodities, value addition, improved financial services and markets; the *National Policy for the Sustainable Development of Northern Kenya and other Arid Lands (2012)* that lays emphasis on poverty reduction and the re-balancing of regional development to ensure all Kenyans have an equal chance of sharing in the promise and benefits of Vision 2030; *Kenya Climate Smart Agriculture Strategy (GoK 2017–2026)* which was developed as a commitment of the GoK to address agriculture sector development under changing climatic conditions, with the objective to adapt to climate change and build resilience of agricultural systems while minimizing emissions for enhanced food and nutritional security and improved livelihoods.

212. The ASTGS objectives are to: increase small-scale farmer, pastoralist and fisherfolk incomes by raising average annual small-scale farmer incomes by 35%, and directly benefitting 3.3 million Kenyan farming households; increasing agricultural output and value addition by expanding agricultural GDP by 6% and increasing the contribution of agro-processing to GDP by 50% over five years; and boosting household food resilience by reducing the number of food-insecure Kenyans in the arid and semi-arid lands (ASAL) regions from an average of 2.7 million to zero, while reducing the cost of food and improving nutrition, at the same time protecting households against environmental and fiscal shocks.

213. KeLCoP will contribute to this Government agriculture transformation Agenda through investments and activities that focus on increasing incomes and food security of rural small-scale poor livestock farmers and pastoralists, and make them more resilient to climate risks and economic shocks. The project is therefore fully aligned with GoK’s agricultural transformation agenda. ASTGS investments are expressed as 9 flagships that will drive Kenya’s agricultural transformation and support its food security aspirations. The project is aligned to the 7 out of the 9 ASTGS as discussed below.

214. The priority investment envisaged by the ASTGS that are relevant to KeLCoP, and the project contribution to each of these priorities, are as follows:

- **Flagship-1** targets a million farmers, pastoralists and fisher-folks with provision of agriculture inputs and equipment for irrigation, processing and post-harvest aggregation. The project will contribute to this flagship through: (i) mobilization and mentoring of smallholder farmers and the most vulnerable households (including women, youth and marginalized tribes) through the GALS process, and providing them with a graduation package and asset transfer combined with strong business skills and technical trainings to increase their productivity and enable them to participate profitably in the selected value chains; improvement of 20 livestock market infrastructure (includes building holding pens, sheds, and feed storage facilities to accommodate up to 2,000 sheep and 100 larger
animals, shelter for vendors of cooked food, raw fruits and raw vegetables) and governance in the selected counties.

Matching grants will also be provided to promising young producers (about 90 men and women) from among the vulnerable poor households who show growth promise and the commitment to further enhance their production capacity. They will be selected through ICT call for proposals after two years of mentoring support and tracking. Special consideration will be given to those: using ICT platforms; exploring innovative feed formulation or storage strategies; distributors of innovative feed formulations; innovators of new storage technologies; and agro-vets that help to deliver vaccination services thereby reducing the need for closing of markets due to livestock epidemics. The project will fund up to 70 percent of the total proposed investment while the beneficiaries will provide a minimum of 30 percent, which they could borrow from SACCOs or financial institutions.

- **Flagship-2** that will shift the nationwide subsidies to focus 1.4 million high-needs farming households and empower them to access a range of inputs from multiple providers, enabled by an e-voucher delivery system. KeLCop will implement an inputs and extension service subsidy through e-voucher scheme, through the private sector for the beneficiaries to access various inputs (i.e. vaccines, medicines, inputs, feed supplements, extension services, veterinary care, AI, etc).

- **Flagship-3** that envisages to set-up 6 agro-processing hubs across the country using a one-stop-shop rapid Public Private Partnership (PPP) process to promote agro-processing for local and export markets. The project will provide matching grants for up to 300 individual entrepreneurs and groups (including women and youth) that are already engaged in marketing but would like to increase the quality and volume of their sales and add value to their produce. Targeted activities include: a) improvement of small scale livestock slaughter facilities (slaughtering slabs) through renovation and improvements that conform to standards in the Kenya Meat Control Act; b) introduction or improvement of poultry processing centers by equipping them with micro-slaughter and refrigeration capacity for both meat and egg aggregation and storage; c) introduction or improvement of new meat processing technologies (smokers, sausage makers, picklers); d) provision of manual centrifuges in the case of honey, & pasteurizing equipment in the case of goats milk; e) harvesting, refinement and sale of honey bi-products such as beeswax, pollen, propolis, bee venom, royal jelly, bee colonies, bee brood, queen bees, and packaging; f) making of cheese and soaps from goats milk; g) skin transformation into shoes or sandals, purses, masks, ornaments and other apparel for the urban and export market, etc.

- **Flagship-6** that will boost food resilience of 1.3 million farming, pastoralist and fishing ASAL households, through community driven design of interventions, and ensure more active coordination of development partners and private sector resources through regional economic blocs. The project will support participatory rangeland mapping to articulate priorities for the protection of key grazing resources and the seasonal access. GIS maps will be developed to form effective legislative and management tools, and together these will be used to: better inform community led resource management and protect key grazing resources; link customary to formal systems through appropriate legislation; empower local
level governance through supporting development of appropriate laws, by-laws, recognition of local institutions and capacity building on by-law formulation and facilitation of by-law development with the County Governments. The GALS project intervention approach will ensure that the engagement with the households results in women’s empowerment and promotes an equitable distribution of food, assets, decision-making, and workloads.

215. The project will assist the County Governments to invite private sector participation in the livestock sector development through Investor Forums to which potential private sector investors would be invited to assess the potential for investment in the selected counties in the selected value chains. The project will finance the initial round of investor forums in each county. The project will also assist the County Governments to prepare a strategy under which it would attract the private sector e.g through regulations that facilitate ease of business, tax holidays and land grants.

- **Flagship-7** focusing on knowledge and skills building in technical and management skills for national and county government transformation leaders and extension agents. The project will work with the 20 LMAs operating in the upgraded livestock markets and the Kenya Livestock Marketing Council to strengthen the capacity of LMAs and ensure that they operate an economically sustainable model livestock market management which is gender and youth sensitive. It will also Support Regulatory Mechanisms for Markets by training county officials on KEBS regulations bearing on control of livestock, space allowances, biosecurity plan, health certification of animals, moving permits, regulation of agrovets in the market, collection of fees, accounting, record keeping and dissemination of information, lobbying, conflict resolution, consistent reporting and control of theft.

- **Flagship-8** that aims to strengthen research and innovation, and launch priority digital and data use cases for better decision making and performance management (starting with digital subsidy registration and delivery, farmer and SME performance, automated SFR buy / sell needs). The project will implement an ICT based approach to extension services by using e-extension based models that are appropriate for the needs and literacy levels of its participants. KeLCoP will also implement a breed improvement programme by: (i) strengthening the capacity of the four existing breed improvement centres, namely, Nomotio in Samburu, Kimose in Baringo and Naivasha sheep and goat centre for the small ruminants and KARLO Center in Kakamega for poultry; and (ii) through distribution of improved breeds of small ruminants (for meat and dairy) to the beneficiaries directly, in partnership with an international research institution that has expertise and experience in community breed improvement interventions. Rotation of males among the farmers will be carefully monitored to reduce in-breeding.

- **Flagship-9** relating to sustainability and crisis management that will monitor: (i) sustainable and climate smart natural resource management; and (ii) crisis management for pests, diseases, climate and global price shocks. The project will contribute to the flagship through production of grass using indigenous grass seeds for pasture that will also project land from further degradation in the ASALs; and support to establishment of climate resilient water infrastructure such as solar-powered boreholes, and water harvesting in sub-surface dams, rock catchments, water pans and shallow wells. The participatory rangeland mapping to articulate priorities for the protection of key grazing resources and
the seasonal access, and the GIS Mapping discussed under flagship 6 above will also contribute to this flagship.

216. The project will also contribute to the *Kenya Youth Agribusiness Strategy (2017 - 2021)* that aims at providing new opportunities for youth in agriculture and its value chains by developing youth-oriented mechanisms and approaches to increase their engagement in agribusiness and related value chains. The project will provide matching grants and training targeted to the youth to enable them invest and participate at any level of the selected value chains.

### 4.1.2 Alignment with IFAD Policies and Corporate Priorities

217. **Contribution to COSOP SOs.** The project will directly contribute to two of the three COSOP Strategic Objectives, SO2 and SO3. To SO2 - “access to gender and youth responsive productivity enhancing assets, technologies, rural finance and services improved” – the project will mobilize and mentor smallholder farmers and the most vulnerable households (including women, youth and marginalized tribes) through the GALS process, and provide them with a graduation package and asset transfer combined with strong business skills and technical trainings to increase their productivity; and provide matching grants to promising young producers (men and women) from among the vulnerable poor households to enhance their production capacity. SO3 - “Gender and youth responsive and sustainable access to improved post-production technologies, markets, and nutrition enhanced” - KeLCoP will focus on women and youth in most of the interventions such as provision of matching grants to individual entrepreneurs and groups that would be involved in investing in small scale livestock slaughter and poultry processing facilities, new meat processing technologies (smokers, sausage makers, picklers); processing hides and skins, honey processing, goat milk pasteurizing, marketing and transportation in the various value chains, making and marketing bi-products from the value chains etc.

218. **Contribution to IFAD SOs:** KeLCoP is aligned with IFAD’s 2016-2025 Strategic Framework as it will respond to IFAD’s overarching goal of supporting rural people to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods. By selecting value chains that impact the rural poor with limited resources in both highly populated counties with large pockets of poor people, as well as ASAL counties which have high poverty indexes, KeLCoP will contribute to IFAD’s effort to target and benefit a large number of poor rural people, empower them technically and business-wise, and in the process promote gender equality.

219. **KeLCoP will also contribute to all three IFAD Strategic Objectives (SOs).** Component 1 that will invest in enhancing livestock productivity through livestock breeding, e-extension services, graduation packages and asset transfer for vulnerable households, GALs, inputs and extension service subsidy through the e-voucher system, matching grants to groups and individuals to finance investments in livestock production, business skills training, etc will contribute to IFAD SO1 – “increased poor rural people’s productive capacities”. Component 2 interventions in marketing grants to individuals and groups to invest in livestock marketing, processing, animal feed formulation, agro-vets shops; and investing in policy and strategies to improve livestock commercialization will contribute to IFAD SO2 - “increase in poor rural people’s benefits from market participation”. Component 1
activities that include upscaling the production of pasture to feed livestock while arresting soil degradation, establishing by-laws to protect grazing lands, and investing in climate friendly water infrastructure such as solar-powered boreholes, sub-surface dams, rock catchments, water pans and shallow wells for water harvesting and storage will contribute to IFAD SO3 – “strengthening environmental sustainability and climate resilience of poor rural people’s economic activities”.

4.2 Project implementation

220. KelCoP is a national project covering ten counties, with the national government being the borrower and recipient of the project funds. Consequently, the project will be implemented under the Ministry in charge of Livestock Development, which will provide the implementation oversight. However, there are some activities necessary for the successful implementation of the project that fall under the responsibility of other Ministries and Departments. These include the National Treasury and Planning; Ministries of Water and Irrigation; Devolution and Arid and Semi-Arid Lands; Lands; ICT; Tourism and Wildlife; Energy; Industry, Trade and Cooperatives; Public Service, Youth and Gender Affairs; Environment, and Forestry. Other institutions like KALRO; KWS, Kenya Animal Genetics Resource Center; Kenya Veterinary Vaccines Production Institute; National Drought Management Authority; and National Environmental Management Authority; CBOs; and financial institutions (mainly SACCOs), will be part of the project implementation.

221. Project Management and Coordination Unit (PMCU) – a PMCU will be established comprising of a Project Coordinator, a Financial Controller, a Procurement Specialist, a Monitoring and Evaluation Specialist, a Financial Assistant, a Procurement Assistant, an Environment, Climate and Social Safeguards Officer, and a Data Programmer. This team that will possess appropriate project management skills, will be competitively recruited through advertisements and interviews, and will be supported with drivers, Secretaries, General Administrative and support staff. The recruitment of the PMCU will be the responsibility of the State Department of Livestock (SDL), with close collaboration with IFAD. Candidates who will be successful and will be appointed to positions in the project will be required to resign from their current employment, including those who will be appointed from the government. The PMCU will also be supported by short-term consultants in the areas of Production Lead Specialist, Marketing Development Specialist, Social Inclusion and Mobilization Specialist, and Knowledge Management.

222. The PMCU will be responsible for the day to day management of the project that will include: (i) planning of Project activities and preparation of the AWP&B; (ii) procurement and contracting for the goods, works and services required for the project implementation; (iii) financial and administrative management of Project resources; (iv) mobilization and coordination of the activities of the various Project partners; (v) supervision and preparation of progress reports; (vi) setting up and maintaining an effective M&E database to reflect progress in project activities and outcomes; (vii) ensuring that environment, climate and social issues are mainstreamed and safeguards measures adhered to, and (viii) Knowledge management and documentation of lessons learned. The PMCU will be located in Nakuru to take advantage of the structures and facilities already provided under the Smallholder Dairy Commercialization Project (SDCP) closing in March 2020. This is expected to hasten the project implementation start-up.

223. Multi-Stakeholder Engagement (MSPs): MSPs bring together representatives from different interest groups (stakeholders) to discuss shared challenges,
opportunities, policy actions and advocacy strategies. They promote better decision making by ensuring that the views of the main actors concerned about a particular decision are heard and integrated at all stages through dialogue and consensus building. Because of the inclusive and participatory approaches used, it gives stakeholders greater sense of ownership for decisions made. The process takes the view that everyone involved in the process has a valid view and relevant knowledge and experience to bring to the decision making. Everyone involved takes responsibility for the outcome, and they are thus more likely to comply with them.

224. Given their importance, the project will establish MSPs in the selected counties to bring together the various stakeholders to the selected value chains – producers, traders, transporters, processors, the civil societies, environment and climate specialists, indigenous peoples, national and county governments, research institutions, non-government organizations, etc. This will promote information collection on available opportunities and challenges, remove bottlenecks to livestock commercialization due to increased chances to link producers with input suppliers, markets, processors, traders, services providers, private and public actors. They will also connect common interest groups (producers, processors, traders, etc.,) to share experiences and foster common front. The project will support the beneficiaries in the establishment of the MSPs.

4.3 Project oversight and strategic guidance

225. **The Project Steering Committee (PSC):** to ensure proper coordination of the project implementation among the various players and stakeholders, an Inter-Ministerial Project Steering Committee (PSC) will be established with representation from all the concerned ministries and agencies, with the mandate to provide overall policy guidance to the project (approve Annual Work Programs and Budgets (AWP&Bs), review project progress against targets, assess management effectiveness, decide on corrective measures where appropriate, and review lessons learned and good practices). The PSC will thus be the highest organ in the project implementation arrangements. It will meet regularly under the chairmanship of the Principal Secretary in charge of livestock development in the Ministry of Agriculture, Livestock Fisheries and Cooperatives (MALFC), to deliberate on the project progress, issues and corrective measures. The membership representation will be at the PS level but he/she may delegate to not lower than a Director. The Project Coordinator will serve as the Secretary to the PSC.

226. **County Project Coordinating Committees (CPCCs):** At the County level, the project implementation will be overseen by the CPCCs established in every county. The CPCCs comprise of County Executive Committee Members who are essentially Ministers of the various Government Ministries that will be involved with the project at the County level. They will provide overall guidance to project implementation within the county, review project progress against targets, review and approve AWP&Bs, assess project management effectiveness and issues affecting the project, and decide on corrective measures. Thus majority of the CPCCs responsibilities will be similar to those of the PSC but at the County level. CPCCs meetings will be chaired by the County Executive Committee members (CEC) in charge of Livestock Development. They will meet on a quarterly basis.

227. **Role of IFAD.** IFAD’s Kenya Country Office will carry out supervision and implementation support missions jointly with GoK representatives drawn from SDL and the National Treasury, as well as the implementing partners such as KALRO. IFAD will conduct at least one supervision mission and one implementation support
mission each year to review the project implementation progress in all spheres – planning, procurement, finance, M&E, project outcomes, mainstreaming themes and safeguards etc, - identify challenges and propose solutions. Through communications and continuous monitoring, IFAD will ensure that any bottlenecks and risks identified will be resolved without delay to ensure successful implementation. Any changing circumstances that will necessitated adjustments to project implementation arrangements and/or project design will be addressed in a timely manner, and the logframe adjusted accordingly. The relevance of the project objectives to the country, target groups and IFAD development priorities, will be continuously assessed, and where need be adjustments to the project design and/or implementation arrangements proposed as appropriate. Moreover, the project will be required to submit to IFAD for review and No Objection the following documents: AWP&B, Procurement Plan, tender documents and evaluation reports. The IFAD Livestock Development desk at HQ will provide technical backstopping support to the project.

4.4 Project coordination

228. On the ground, at the county and sub-county levels, the project will be implemented by **County Project Technical Teams (CPTTs)** supported by **Sub-County Technical Teams (SCPTTs)**. These teams are made up of subject matter specialists transferred to counties after devolution. They will form the technical teams that will assist the PMCU to oversee execution of the project activities on the ground. The CPTTs and SCPTTs will be headed by County Project Coordinators (CPCs) and Sub-County Project Coordinators (SCPCs) respectively, who will be appointed by the PS in charge of livestock. The CPTTs and SCPTTs staff on the other hand will be staff nominated by their Directors depending on the range of project activities that will be undertaken within the county or sub-county. The CPTTs will coordinate implementation of the project activities according to the county-level AWP&Bs that will be prepared under the supervision of the CPC and approved by the CPCC. The CPC will also be responsible for the preparation of progress reports and their submission to the PMCU. The CPTTs and SCPTTs will be the link between the project and the local administration. They will be at the forefront of the community mobilization and any Participatory Rapid Appraisal (PRA) exercises jointly with the local leaders and service providers. Below is the proposed implementation organogram. The PMCU will also be supported by desk officers from each implementing agency, and desk officers from each county covered by the project.

4.5 Partnerships

229. The project will partner with relevant specialized national technical agencies from within and outside the government. These will include: the National Environment Management Authority (NEMA) that has an oversight on climate and environmental aspects; FAO in development of the Livestock Master Plan; ILRI for technical expertise in livestock breeding, animal husbandry and pasture management; private sector associations for PPP development; financial institutions; and ensuring complementarity with other ongoing IFAD programmes.

230. **Synergies and partnership with other development partners and projects.** KeLCoP will also strive to avoid duplication and ensure complementarity with other projects. This will include with AfDB’s Drought Resilience and Sustainable Livelihoods Programme (DRSLP), and the World Bank’s Regional Pastoral Livelihoods Resilience Project (RPLRP), both implementing livestock related interventions in the ASALs.
Implementing partners

231. Heifer International and FAO are the two KeLCoP implementing partner. Heifer International will be providing financial and technical support in five counties namely Bungoma, Kakamega, Marsabit, Samburu & Siaya. This is reflected in the budget and the implementing arrangements will be confirmed in an agreement between IFAD, Government and HI. However, HI will work at the county level and provide support in the implementation of the component activities designed to integrate poor households into the dairy and poultry value chains. FAO will assist in the development of the Livestock Master Plan, as FAO has a comparative advantage in the animal health and food safety area. The project will thus enter into an agreement with FAO for the development the Master Plan. The specific areas of FAO and IFAD interventions will be agreed at the time of TOR preparation.

Service providers

232. Service providers for the project implementation will include: specialized private sector suppliers of goods and services, and works contractors; NGOs, CBOs in the following areas:

- Private suppliers of goods such as transport and office equipment, equipment for the processing of livestock products (meat, milk, honey); training and capacity building materials and facilities; agrovets for the supply of animal feeds, drugs and vaccines; 2
- Suppliers of services such as training; community mobilization and mentoring; development of ICT based extension services; private animal health services; financial institutions for provision of credit; conduct livestock master plan study; design graduation packages and matching grants for the youth and vulnerable households; develop a Marketing Information System; etc
- Civil works private contractors for the construction of infrastructures such as livestock markets; hay storage facilities; water infrastructures; infrastructure in the animal multiplications centers and the bee keeping station; etc.

Implementation plan for project coordination and management (including partnerships)

233. The selected value chains exist in the respective counties. However, these chains are inefficient. At the core of the project, is to facilitate the strengthening of the chains so as to commercialise the activities right from production to the point that the products reach the intermediary or final consumer. This will increase opportunities and raise productivity, which will in turn increase the profit margins for smallholder livestock producers, processors, traders, etc., and promote economic activities.

234. Important to KeLCoP’s development of the selected value chains is the strengthening or creation, where necessary, producers’/traders’ organizations and their inter-professional bodies; and the stimulation of investments in facilities and human resources along each value chains. The entry point for the value chain development will be at county level, which will cascade down to the selected Wards in each county.

235. Considering that each County is responsible for the implementation of activities within its jurisdiction, activities will commence in the first year, in all counties, phased according to the speed of setting up the critical County-level implementation Committees. The sequence of the main activities in the process of implementation will involve:
1. Formation of county-level project committees

2. Contract relevant Chain facilitators - Facilitation of Value Chains On the production side Heifer International, in addition to contributing to project financing, will be one the major Facilitating Agencies (FAs), and will cover Siaya, Kakamega, Bungoma, Masabit and Samburu counties in small ruminant meat and goat milk production and poultry. Other FAs will be contracted as needed.

3. In each county, establish operating mechanism between county government, Facilitating Agencies and PMCU.

4. Within each county, confirm the 2-4 contiguous wards selected focal areas for project intervention.

5. Sensitize project target group within the geographical target areas.

6. For each selected value chain, identify other commodities produced

7. Identify key actors (production, processing and marketing) in each of the 3 value chains selected.

8. The business model will centre on the creation of Ward/sub-Ward Level Multi-Stakeholder Platforms, with member agreement on governance structure. The facilitator will ensure recommended representation of women and youth in the created multi-stakeholder platforms created, so that they have visibility, voice and exposure to multiple actors in the value chain. All platforms will include private sector SMEs; participating finance institutions; transporters; local leaders; among others.

9. Establishment of Ward Commodity Value Chain Committees (WCVCC). This is a value chain governance structure established at the grass-root level (Ward or sub-ward Level) to ensure efficiency in the value chain, equity in sharing value added, and investment for continuous upgrading for profitability and growth. It is made up of cross-section of actors and support institutions. The WCVCCs are responsible for:
   - Advancing the business of interested stakeholders in each chain.
   - Developing, strengthening and sustaining business relationships.
   - Facilitating constituent organizations to become formalized groups such as co-operatives.
   - Facilitating information flow amongst actors
   - Moderate and resolve disputes amongst actors.
   - Scout for market and finance for constituent actors.

10. While WVCCs will be established, for each commodity. Value chain "nodes" could also be established to cascade the system of platforms of value chain development further downstream.

11. Identify constraints (weak links) to the value chains - the development of each chain will take a private sector, demand-driven approach.

12. Develop activities based on: the identified public infrastructure by multi-stakeholder platforms; expressed demand for project support by value chain actors.

13. Based on the county, and chain-specific activities, develop and register a list of service providers or suppliers.

14. With the knowledge of the chain actors, the FAs will proactively present to platform members other potential partnerships or products and hold private sector fora, in coordination with KEPSA.

Corresponding to the above sequence of activities, the project will finalize contracture arrangements with PAD, to initiate the development of ICT4D tools (e-extension; e-voucher; e-marketing; crowd-funding) This will be carried in close collaboration with value chain multi-stakeholder platforms.
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<td>1.1: Integrating Vulnerable HHs into Value Chains</td>
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<td>1.1.1: Identification and Mentoring of HHs</td>
<td>Specialized service provider</td>
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<tr>
<td>1.1.2: Technical Training in Gender Action Learning System (starts with development of basic and advanced ToT tools in Q2 &amp; 3, 2022)</td>
<td>Specialized service provider</td>
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<td>GALs champions basic tool, GALs champions</td>
<td>Specialized service provider</td>
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<tr>
<td>Nutrition training and mentoring</td>
<td>Specialized service provider</td>
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<td>Homestead Food production for Dietary Diversity</td>
<td>Specialized service provider</td>
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<td>Activity</td>
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<td>1.1.3: Gender Sensitive Value Chain Maps (study in each project county)</td>
<td>Specialized service provider/consultant</td>
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<td>1.1.4: Asset Transfer (poultry unit, goat package, Hives): starting with 1500 HHs, the 1500 HHs and 1000 HHs</td>
<td>Service provider/consultant</td>
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<td>1.1.5: Improved technical and business skills</td>
<td>Service provider/consultant</td>
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<td>1.1.6: Short Term Technical Specialists (nutrition messages, prototype poultry housing, branding and labelling, etc.), 1 package per county</td>
<td>Service provider/consultant</td>
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<td>1.1.7: E-finance voucher support</td>
<td>Service provider</td>
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<td>1.1.8: E-Extension System</td>
<td>Service provider</td>
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<td><strong>Sub-component 1.2: Climate Resilient Production Systems</strong></td>
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<tr>
<td><strong>Integrating Vulnerable HHs into Value Chains</strong></td>
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<td>1.2.1: Strengthening County Breed Multiplication Centres (infrastructure, equipment and improved breeds and technical assistance- 3 small ruminant centres in Baringo, Naivasha &amp; Samburu, 1 poultry centre in Kakamaga)</td>
<td>PMCU</td>
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<td>1.2.2: Community Breed Improvement Programme</td>
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<td>Training to outreach/rlee breeders farmers by Technical Staff</td>
<td>County Breeding Centre</td>
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<td>Activity</td>
<td>Responsibility</td>
<td>Year 1 (2021)</td>
<td>Year 2 (2022)</td>
<td>Year 3 (2023)</td>
<td>Year 4 (2024)</td>
<td>Year 5 (2025)</td>
<td>Year 6 (2026)</td>
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<tr>
<td>Improved breeds (small ruminants for meat and dairy)</td>
<td>County Breeding Centre/PMCU</td>
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<tr>
<td>Apprenticeship for young men and women breeders</td>
<td>County Breeding Centre</td>
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<tr>
<td>Contingencies Plan</td>
<td>Directorate of Vet. Service</td>
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<tr>
<td>Livestock feed production improvement</td>
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<td>1.3.1: County Livestock Feed strategy</td>
<td>County department livestock production</td>
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<tr>
<td>1.3.2: Climate Resilient Water infrastructure – solar-powered borehole, Sub-surface dams or rock catchment, water pans &amp; shallow wells with solar panel</td>
<td>Service providers/contractors</td>
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<td>1.3.3: Upscaling production of grass seeds (fencing and seeds) in 4 counties</td>
<td>County range division/PMCU</td>
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<td>1.3.4: Rangeland Governance System (study/assessment)</td>
<td>Consultant</td>
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<td>1.3.5: Rangeland Plans and GIS maps</td>
<td>Consultant</td>
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<td>1.3.6: Support to GIS laboratory</td>
<td>PMCU</td>
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<td>1.3.7: Rangeland Policy Support</td>
<td>County assembly/PMCU</td>
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<td>1.3.8: Poultry feed improvement</td>
<td>Contractors/PMCU</td>
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<td>1.3.9: Feed storage infrastructure (Hayshed's, equipment for bailing, hay harvesting equipment, labour saving equipment, etc.)</td>
<td>Contractors/PMCU</td>
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<tr>
<td>Animal Health Improvement</td>
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<tr>
<td>1.4.1: Strengthen the system of disease surveillance and</td>
<td>Specialized service provider</td>
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63
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<thead>
<tr>
<th>Year</th>
<th>Activity</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td></td>
<td>Monitoring (starting with 3 counties, then 5 counties and finally 2 counties)</td>
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<tr>
<td>1.4.2:</td>
<td>Certificate Training for animal health workers and Para vets for young men and women (for 3 ASAL counties)</td>
<td>PMCU</td>
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<tr>
<td>1.4.3:</td>
<td>Smart Device for Agrovets for tracking and monitoring disease</td>
<td>Specialized service provider</td>
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<tr>
<td>1.4.4:</td>
<td>Behavioral Change Approach (BCA) for Animal health &amp; disease spread equally across</td>
<td>Specialized service provider</td>
</tr>
</tbody>
</table>

Component 2: Support to Livestock Market Development

**Sub-component 2.1: Animal Health Improvement**

2.1.1: Upgrading Market Infrastructure (5, 10, 5) | Contractors/PMCU |
2.1.2: Support to Regulatory Mechanisms for Markets at County Level (starting with 2 counties in 2021 and 8 counties in 2022) | KLMC |
2.1.3: Capacity Building support to LMAs (starting with 5 LMAs, the 10 and finally 5) | KLMC |
2.1.4: Investor Forums for private sector engagement (10 fora in 2021 and 10 in 2022) | KEPSA/service provider |

**Sub-component 2.2: Building Inclusive Value Chains**

2.2.1: Access to Finance Through the E-Voucher System (phased roll out) | PMCU/Banks |
<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>Setting up E-voucher scheme</td>
<td>PMCU, participating banks</td>
</tr>
<tr>
<td>2.2.2: Matching grants for smallholder commercial producers (50, 100, 100, 50)</td>
<td>PMCU</td>
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<tr>
<td>2.2.3: Grants to Youth Innovative Startups</td>
<td>PMCU</td>
</tr>
<tr>
<td>2.2.4: Training &amp; peer to peer exchange &amp; exposure visits &amp; SSTC (500 each year)</td>
<td>Service provider</td>
</tr>
<tr>
<td>2.2.5: Training of Young Entrepreneurs (250 - 2022, 250 - 2023)</td>
<td>Service provider</td>
</tr>
<tr>
<td>2.2.6: Grants to Young Entrepreneurs (250 - 2022, 250 - 2023)</td>
<td>PMCU</td>
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<tr>
<td>2.2.7: County Level multi-stakeholder platforms</td>
<td>PMCU/County government</td>
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<tr>
<td>2.2.8: Building dashboard for Crowd Funding</td>
<td>PMCU</td>
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Sub-component 2.3: Value Chain Management Information Systems

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>2.3.1. Building E-Marketing system</td>
<td>Service provider</td>
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Component 3: Policy Support and Project Management

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>3.1.1: Livestock Master Plan</td>
<td>ILRI/FAO/State Depart of livestock</td>
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<tr>
<td>3.1.2: Dev't of Regulations for Livestock (for selected value chains)</td>
<td>County assembly/PMCU</td>
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<tr>
<td>3.1.3: County Level Livestock Strategies</td>
<td>County dept of Livestock/PMCU</td>
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<tr>
<td>3.1.4: County Level Livestock Strategies Developing Standards and Certification</td>
<td>National bee keeping institute</td>
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<td>Activity</td>
<td>Responsibility</td>
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<tr>
<td>Regime for Money products</td>
<td>Q1 Q2 Q3 Q4 Q5 Q6 Q7 Q8 Q9 Q10 Q11 Q12 Q13 Q14 Q15 Q16 Q17 Q18 Q19 Q20 Q21 Q22 Q23 Q24</td>
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4.6 Planning and Budget Development

236. KeLCoP will deploy an innovative participatory Knowledge Management/Monitoring and Evaluation (km/M&E) system to be developed and managed by the PMCU. A key element of the KM/M&E system will be involvement of primary stakeholders as active participants to provide ways of assessing and learning from change that are more inclusive, and reflects the perspectives and aspirations of those most directly affected by the project. The project will utilize technology to inform data-driven decision making in the implementation and monitoring of the interventions. The system to be developed will provide automation of the entire M&E process right from planning to monitoring and reporting of project impacts. The KM/M&E team comprising the M&E Officer, MIS Programmer and the KM Technical Assistant, working under the supervision of the Project Coordinator, will be responsible for coordinating the M&E and KM activities of the Project and in particular, for: (i) baseline survey; (ii) Annual Work Plans and Budgets (AWPBs); (iii) progress reports on outputs and outcomes; (iv) status reports for supervision and implementation support missions; (v) Ad hoc reports as required; (vi) outcome surveys and impact assessment; (vii) KM products and; (viii) the Project Completion Report. At the County level, the county coordinators, with support from the County Implementation Teams and relevant implementing partners and working closely with the project stakeholders, will be responsible for the collection of information, follow up and updating of data for their respective Counties. KeLCoP KM/M&E system should be set up and operational within six months after project effective date using Faster Implementation for Project Start-Up (FIPS) facility. The FIPs will also be used to finance the SECAP studies, namely, ESMF, integrated pesticides management plan, FPIC and indigenous peoples action plans, and ESMPs for the various sub-projects.

237. Annual Planning and Budgeting: Planning will be done by both the PMCU and County Implementation Teams and Heifer International in the counties of Bungoma, Kakamega, Marsabit, Samburu & Siaya in conformity with GoK planning cycle and budgetary approval process both at the National and County levels. The start-up workshop will be a critical phase for the teams to understand their respective roles in the planning process. In this regard, sufficient time and resources will be allocated to this event. The PMCU and the county teams will also be trained on SECAP, safeguards and mainstreaming themes. Annually, the project will be implemented based on an approved AWPB. The AWPB will be informed by an assessment of current implementation progress and will describe the strategic direction of the project for the coming year along with results expected under each component and how those results will be achieved. Previous year performance and challenges will be analysed to inform the current year plan.

238. The PMCU will be responsible for the timely development, implementation and monitoring of AWPBs. At the county level, AWPBs will be developed by the County Implementation Teams under the supervision and support from the PMCU KM/M&E team and HI. Thereafter, the County AWPBs will be reviewed and consolidated by the KM/M&E team based on the Project’s operational and financial targets. A planning tool to be developed as a module of the KM/M&E system will facilitate the planning process by providing the stakeholders with the platform to capture planned activities and the PMCU to consolidate the AWPB. The AWPB will be submitted for IFAD technical comments prior to approval by the Steering Committee. The approved AWPB will be submitted to IFAD for No objection at least 30 days before commencement of the financial year.
4.7 Financial management and disbursement arrangements

Summary of Financial Management arrangements

239. Financial Management System: KeLCoP financial management arrangements follow the Government of Kenya financial management system with some enhancements proposed to mitigate on risks identified. A financial management assessment for KeLCoP has been carried out in accordance with IFAD’s Guidance Note on Undertaking Financial Management Assessment at Design. The objective of FMA is to provide assurance that KeLCoP will be implemented within sound financial management practices (timely and efficient accounting systems), and punctual professional reviews; both internally (internal audit) and externally (external audit). The assessment was based on existing IFAD Kenya portfolio because KeLCoP will be adopting similar processes and procedures. The assessment was combined with reviews at MALFC and the National Treasury in Kenya.

240. The Government of Kenya (the Borrower) will be required to maintain acceptable financial management systems including accounting, financial reporting, and auditing systems for the KeLCoP. Some project’s specific additional measures have been incorporated to enhance financial management of the project.

241. Overall, the financial management risk is rated as ‘high’ and ‘substantial’ before and after mitigation respectively. The project faces risks in omission of budget in the first and second year of operations since the loan sign-off will be after the approval of the budget for year one and in the course of budget formulation process for second year. Without budget provisions in the printed estimates approved by the parliament, the project is not able to make funds transfer to enable payments for activities. There are also regular IFMIS downtime which has been affecting projects especially those that have operations bank account with the Central Bank of Kenya which is linked to IFMIS. The disbursements of counterpart financing has also been inconsistence in other projects which affect timely payments of activities. The flow of funds from Designated Account to counties project accounts is further a high risky area due to delays in transfers of funds from national level to counties project accounts. Quality financial reporting is also an area of risks especially if financial management software is not fully utilized leading to manual processes.

242. To mitigate on these risks, it has been agreed that the National Treasury will ensures authorization to incur expenditure/supplementary budget will be provided for the for the project for FY 2020/21 immediately after signing of the loan so as to enhance transfers of funds and payments for the start-up activities in FY 2020/21. For FY 2021/22, the project will be included in the budget formulation process which will be on-going at the loan sign-off date. The project operations bank account both at the national level and counties will be opened at a commercial bank account to ensure that expenditure can takes place even during the IFMIS downtime which has been a big challenge in other projects.

243. The project is expected to receive a start-up advance that will allow the project to commence implementation of the start-up activities which include recruitment of the PMCU staff and setting up of the PMCU Offices; Procurement of Financial Management Software and training staff on how to use it among others. There will be orientation and capacity building training for all the finance team at PMCU and participating counties. The finance teams from one of the best performing IFAD project will carry out the training.

Implementing and participating organizations with fiduciary responsibilities

244. The project will be implemented through the Government of Kenya’s existing structures. The Lead Project Implementing Agency (LPA) will be the State Department
of Livestock under the Ministry of Agriculture Livestock, Fisheries and Cooperatives (MALFC) through a dedicated Project Management and Coordination Unit (PMCU) which will directly manage all components. The implementation will be at the County level which makes the project a joint venture between the National Government and the concerned County Governments. The role of Heifer International will be to provide technical and financial assistance to county Governments in the five counties of HI’s focus namely Bungoma, Kakamega, Marsabit, Samburu & Siaya.

245. **Counties:** There are 10 participating counties that have some which will be paid at counties levels based on the agreed AWPB. Key investments activities will directly be paid by the PMCU while facilitation activities at the counties will be paid from the counties. Counties will receive quarterly advances based on the approved AWPB through a project dedicated account. The PMCU will provide suitable templates to enable the counties to provide acceptable accountabilities of advances received.

246. The **Project Management and Coordination Unit (PMCU).** The PMCU under MALFC will be the overall accounting hub for the project. The PMCU will be responsible for ensuring the implementation of Project activities and will have the following fiduciary responsibilities:

a) the preparation of Annual Work plans and Budgets ensuring a bottom-up approach and timely submissions for inclusions in GoK overall approved budget estimates including inclusion in the schedule for “Conditional Allocations to County Governments from Loans and Grants from Development Partners” (CARA);
b) Procurement planning, execution and support service;
c) Disbursement of funds to other implementing agencies as per funds flow structure,
d) Management of withdrawal applications from IFAD;
e) Financial management of the Project, including supervising and ensuring compliance with government regulations.
f) Financial reporting and consolidation of financial statements for audits.
g) Any requests for No Objection to IFAD will emanate from the PMCU.
h) Ensuring that environment, climate and social safeguards outlined in the various studied – ESMF, ESMPs, indepth climate risks analysis and integrated pesticides management plan are adhered to.

**Disbursement Arrangements and Flow of Funds**

247. There will be three types of disbursement mechanisms for the Project which consist of (i) Advance Withdrawal; (ii) Direct Payment; (iii) Reimbursement. Disbursements from IFAD will be made by way of an advance to the Designated Account and subsequent replenishments based on expenditure incurred as supported with Statement of Expenditure (SoE). There will be one designated account that would receive funds from IFAD which will have a corresponding dedicated project operational account in Kenya Shillings (Kshs) managed by PMCU. The participating counties will also have dedicated project operational accounts at the county level for receiving funds to facilitate activities to be carried out at county levels. The project operations bank account both at the national level and counties will be opened at a commercial bank account to ensure that expenditure can takes place even during the IFMIS downtime which has been a big challenge in other projects.

248. Below is a diagram illustrating the flow of funds from IFAD to various points of payments for the project.
See key below for the payments points under the project.

(a) Transfer of Government of Kenya counterpart funds to a separate bank account that will be managed by PMCU.
(b) Payments for expenditure from counterpart funds bank account.
(c) Transfer of IFAD funds to KeLCoP US$ designated account.
(d) Transfer of IFAD funds to PMCU operational account in local currency for payments at PMCU. This accounts will be held in a commercial bank.
(e) Transfer of IFAD funds to County Project Accounts.
(f) Payments of eligible expenditure at county levels.
(g) Payments of eligible expenditure at PMCU.
(h) Direct payment to suppliers or partners by IFAD. This will be on exceptional basis and for payments of more than USD 100,000 as will be guided in the letter to borrower.

249. **Project Bank Account:** The project operations bank account both at the national level and counties will be opened at a commercial bank account to ensure that expenditure can takes place even during the IFMIS downtime which has been a big challenge in other projects. The National Treasury should ensure an authorization MEMO to open a commercial bank account for the National PMCU and counties is issued out immediately after loan effectiveness so as not to delay disbursements of funds. The National Project Coordinator will be the mandatory signatory for the national level while County Project Coordinators will be the mandatory signatory at the county level.

250. **Counterpart finance.** There have been delays observed in other portfolio projects in regards to disbursements of counterpart finance to projects’ accounts. IFAD will demand commitment from GoK that this will be done promptly for smooth implementation of the project. As shown above, there will be a separate bank account
counterpart finance will be deposited. This account will be managed by PMCU staff just like the project operational account.

251. **Withdrawal Applications** for Advance Withdrawal and Reimbursements may be submitted once ninety 90 days (quarterly basis) have lapsed from the submission of the previous withdrawal application. However, if the requested withdrawal amount is at least twenty per cent (20%) of the initial advanced amounts, a withdrawal application may be submitted even if ninety (90) days have not lapsed. This will be included in the letter to the borrower (LTB).

252. The Designated Account limit will be set at the total 18 months of AWPB. The DA limit may be reviewed and adjusted if there are increased payments as the project progresses. In that case PMCU would write an official letter to IFAD with the expected cash flow projections and the proposed adjusted ceiling for considerations.

**Planning and budgeting**

253. KelCoP budget will, as required by the Public Finance Management Act, be part of the GoK overall printed national budget estimates as part of the parliamentary approvals and appropriations. The Project budget would need to be included in the line ministry (MALFC) budget. Counties activities will further need to be appropriated in the “Conditional Allocations to County Governments from Loans and Grants from Development Partners” (CARA) for each financial year of implementation and further be included in the counties budget that is discussed and passed by the counties assembly.

254. The Financial Controller of the PMCU will coordinate the budget preparation processes with close coordination with project coordinator and the lead person for each component. At the counties levels, the activities to be carried out at the counties will also need to be included in their budget for approval by the counties assemblies. This will be done by county project coordinator under the guidance of the project’s Financial Controller. Payments cannot be made if the budget provisions have not been made and approved by Parliament at the Ministry’s level and County Assembly for county activities.

255. The GoK budget formulations usually start by August; 10 months before the implementation period while the AWPB for the project are usually prepared and submitted to IFAD near the end of a financial year. Due to the timing difference, there can be significant differences between the AWPB for which IFAD eventually expresses ‘no objection’, and the budget that had been appropriated and approved in the printed estimates. The appropriated amounts is a block limit, from which implementing entities have a window in May/June at submission of AWPB, to provide the breakdowns for the AWPB signed–off by the Accounting Officer of the Ministry. The Financial Controller will ensure the breakdowns included in the accounting system is in line with the AWPB for which IFAD has provided no-objection and spending is in line with this.

256. In some cases by the time the budget is appropriated by parliament there can be unexplained cuts/ reductions in expenditure estimates for line Ministry. This element of uncertainty sometimes results into discrepancies between the AWPB on which IFAD has expressed No objection and that appropriated by Parliament. The Financial Controller will closely work with planning officers at MALFC and National Treasury to ensure the project is not affected by these regular budget cuts which are usually based on estimated and actual revenue collections by the government. The budgeting area is therefore considered high risk area that require keen monitoring. PMCU’s financial controller should ensure there is close collaborations with Planning and Budget Officers at MALFC and Counties to ensure project’s budget is not omitted in the printed estimates and adequate amounts are provided. While there are supplementary budget processes which ensure what may have
been omitted is rectified, this takes time, hence critical to ensure there is adequate budget for the project at the start of the year. Over-budgeting also poses problems in future since the project would not be able to demonstrate capabilities to absorb future significant amounts which leads to more struggles in asking for higher budget allocations in the printed estimates. Close monitoring will there be critical.

257. The arbitrary cut of printed estimates budgets in the course of a fiscal year due to other fiscal measures will be emphasized during loan negotiations and specific assurances be sought that project budget estimates will not be arbitrarily cut by the National Treasury.

258. **Budgeting as Revenue and AIA:** The project funds will be budgeted either as Revenue and appropriation in aid (AIA).

- **Budgeting as Revenue:** Budgeting is done under Revenue IFAD will release the funds through the exchequer system. This budgeting will be done for activities which are expected to be paid from the project operational accounts.

- **Budgeting under AIA procedure:** This is where the donor is expected to pay the beneficiary direct. All the procurement procedures are followed as per the laid down government procedures, vouchers processed in the normal way but the original documents accompanied with form 100 (Application for withdrawal) with all relevant details is forwarded to Donor for payment after capturing the amount payable into the Ministry’s books by using form F.O. 25 (Journal voucher) as well as in the Integrated Financial Management System (IFMIS). However, the minimum to be processed should not be less than USD 100,000.

### Accounting systems, policies and procedures

259. Kenya IFAD portfolio is moving towards having a harmonized financial management software for all upcoming projects. Sun system ERP has been selected as the best accounting system for the portfolio and will be adopted for this project. It is being used by the other portfolio projects who will also provide peer learning opportunity to project’s finance staff once recruited. There has been issue of full adoption and delays in implementation of accounting system in other projects. To mitigate on this, acquisition of the accounting system has been included in startup activities. PMCU will procure a financial management software and training the finance staff on how to use it using the startup advance that will be provided. The selection of project finance staff will also consider the agility to use computerized systems. The key financial reporting parameter for IFAD project is a financial system that will be able to i) extract SoE for withdrawal applications, ii) reporting expenditure per category and comparing budget vs actual for the same for the current year and cumulatively, iii) reporting expenditure per category and comparing budget vs actual for the same for the current year and cumulatively and iv) reporting of expenditure per financier. The selected accounting system is able handle these key financial reporting and monitoring requirements. The training on use and installation of the software will be part of the start-up advance to ensure that all will be set by the time project implementation commences.

260. Disbursement to the counties will be made as advances. Recording of expenditure to the project accounting system will be done by PMCU based on expenditure reports submitted by the counties.

261. The project expenditure initiation, authorization and payments will be in line with Public Finance Management Act of Kenya. The PS, MALFC (and all ministry officials under their delegation) plays the key role of sanctioning all withdrawals from the bank accounts under them as described above. The PS is the accounting officer for the project.
262. The Permanent Secretary, National Treasury and all Ministry officials under his delegation play a key role of approving all financial documents for onward submission to IFAD on financial and other project implementation matters. Under the loan agreement, The National Treasury represent GoK as the borrower.

**Financial reporting**

263. Financial Controller at PMCU will be responsible for all financial reporting for the project and will produce a consolidated financial statements for the project. The financial reporting will comply with International Public-Sector Accounting Standards (IPSAS) -Cash basis.

264. On annual basis, the consolidated financial statements for the project will be audited by Office of the Auditor General and audited financial statements submitted to IFAD within six months after the period end in accordance with IFAD guidelines. IFAD will, in addition, to the annual audited financial statements require interim financial reports on a six-monthly interval. For management decision and control, detailed monthly and quarterly management accounts will be produced.

**STATEMENTS OF EXPENDITURES (SOE)**

265. SoEs will be prepared by the project for processing of Withdrawal application. The detailed guidelines and SoE templates has been elaborated under financial guidelines issued by IFAD which will be included in the disbursements letter. The PMCU Accounts staff shall assist in the compilation of the expenditures from the implementing agencies which upon meeting the IFAD threshold shall be submitted in form of Withdrawal Applications to IFAD, through the lead ministry and ERD – Treasury. This activity shall be carried by the PMCU every quarter or if the withdrawal limits has been attained. Counties will prepare the SoE on monthly basis and submit to PMCU.

266. The PMCU will prepare the consolidated SoE which shall be used in the preparation of the Withdrawal Applications using the guideline below:

i. Each and every category should be typed on a separate summary sheet, which should be numbered sequentially, and details of categories e.g. civil works clearly marked on the section – description of category.

ii. Reporting period on the summary sheet to be clearly indicated with the earliest paid voucher indicating the starting period and the latest end period e.g. 1st Nov 2020 to 31st Dec, 2020.

iii. The rate of exchange will be the ruling rates when funds are transferred from the special account to project operational account and should be used when exchanging to the US Dollar equivalent. The rates will be applied on FIFO basis until the prior transfer is fully exhausted.

iv. The IFAD forms used including the checklist and SPA Reconciliation shall be attached to form the Withdrawal Application. Other documentations for attachment shall include:

(a) Bank Reconciliation Statement for the last month of reporting.
(b) Cash book copy of the last reporting date showing the balances.
(c) Copy of the bank statement for the last reporting month.
(d) DA statement
(e) DA reconciliation statement
(f) PMCU bank account reconciliation statement
The summary sheets will be prepared according to categories and numbered sequentially.

The amount spent per component should be clearly indicated for each County.

The summary sheets signed by the Project Coordinator and Financial Controller and to be signed by authorized representative from Ministry of Finance.

Special Account Reconciliation statement duly signed by the Financial controller

Checklist withdrawal application duly signed by the Project Coordinator and Financial Controller.

Application for withdrawal to be duly signed by authorized representative.

All the above supporting documents together will be forwarded to External Resources department for further processing before being forwarded to IFAD for replenishment.

Financial management organization and staffing

267. As noted above, the project financial management arrangements follow the Government of Kenya financial management system. The PS, MALFC is the accounting officer for the project. The project expenditure initiation, authorization and payments will be in line with Public Finance Management Act of Kenya. The PS MALFC (and all ministry officials under his/her delegation) plays the key role of sanctioning all transactions. The Accounting Unit of the Project shall be managed by the Financial Controller assisted by the Accounts Assistants.

268. The Project Accounting team duties and responsibilities shall include:

- Contributing to the preparation and update of the Financial Manuals.
- Ensuring the project’s financial procedures as detailed in the Project Implementation and Financial Manuals and other guidelines that may be issued are strictly followed by all Project staff and implementing agencies at the national and devolved levels.
- Facilitating, as much as possible, the timely disbursement of project funds
- Compiling the Expenditure Returns for the PMCU, the Counties, other implementing agencies, and headquarters for submission to the External Resources Department – Treasury.
- Liaising with the implementing officers from the Project implementing Counties and the lead Project agency to ensure that SOE’s are prepared in timely manner and forwarded to External Resources Department – Treasury.
- Preparing periodic and statutory financial reports and advising the Project Coordinator on the Project’s financial status and trends;
- Ensuring adherence to Government of Kenya’s financial practices and circulars as issued from time to time, to ensure only legible payments are made from the Project’s funds.
- To carry out periodic backstopping visits to the implementing agencies, providing financial advice and recommendations where necessary.
- Facilitating and ensuring that external auditors are availed all necessary documents during the audit as detailed in the Loan Agreement, and making a follow up on audit recommendations.
- Ensuring that the financial transactions are well documented, filed and that the Project financial transactions are entered into the Government existing accounting systems.
Any other duty (related to the Project’s activities) as may be assigned by the Project Coordinator.

269. The following staff positions have been provided for to ensure adequate coordination of payments for project expenditure, making appropriate accounting entries and financial reporting.

<table>
<thead>
<tr>
<th>Implementation level</th>
<th>Project Staff position and numbers</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMCU</td>
<td>- Finance Controller (1)</td>
<td>- The staffing is based on a similar IFAD funded project which has similar types of activities and implementation arrangement.</td>
</tr>
<tr>
<td></td>
<td>- Project Accountant (1)</td>
<td>- These staff will be hired on two years contract, renewable based on performance which is expected to enhance performance.</td>
</tr>
<tr>
<td></td>
<td>- Project Assistant Accountant (1)</td>
<td>- The staff will be hired as part of start-up activities.</td>
</tr>
<tr>
<td>Counties</td>
<td>Designated Project Accountant (1)</td>
<td>- This will be a staff of the County, designated to handle financial reporting and coordinating processing of transactions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- It will be one of the condition in the MoU with Counties to have a designated accountant for the project, who will be issued with an official designation letter from the County signed by the County Treasury.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The appointed of a Designated Accountant will be a disbursements condition to the counties.</td>
</tr>
</tbody>
</table>

**Internal Controls**

270. In order to effectively safeguard project resources, internal controls have been instituted at the PMCU in the whole framework of financial and administrative procedures. The identified controls range from; proper record keeping and posting, authorization of accounting, procurement and administrative documents, balancing and checking, physical security of assets, double signing (approval) arrangements, to financial reporting and monitoring. These are prescribed in PFM act and further detailed in the finance and operation manual for the project. There will be internal audit function, as noted below, to check overall compliance to internal controls and provide support towards improving systems, procedures and processes.

**Internal Audit**

271. Internal audits will be conducted to provide assurance that the Project is being implemented in accordance with the PIM, complies with GoK regulations and is complying with Project financing covenants. The project will utilise the internal audit function at MALFC and Counties to carry out internal audit.

272. The internal auditors were noted to be carrying out in pre-audits of transactions instead of providing independent appraisals of project accounting systems and control environments. Pre-audit jeopardizes the independence of internal auditor later when carrying out specific reviews as they will have been involved in expenditure approval process through pre-audit. The office of Internal Auditor General, Kenya is shifting to ex-post audits and this will be an advantage to the project. The internal Auditors will be required to carry out the audit of the project at least once annually.

273. IFAD supervision and implementation support missions will consistently demand and review the rolling internal audit plans, internal audit reports produced and
shared as per internal audit plans and implementations of internal audit recommendations.

**External Audit**

274. External audits will be executed by the Auditor General who have been carrying out the external audit of IFAD projects implemented by the Government. Any changes in the Terms of Reference will require the Fund’s No Objection. IFAD will require specific audit opinions: (a) general opinion on the financial statements, (b) opinion on the balances of funds held in the special account. The new IFAD handbook on audit has been shared with the auditors to enhance their reviews.

275. The audits by OAG are carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and relevant ethical requirements. As such they also include revenue, expenditure, assets and liabilities. In addition, they highlight any relevant material issues and systemic and control risks. This enables the auditor to express an opinion as to whether or not the financial statements are prepared, in all material respects, in accordance with an identified or applicable financial reporting framework and (or) statutory requirements.

276. The Auditor General in drawing up his audit Projects incorporates review of the implementation of the previous period’s recommendations. If those recommendations have not been followed this will be stated in the current audit report. The capacity of OAG has been consistently assessed by IFAD as satisfactory in terms of undertaking project audits. The risk assessment here is therefore low. The audited financial statements will be submitted to IFAD within 6 months after financial end as required by IFAD.

277. **Start-up advance.** To mitigate on start-up delays which may be occasioned by delays in recruitment and setting up Project Management and Coordination Units (PMCU); procuring and installing of appropriate financial management software and delays in fulfilment of other disbursements conditions, the project would utilize facility for faster implementation of project start-up (FIPS) to implement key start-up activities in the first six months of the project effectiveness. A start up advance of US$ 500,000 has been proposed which will cater for the following: i) recruitment of the PMCU staff and setting up of the PMCU Offices; (ii) Procurement of Financial Management Software and training staff on how to use it; (iii) initial baseline survey activities; (iv) Salaries for the key PMCU staff; (v) operating costs during the start-up period; (vi) ensuring mobility of PMCU staff; and (vii) setting up of the M&E Systems and training project staff on M&E processes.

278. **Nature of project eligible expenditures** - Project expenditure categories have been allocated in accordance with the standard expenditure categories. Detailed cost tables are presented in this document. Transaction-based disbursement procedures will be used. The eligibility of expenditure should require:

a) The expenditure shall meet the reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the procurement guidelines

b) The expenditure shall be incurred during the project implementation period, except that expenditures to meet the costs of winding up the project that may be incurred after the project completion date and before the closing date

c) The expenditure shall be incurred by a project party

d) If the agreement allocates the amount of the financing to categories of eligible expenditures and specifies the percentages of such eligible expenditures to be financed, the expenditure must relate to a category whose allocation has not been depleted, and shall be eligible only up to the percentage applicable to such category.
e) The expenditure shall be otherwise eligible in accordance with the terms of the financing agreement

279. All payment vouchers will be examined to ascertain the following requirements:

f) That the expenditure has been incurred on proper authority and is a charge to properly voted funds.

g) That payment vouchers are supported by original documents or certified photocopies of the original documents (such copies must be certified by the appropriate officer that he has taken all possible steps to ensure that no payment has been made on the original document).

h) That rates charged are according to regulations/contracts, fair and reasonable.

i) That appropriate authority e.g. DTC, MTC etc. has been obtained and a copy of the minutes attached to the payment vouchers for reference purposes.

j) That the allocation of account codes is correct.

k) That appropriate certificates have been signed by the AIE holder or officer authorized by him in writing.

l) That the vote book control certificate has been duly signed to confirm availability of funds.

m) That the computations and costing have been verified and are arithmetically correct.

n) That the persons named in the payment vouchers are those entitled to receive the payment.

o) Any alterations of payment voucher should be counter signed by the AIE holder in charge of the unit.

p) That the signatories to the certificates are as per those indicated in the specimen signature document.

q) That payments are supported by duly certified invoices, receipted bills (for direct cash payments), LPOs, LSOs, VAT certificates, copies of supplier’s delivery note, Form S13, and the certificate at the reverse of the payment voucher signed to confirm stores entry into the relevant inventory ledgers.

**FM Supervision plan**

280. **Supervision.** KeLCoP will be directly supervised by IFAD with annual implementation support missions, followed initially by shorter follow-up missions six months later as may be assessed. Supervision will not be conducted as a general inspection or evaluation, but rather as an opportunity to jointly assess achievements and lessons, and to reflect on ways to improve implementation; and impact. From a financial management perspective, IFAD missions will keenly follow up the fiduciary risk at various levels, including the use of the report-based disbursement.

4.8 Monitoring and evaluation

281. **Monitoring and Evaluation:** The PMCU will bear overall responsibility for the continuous Monitoring and Evaluation (M&E) and regular reporting on progress and the achievement of project objectives, milestones and results. An ICT-based project level M&E system will be developed to automate the entire M&E process. The system will provide an innovative data management and visualization platform that offers real-time information on both project beneficiaries and field staff progress and performance. As a minimum, the ICT-based system will provide capabilities to allow the project to: (i) more efficiently upload data from the field
(beneficiaries); (ii) easily access and export data; (iii) generate user-friendly reports and dashboards; (iv) track performance of project beneficiaries; (v) generate reports for the County Integrated Management Information System (CIMES), National Integrated Monitoring and Evaluation System (NIMES) as well as IFAD’s Operational Results Management System (ORMS) and; (vi) monitor performance of remote field project staff as well as implementing partners.

282. Monitoring and Evaluation will focus on two areas: (i) M&E of Project Performance (monitoring) focusing on the management and supervision of project activities, seeking to improve efficiency and overall effectiveness of project implementation. This will be a continuous process to collect information on actual implementation of project activities compared to those scheduled in the AWPBs, including the delivery of quality outputs in a timely manner, to identify problems and constraints, to make clear recommendations for corrective actions, and identify lessons learned and best practices for scaling up; (ii) M&E of project impact (evaluation) of the project’s success in achieving its outcomes to be monitored continuously throughout the project. The key indicators in the logical framework will be further reviewed/refined during the start-up workshop and during development of the M&E Plan. Furthermore, tools, methods and indicators for measuring project performance and impact will be determined and agreed to ensure that a standardized framework is shared with all the ten participating counties. Performance of the mainstreaming themes and safeguards will be monitored through the project’s operational M&E framework.

283. Learning, Knowledge Management and South-South and Triangular Cooperation (SSTC): Learning, KM and SSTC will be key aspects of KeLCoP implementation. Cross-learning between IFAD financed projects in the country will be promoted by the Borrower and the Lead Agencies through workshops/meetings to share knowledge and lessons learned on various topics such as M&E, FM, procurement, gender and youth, climate change and any other relevant area. Moreover, the project will promote South-South and Triangular Cooperation. For instance, the project will facilitate an SSTC initiative with Cambodia to assess the technical and operational features of an innovative rural poultry production model which has been successfully developed by the local NGO Green Innovet Cam (GIC) under the IFAD funded project “Accelerated Inclusive Markets for Smallholders (AIMS)” and “Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia (S-RET). In the same context, KeLCoP technical experts and farmers will also have the opportunity to exchange good practices and knowledge with the counterpart colleagues of the IFAD funded “Project for Inclusive Small Livestock Markets (PRISM)” in Rwanda.

284. The project will produce relevant KM products and ensure documentation of lessons learnt, best practices and success cases. Communication materials, such as press releases, extension materials, and radio messages will be prepared and distributed. Furthermore, the project will maintain a vibrant website and blog highlighting key information for the wider stakeholders. Besides, maintaining social media presence, principally on Facebook and Twitter, will be an important element of the project’s larger online communication strategy. Relevant information from the project KM/M&E system will be used to document lessons learnt, best practices and success stories. The KM/M&E system will include a specific module on knowledge management.

285. ‘Beneficiary Feedback, Grievance Redress and E-Citizen Portal: KeLCoP will hold regular beneficiary feedback surveys that will enable it to assess how the participants view the various activities and their recommendations for improving these for greater relevance, efficiency and impact. The M&E Unit in collaboration with the County Governments will undertake these surveys and ensure the inclusion of all target groups in these feedback surveys. The project will also communicate a telephone number and a web address for grievance reporting at the
County and PMCU level which will record all calls and complaints. The ESMF provides guidance on how the grievance redress mechanism will be developed and how grievance logs done and dealt with by the project. The project will also establish an e-citizen portal application which will be designed by the ITC programmer to enable citizens to provide feedback or register complaints about any aspect of the project. This grievance mechanism will be widely circulated at the PMCU offices, in the KeLCoP website and project offices at the county and also be given to mentors and participating groups. The complaints and redress measures will be summarized and the results for feedback will be provided to the relevant county Government or institution involved. The ITC programmer and the M&E assistant would be required to report on the nature of the grievances and method of redress will be tracked. A short report will be prepared for inclusion in the project reporting system.

Supervision, Mid-term Review and Completion plans.

286. **Project supervision and implementation support:** KeLCoP will be supervised jointly by GoK (represented by the National Treasury & Planning and State Department of Livestock) and IFAD. Annual supervision, followed by shorter follow-up/implementation support missions six months later, will be organized every year during the project’s lifetime. In addition to monitoring implementation and reporting on project performance status and results, supervision missions will be used as opportunity to assess achievements and lessons learnt, and to reflect upon ways to improve implementation and impact.

287. Implementation support will be provided for a wide range of activities, depending on the needs and circumstances of the project as identified during the supervision missions or in the course of project implementation. In addition, KeLCoP will benefit from implementation support missions mobilized for country programmes to address cross-cutting issues in the country portfolio and for multi-country/regional initiatives to facilitate learning and knowledge sharing.

288. Implementation support will be particularly critical during KeLCoP start-up to help establish operational and fiduciary systems, recruit technical assistance and build the capacity of key project implementers. At project start-up, IFAD will field a start-up mission to support the PMCU to have a clear understanding of the project objectives and goals; to clarify the roles and responsibilities of the entities involved in implementation; clarify the legal and financial conditions in the financing agreement, and the associated procedures and responsibilities. The start-up workshop will also provide the opportunity to describe and discuss the management arrangements for the project, especially the use of Annual Work Plan and Budgets (AWPBs), the implementation strategy set out in the PIM, the fiduciary and reporting requirements, the M&E arrangements for setting targets and monitoring progress against them and clarify the procedures of official supervision reviews and implementation support towards project improvements.

289. **Reporting arrangements:** The PMCU will submit bi-annual progress reports according to a format acceptable to both IFAD. These reports will include physical and financial progress updates. Physical reporting will be made against a set of indicators based on the log-frame. Financial reporting will be done against the approved budget.

290. **Mid-term review (MTR):** GoK and IFAD shall jointly carry out an in-depth joint mid-term review of KeLCoP no later than the third year of the project. The MTR mission will take stock of the achievements of project objectives and constraints and recommend any reorientations that might be required. GoK (the National Treasury & Planning and SDL) will ensure that the agreed actions at MTR are implemented within the agreed time frame.
291. **Project completion:** After KeLCoP completion date and no later than 30 days to project closure date, GoK will carry out a project completion review and submit the Project Completion Report (PCR) to IFAD. The PCR discussions will focus on bringing implementation to a closure, reflecting on progress achieved and lessons learned, taking stock of overall performance of both GoK and IFAD and reviewing sustainability and the project’s exit strategy. In addition, the PCR will benefit from the project impact evaluation to be carried out by the PMCU.
Annex 1: Draft Terms of reference of key project staff

Project Coordinator
Livestock Production Specialist
Livestock Marketing Specialist
Social Inclusion and Mobilization Specialist
Environment, Climate and Safeguards Specialist
Financial Controller
Procurement Specialist
Monitoring and Evaluation Specialist
Knowledge Management
ITC Specialist
Data Programmer
Financial Assistant
M&E Assistant
Procurement Assistant

Service Providers to be Competitively Recruited

(i) Social Mobilization and nutrition messages and modules;
(ii) Gender Action Learning Systems (GALS) -Technical Assistance;
(iii) Behaviour Change Communication- Products and Materials Development and Delivery;
(iv) E-Extension;
(v) E-Voucher Partnership Specification with Roles and Responsibilities;
(vi) Business Development Services and Identification Innovators -Technical Assistance;
(vii) E-Marketing;
(viii) Development of E-Marketing-Technical Assistance;
(ix) Development of E-Citizen Portal -Technical Assistance;
(x) Terms of Reference for Baseline Survey.
Terms of Reference for the KelCoP Project Co-ordinator

1. Job Description

The Project Coordinator (PC) will head the PMCU and will provide the overall leadership in the project implementation. S/he will: coordinate the day-to-day planning and execution of the project activities and ensure timely achievement of intended results; oversee and ensure timely procurement of works, goods and services (including training), preparation of AWB&P, procurement plans, project supervision and reviews and day to day monitoring of the project implementation; ensure timely project data capture and reporting; provide sound administration of project staff and project finances; promote harmonious and close working relationship between the project, the national and the county governments; coordinate and ensure timely execution of activities assigned to partners and service providers; and promote good governance and participatory planning. The PC will be answerable to the Project Steering Committee and will work closely with the CPCCs. The main responsibilities of the PC include:

i. overall coordination of the project management with the CPTTs and SCPTTs in a manner that is financially sound, professional, participatory, sensitive to local needs and socio-economic context, environmentally and socially sound, and in accordance with the policies, procedures, and guidelines set forth in the Financing Agreement, Project design documents and Project Implementation Manual (PIM), and in accordance with proposed environmental, climate and social safeguards as found in the ESMF, ESMPs, IPMP and the indepth climate risk analysis;

ii. Support establishment of the Counties and Sub-Counties Project Implementation Teams;

iii. Supervise the work of the PMCU staff, undertake their performance evaluation in a timely manner, and submit to the CPCC and the PSC.

iv. Coordinate and work with relevant Government ministries and departments, County authorities, implementation partners, service providers, private sector, financing institutions including SACCOs, beneficiaries, CBOs and local communities in order to ensure smooth execution of the project activities;

v. Assist the Counties to develop a strong and water tight criteria to select the counties and target beneficiaries to participate in the project;

vi. Ensure timely preparation, clearance and approval of consolidated AWP&Bs and Procurement Plans (PPs), and their execution in accordance with the overall Project objectives, PIM and IFAD regulations and guidelines, including fiduciary requirements;

vii. Guide in the procurement process of all works, goods and services adhering to IFAD and GoK rules and procedures, and assume full responsibility of engaging and contracting works contractors, goods suppliers and service providers;

viii. Oversee and ensure close supervision of works contractors, goods suppliers and service providers for timely and quality execution of their responsibilities;

ix. Timely prepare and submit to IFAD, through the National Treasury, payment requests for works, goods and serves delivered;

x. Ensure full social inclusion of women, youth and vulnerable groups among identified target beneficiaries of the project by ensuring that specified quotas are achieved, strategies for inclusion identified and monitored, and modalities of service delivery appropriate to the constraints and needs of these groups are identified and used.
xi. Sensitize implementation teams and partners to the project poverty targeting and youth and gender mainstreaming strategies and their rationale and implementation arrangements;

xii. Promote conducive work environment that promotes knowledge sharing and learning from experiences among members of the Project staff, Counties teams and those of the implementing partners and service providers, and participating Government institutions at the National and County levels;

xiii. Ensure synergies between project components as well as other IFAD financed projects to maximize the project’s impact;

xiv. Ensure that the County Coordination Bodies and authorities, the PSC, and IFAD are at all times fully informed of all Project-related activities, and they are consulted regularly on strategic issues and implementation challenges, and all areas that require attention and timely advice, correction and/or reorientation for effective and successful implementation;

xv. Closely monitor implementation of all project activities and regularly prepare and submit progress and performance reports to the GoK, IFAD, the Project Steering Committee and the County Coordination Committees, appropriately capturing and reporting project outputs and outcomes, financial implementation status, Government and beneficiary contributions;

xvi. Manage with integrity and transparency the Project funds, monitor expenditures, submit to the PSC and responsible line agencies quarterly financial reports, oversee timely preparation of the project accounts (original receipts, bank statements, and other financial records as necessary) and audit of the Project accounts in line with the Project Financing Agreement (PFA);

xvii. Ensure the efficient achievement of the Project’s outputs and outcomes as set forth in the Project-related documents;

xviii. Facilitate and support joint IFAD/GoK supervision and implementation support, follow-up, midterm and completion missions, and ensure that their recommendations are implemented fully and in a timely manner;

xix. Build and maintain strong collaborative relationships with all project stakeholders (including beneficiaries), local networks and contacts and partner organizations, engaging them on a regular basis to integrate their feedback into the implementation and progress of the Project;

xx. Coordinate the scaling up of the technological packages promoted by the Project in coordination with IFAD, the CPCC and the PSC, and implementing Project partners;

xxi. Ensure that the project activities are fully harmonized with the different Counties Integrated Development Plans (CIDPs);

xxii. Ensure that the project activities do not duplicate activities of projects financed by other development partners operating in the same area covered by KeLCoP but are instead complementary;

xxiii. Ensure that the Project’s poverty, gender and environment strategies, as well as the natural resources management aspects are fully integrated into all features of Project planning, implementation, monitoring and evaluation.

2. Qualifications and Experience Required for the Position:

i. A higher degree in Agricultural Economics, Animal Production, Animal Health; or related discipline relevant to livestock development, with sound knowledge of contemporary issues in the rural economy of Kenya.
ii. Relevant professional work experience of at least five years in:
   - project management, project financial administration and budgeting, including leadership of multi-disciplinary team of experts (experience in managing projects financed through international development partners will be an added advantage); and
   - managing initiatives related to agriculture and rural development, and poverty alleviation.

iii. Excellent analytical skills, sound judgment, resourcefulness, ability to take initiatives, capacity to self-manage and ability to create a team-based, participatory work environment;

iv. Sound understanding of the Kenya’s multi-level government systems (National and County Governments), their governance and administration modalities, their differences and linkages;

v. Skills in process facilitation, strategic planning, and partnership building;

vi. Excellent understanding of the social, economic, political and historical trends underpinning poverty alleviation strategies and policy reform processes in Kenya.

vii. Adequate understanding of Kenya’s diverse agro-ecological zones including the ASALs, their different agricultural systems and development needs;

viii. Fluent in English (written and spoken) and Kiswahili languages;

ix. Excellent communication skills (comprehension, writing, speaking);

x. A high-level computer literacy;

xi. Ability and flexibility to travel intensively within Project area, as may be required.

xii. The incumbent should be prepared to sign as a condition of employment under a Special Service Agreement, an obligation to reside for the duration of the Project in Nakuru. The initial contract will be for one year with six-month probation, period, renewable every year on continued satisfactory performance.
Terms of Reference for the KeLCoP Livestock Production Specialist

Technical Focus

Animal production, dairy production, poultry production, rural development and animal health.

2. Job Description

Under the supervision of Project Coordinator, the Livestock Production Specialist will be in charge of the technical coordination and oversight of KeLCoP activities with respect to animal production. S/he will be coordinating and leading the implementation of Component 1 of the project, “Climate-smart production enhancement for small livestock”, but also contribute to the implementation of Component 2, on technical aspects linked to production, in collaboration with the livestock marketing specialist. Livestock Production Specialist will perform the following duties:

i. Provide expertise and support the implementation of KeLCoP activities in livestock production (particularly small ruminants, poultry, honey and dairy goats);

ii. Contribute to the production of technical training manuals and related capacity building materials, coaching and mentoring on animal production;

iii. Coordinate with relevant project partners, service providers, NGOs and other stakeholders on the plan and implementation of livestock production activities;

iv. Evaluate the technical soundness of activities on livestock designed to improve productivity;

v. Provide technical advice on issues raised pertaining to livestock production and related activities;

vi. Establish strategic partnership with pertinent public institutions, implementing partners, private sector, national and regional civil society organizations for enhancing effectiveness, and efficiency in veterinary service delivery and disease control;

vii. Coordinate the sourcing, multiplication and dissemination of improved animal breeds;

viii. Ensure that the livestock production activities are aligned with the activities in different Counties Integrated Development Plans (CIDPs);

ix. Establish partnership with relevant stakeholders in production and distribution of indigenous pasture species and coordinate wider rangeland management activities;

x. Support the implementation of climate smart technologies (solar powered boreholes, water harvesting technologies);

2. Qualifications and Experience Required for the Position:

xiii. Master’s Degree in Animal Sciences, Animal Production and Veterinary sciences or related field with complementary knowledge in rural development;

xiv. The candidate should have at least 5 years practical experiences in animal resource management and good knowledge of livestock sector in Kenya;
xv. Must poses established professional and practical work experience in donor funded livestock or animal production projects in Kenya or in the region;

xvi. Must be familiar with Kenya’s diverse agro-ecological zones including the ASALs, their different agricultural systems and development needs;

xvii. Fluent in English (written and spoken) and Kiswahili languages;

xviii. Excellent communication skills and proven writing ability;

xix. High level of computer proficiency in Microsoft Office Suite;

xx. Be willing to undertake regular field visits in project areas and interact with different stakeholders;

xxi. S/he should be prepared to sign as a condition of employment under a Special Service Agreement, an obligation to reside for the duration of the Project in Nakuru. The initial contract will be for one year with six-month probation, period, renewable every year on continued satisfactory performance.
Terms of Reference
Livestock Marketing Specialist (LMS)

Duties and Responsibilities:
The Livestock Marketing Specialist (LMS) will oversee implementation of all marketing activities described in Component 2 of the PIM: Specifically, 2.1) Marketing Infrastructure and Capacity Development, 2.2) Building Inclusive Value Chains, and 2.3) the Value Chain Management Information System. He/she will work closely with the ICT Specialist, Data Programmer, Social Inclusion and Mobilization Specialist, and the Procurement Specialist. The LMS must also coordinate closely with the County Livestock Production Officer and the County Social Services Development Officer as well as civil sector county offices of the Kenya Livestock Marketing Council (KLMC) and the Kenya National Chamber of Commerce and Industry (KNCCI).

Specific duties:

i. Become thoroughly familiar with the IFAD Project Aide Memoire and PIM as well as each County Integrated Development Plans (2018-2022).

ii. Map the targeted value chains and institutional support. In order to effectively perform his/her job, the LMS will oversee the building of graphic maps of the value chains. This task includes the production and market chains, as well as identification of government, civil, and private sector entities that support the value chains. The goal is to fully understand the targeted value chains and provide a public and highly visual documentation of that understanding in order to share that understanding with KeLCoP staff and stakeholders. A deep understanding of targeted value chains represented in visual maps will facilitate the identification of constraints, specifically financial, technological, infrastructural, marketing, regulatory, policy-related, institutional, and human resource constraints. These limitations should be identified and addressed during the course of the project to facilitate development of the value chains. Such understanding will assist the LMS as well as other KeLCoP staff to excel in the performance of their duties. He/she will participate in and contribute to investor forums and MSPs (Multi-Stakeholder Platforms), and recommend public and private investments and policies that will help to develop the value chains. The value chain maps will be shared with the entire staff by displaying the maps on large poster boards in the KeLCoP office. The maps can also be used for visual presentations at MSP and Investor forums as well as exploratory focus group discussions with beneficiaries. Specifically:

(a) To effectively oversee building the maps and effectively perform his/her duties, the LMS will first conduct a thorough review of the literature on the targeted value chains in the area with particular attention given to ethnographic and primary research.

(b) To assure a deep and up-to-date mapping of the chains and beneficiary participation in the research, the LMS will, with assistance of a consultant specializing in graphic value chain mapping techniques, complement the literature review with primary research among beneficiaries. To prompt feedback and focus discussion, the LMS will present the drafts of maps produced by the consultant to groups of beneficiaries. The maps will be presented in highly graphic, animated Power-Point presentations projected on a portable video screen using a high-density projector. These presentations will take place in locations within the respective counties of the beneficiaries.

(c) With the aid of the mentioned consultant, the Data Programmer and the M&E Specialist, the LMS will use his/her findings from the value chain research to produce physical poster-board maps of the value chains and
display those maps in the KeLCoP office at a location that other staff can view, comment, and modify the maps.

iii. Develop an annual and monthly work plan. The plans will be in line with the PIM and the AWP&B. They must include weekly meetings with all component heads regarding progress of ICT for which a one-page summary report should be submitted and archived. The work plans will be developed the first week of employment and a monthly work plan will thereafter be developed on the first Monday of every month for the life of the project/employment.

iv. Identify and establish contact with implementing partners and inform them of upcoming activities. Specifically, during the first month of employment, the LMS should contact representatives of the following entities:

(a) County Livestock Production Office and the County Social Services Development Office in each of the 10 counties, to inform them of the specific plans, and agree on the following:
   - The need to coordinate with county assembly to authorize preparation of Livestock bill or review existing bills.
   - The expediency of recognizing LMAs and approving a revenue sharing agreement/MOU with them.
   - The need to select two markets and prepare rehabilitation plan that conforms to the 2017 KEBS Livestock Market Standards KEBS.
   - The intention to support Investor Forums and the contributions expected from the county.
   - The intention to conduct MSPs (Multi-Stakeholder Platforms), the purpose and expected benefits, and the specific pre-requisites and contributions expected from the county. An agreement should be reached and an MOU defining the responsibilities and contributions from each party signed.

(b) Contact the KLMC in each of the 10 county to inform them verbally and in written follow-up of the specific plans listed below.
   - Market management training of the relevant county officials and LMA members. Reach an agreement and sign an MOU regarding the strategy for training the County officials and LMA members.
   - Inform them of the Investment forums and MSPs (Multi-Stakeholder Platforms). Reach an agreement and sign an MOU regarding the strategy for training the County officials and LMA members.

(c) Contact the Chamber of commerce in each of the 10 counties and inform them verbally with written follow-up of specific plans on:
   - MSPs
   - Grant programs
   - Internships

(d) Contact the Kenya Private Sector Alliance (KEPSA) and the USAID supported Kenya Youth Employment and Skills Program (K-YES), and inform them of the:
   a. The intention to establish an Internship program for 500 KeLCoP youth trainees.
   b. The upcoming investor forums and MSPs.
(e) Contact two LMAs in each county selected for training, obtain a list of members and establish a training schedule.

(f) Working with the Procurement Specialist to recruit and/or issue timely calls-for-bids that conform to procurement best practices and criteria defined in the PIM, the LMS will:

- Identify and hire the consultant who will create all ICT wire frames and guide ICT development processes.
- Identify and hire a consultant to assist with the graphic development of digital, interactive value chain maps and e-extension apps.
- Identify and hire a consultant to assist the counties with the livestock bills.
- Issue call-to-bid and hire a qualified construction contractor to rehabilitate the markets
- Issue call-to-bid and hire a qualified service provider to manage the grant programs.
- Issue call-to-bid and hire a qualified service provider to manage the Marketing Component training programs

v. Take responsibility for grant programs

- Work with the Financial Controller, Procurement Specialist, and county and Social Development office to review and select final grant applications.
- Support the Business Development Service Provider (BDSP) to issue open calls for grant proposals/applications for programs (a) and (c) above.
- Receive grant proposals/applications that have been collected by the BDSP for programs (a) and (c) above.
- Run credit checks on all grant applicants for programs (a), (b) and (c) above using Kenya Financial sector best practices for assuring the credibility of loan applicants,
- Receive and verify the authenticity of three notarized witnesses who are not family members of the applicant and who attest to the credibility of the applicant for programs (a) and (c) above.
- Review any based on best practices rate Business Plans produced by all the grantees for programs (a) and (c) above.
- Make dispersal payments to applicants upon approval and authorization from the BDSP for programs (a), (b) and (c) above.

vi. Take the lead in creating and maintaining a program for internships for youth trained in the KeLCoP project. This involves coordinating with Kenya Private Sector Alliance (KEPSA) and the USAID supported Kenya Youth Employment and Skills Program (K-YES), Kenya Livestock Marketing Council (KLMC), the Kenya National Chamber of Commerce and Industry (KNCCI) and any implementing partners that could provide internship opportunities to youth.

- Map out key entrepreneurship opportunities.
- Work closely with the Data Programmer, the ICT consultant, and digital graphic designer to develop interactive market sourcing applications (Market Information System). This will involve supporting the consultants in ethnographic field work
(intensive focus groups) and workshops with stakeholders to develop user-centered
design for and wireframes.

- Under the guidance of the ICT consultant and working closely with the ICT Specialist
  and Data Programmer, the MLS will promote and test Market Information system
during trainings with the County Livestock officers, the LMA members, as well
cooperative, entrepreneur and youth trainings, and those grant recipients working
on ICT applications.

- Prepare quarterly reports that summarize all activities accomplished by financial
  quarter and project scheduled activities and meeting of beneficiary targets.

- Oversee the conclusion and verify deliverables for all the Service Provider activities
defined above and in the PIM.

- Oversee and support the ICT Specialist to coordinate and take minutes for weekly
  Friday meetings with all component heads regarding progress of ICT for which a one-
  page summary report should be submitted and archived.

**Expected outputs:**

- An extensive bibliography of the literature concerning the respective value chains in
  Kenya, including a summary review of all relevant articles (first three months).

- Five Highly Graphic Value Chain Maps: 1) master livelihood strategy map
  summarizing beneficiary activities for the entire region (all 10 counties), 2) dairy
  goat map, 3) meat goat map, 4) poultry map, and 5) beekeeping and honey map.
  The maps will include points of opportunity to change or support the maps, breakages
  and/or constraints, institutional entities that support the value chains (first 6
  months).

- A master work plan, annual work plan and weekly work plans.

- Quarterly reports specifying achievements, updated targets, projections, and work
  plan for upcoming quarter.

- A list of all county, civil sector, and implementing partner contacts (first month).

- Weekly ICT progress reports prepared with ICT specialist (beginning in first month
  and continuing through the life of the project.

- Achievement of all beneficiary targets in the Logical Matrix.

- Credit checks for 300 approved applicants for smallholder commercial producer
  grants of up to $5,000 and 50 approved applicants for start-up grants of up to
  $30,000

- Dossiers with three witnesses endorsing 300 approved applicants for smallholder
  commercial producer grants of up to $5,000 and 50 approved applicants for start-up
  grants of up to $30,000

- Completed dispersals and signed documentation for 500 recipients of $2,000 grants
to small entrepreneurs, 300 matching grants for smallholder commercial producer
  grants of up to $5,000 and 50 grants of up to $30,000 to start-ups

**Qualifications:**

The Candidate must have at least a Master’s degree in Agricultural Economics,
Agricultural Development or Development Economics with a specialization in Agriculture
with an emphasis on livestock and at least 10 years of practical experience in the field of
agriculture and rural development. At least 5 years of experience managing programs
with outreach of 1,000 beneficiaries or more. Must be highly proficient in Word, Excel,
Power-Point and must have a solid working knowledge of basic statistics and sampling theory. The Specialist must also have experience with value chain analysis and assessments, and private sector operations in agribusiness. Three references from past employers. Experience in ICT and/or programming is considered an advantage. The Marketing Development Specialist will be the Lead of the Marketing component, and therefore must have strong skills and experience in a senior management position.

Languages:
Must have excellent English reading, writing and speaking and fluent in Swahili.

Key Competencies:

Duration: 1 year, renewable after successful performance evaluation, for up to 6 years.
**Terms of Reference for Social Inclusion Specialist**

The Social Inclusion Specialist will report to the Project Coordinator.

The specific duties of the Social Inclusion Specialist will include:

a) Under the guidance of the Project Coordinator, serving as focal point and facilitate the project to follow the targeting strategy for mainstreaming of the poor, women, youth and marginalized communities in project activities.

b) Ensuring that PMCU staff and those in the Counties understand the rationale and the targeting strategy for mainstreaming of the poor, women, youth and marginalized communities in the project, and their specific role and responsibility in implementing it.

c) Liaising with the Directors of Youth and Gender, and Nutrition Officers at the County level, keeping them informed about the projects targeting strategy and progress and identifying any opportunities for complementary support for the project’s beneficiaries from other government or donor interventions.

d) Reviewing and Monitoring the Social Mobilization Service Providers’ plans for community mobilization including the Socio-Economic Assessments, community entry, situation analysis, social and institutional mapping, wealth ranking, and assessment of existing community groups and beneficiary selection process, as well as capacity building of Group and Graduation Mentors, ensuring inclusion of the project’s target group.

e) Overseeing and monitoring the implementation of GALS including contracting consultants or service providers for technical assistance, reviewing the TOR and coordinating between the SMSP and GALS technical assistance.

f) Overseeing and monitoring the Graduation of Ultra-Poor households and the Integration of GALS with the Graduation approach specifically, methodology for selection of beneficiaries, quality assurance of manuals developed for Graduation and Group Mentors, quality of services provided to ultra-poor households and the level of beneficiary satisfaction.

g) Overseeing the implementation of the indigenous peoples action plans and their integration into the project delivery mechanisms, and that budgets are allocated to implement them.

h) Tracking the project’s effectiveness in mainstreaming poverty, gender, youth, indigenous peoples and vulnerable groups in collaboration with the Monitoring and Evaluation Specialist, to make recommendations for course correction highlighting challenges, achievements and lessons learnt in social inclusion in progress reports.

i) Oversee the set up and implementation of the project’s grievance redress mechanism.

j) Any other relevant duties as may be assigned by the project coordinator.

**Qualifications and experience:**

S/he should have

- A Master's degree in social science or a field related to rural community development /gender/social inclusion.
- A minimum of 10 years of experience in community development and applied gender mainstreaming at project or institutional level.
- Experience with poverty, gender and youth targeting in agriculture-based rural development programmes.
• Experience in rural development project management and implementation
• Knowledge and experience of Participatory Rural Appraisal techniques
• Knowledge of the Graduation Approach and Household Methodologies especially GALS (will be valued- but not essential)

Skills & Attributes

☐ Good computer skills
☐ Strong inter-personal skills
☐ Strong analytical skills
☐ Self-motivated and creative thinker
☐ Proven ability to work in teams
☐ Empathy and Open-mindedness
☐ Ability to work independently and with limited supervision and to deliver work under pressure.

Terms of reference for Environment, Climate and Safeguards Officer

The environment, climate and safeguards officer will report to the project coordinator.

Scope of Work

The Officer will work closely with the PMCU and respective component leads as well county governments and implementing partners, to cover the entire project’s environmental, climate and safeguards oversight. The position will provide support to the project to comply with environmental, climate and safeguards issues through: -(i) technical backstopping and advising the PMU, implementing partners and counties in addressing a variety of environmental and climate issues at all the stages of implementation; (ii) coordinate environment and climate related training/awareness raising and coordination activities; (iii) ensure that environment and climate issues are mainstreamed into project interventions and in the application of project documents e.g. the PDR, PIM, AWPBs etc.; (iv) ensure environment, climate and social safeguards as outlined in the ESMF, ESMPs, indepth climate risk analysis, grievance redress mechanism, and in the integrated pesticides management plan are adhered to, and oversee the capacity building and training activities as required.

Specific Roles and Responsibilities

Under the direct supervision of KeLCoP PMCU Coordinator, the Environment, Climate and Social Safeguards Officer will be responsible for, but not limited to, the following duties.

• Ensure that he/she guides the project in mainstreaming environment, climate and NRM considerations in all interventions and implementation processes.
• Ensuring that project investments and each activity under the project is subjected to appropriate environmental, climate and safeguards processes and procedures.
• Prepare guidelines, tools and notes for use in the project based on relevant environmental policies, acts and regulations/ directives of the Government of Kenya and relevant safeguard policies of IFAD
• Ensure that national and IFAD’s SECAP guidelines and procedures are complied with at all times and at all stages of project implementation.
• Oversee and provide technical support towards the development of the indicators, tools, guidelines on environment and climate aspects of the project’s baselines, and that the progress is also monitored at mid-term and end line.
- Develop relevant training and capacity building materials and organize environment and climate awareness creation activities; and training of local institutions, implementing partners and farmers/agro-pastoralists/beneficiaries.
- Prepare related knowledge products and materials and help the project in disseminating the information to the relevant stakeholders and audiences.
- Develop implementation strategies of AWP&B activities related to environment, climate and NRM activities and ensure AWPB targets are met in a timely manner.
- Review activity plans and bid documents of implementing partners and contractors, to ensure environmental, climate issues are mainstreamed and mitigation measures are incorporated, and ensure all project documents and environmental documents are in harmony.
- Ensure that project interventions are guided by the safeguards documents (ESMF, ESMP, indepth climate risk analysis, grievance redress mechanism, integrated pesticides management plan) developed for the project and that mitigation actions proposed are embedded into all relevant activities.
- Coordinate with relevant agencies for obtaining appropriate environmental permits and or certification/licenses e.g. NEMA, WRA; etc.
- Liaise with relevant officers at the county level as well as at national level to implement and promote environment and climate agenda of the project.
- Communicate with IPs and contractors for necessary environmental compliance.
- Support Programme M&E through data collection and writing of required reports.
- Perform other related duties as may be requested by the Project Coordinator.
- Represent the PMCU in all relevant meetings and workshops, as well as in the preparation of any documents required to mobilise climate finances.
- Any other duty as assigned by the project coordinator.

**Qualification and Experience**

- Master’s Degree or equivalent in Environmental Sciences; Natural Resource management and NRM or any related field.
- At least 8 years of relevant and progressive experience at community, national or international level in providing environmental management advisory services, hands-on experience in design, monitoring and evaluation of development projects and establishing interrelationships among international organizations and national governments.
- Sound knowledge of policy and regulatory frameworks for environmental, climate assessments and natural resource management in the agricultural/livestock context of Kenya.
- Demonstrated capacity to develop environmental and social management plans, execute safeguards, prescribe solutions to natural resource management problems, manage budgets and programs, as well as prepare reports;
- Excellent skills in written and spoken English and good computer skills, knowledge of local languages such as Swahili will be an added advantage;
- Creative, innovative system thinker, with ability to catalyse change.
- Affiliation to a local or international environmental body

**1.0 Duration**
This is a 2-year permanent position renewable based on performance.
Terms of Reference for the Social Mobilization Service Provider (s) SMSP:

The project may on a competitive basis hire one or more Social Mobilization Service Provider (SMSP) for the wards in the 10 counties in the project area: Marsabit, Samburu, Elgeyo Marakwet, Baringo, Nakuru, Siaya, Bungoma, Busia, Trans Nzoia, Kakamega).

The following activities will be implemented by the SMSPs:

1.1 Socio-Economic Assessment: (Year 1): In each County, the SMSP in close consultation with the County Government will use the following criteria to identify the two to four wards and potential villages that will constitute the focal area of project implementation in each selected county. A rapid socio-economic assessment of these wards will be conducted by the service provider which will include identifying the number of villages, population, socio-economic conditions of the target group, registered women and youth groups, specific constraints of women, men and youth smallholders with regard to the selected value chain, existing markets. The assessment will identify the role of women and youth in the selected livestock value chain, identifying opportunities and constraints in production, processing and marketing as well as any other factors that affect their participation in the project. The Socio-Economic Assessment will be conducted in close coordination with the County Government and the PMCU to finalize the selection of the target area within the county.

1.2 Recruitment and Capacity Building of Staff: (Year 2,3,4,5): The SMSP will recruit the following staff at a minimum to implement the social mobilization component
   (i) Three Regional managers to manage the 10 counties.
   (ii) Two Senior supervisors per County
   (iii) Two Group Mentors per County
   (iv) Ten Graduation Mentors per County

   The SMSP will prepare manuals integrating GALS with the Graduation Approach and train the Graduation Mentors to support ultra-poor households. The SMSP will also prepare manuals for the Group Mentors who will be tasked with forming/mentoring smallholder and provide them with training. The SMSP will make the Social Mobilization staff available for training in GALS, Nutrition, Business Skills and any other training identified by the PMCU as required for the mentoring of groups and households. The Regional and Senior Supervisors will be expected to liaise with County Gender and Youth Directors to identify opportunities for inclusion of project’s target groups in initiatives.

1.3 Village Orientations (Year 2,3): The SMSP will deliver orientation sessions at Village meetings (barazas) to inform the smallholder farmers about KelCoP. The objectives, activities and criteria for participation will be shared with potential beneficiaries.

1.4 Participatory Rural Appraisal (year 2): The SMSP will hold meetings in identified villages to introduce the project and conduct a PRA participatory rural appraisal to identify the Ultra-poor households and the market-oriented small-holder farmers who would like to participate in the project. The Ultra-poor households will be identified on the basis of project criteria and a wealth ranking exercise involving women and men from the targeted community after the project has presented its objectives and targeting criteria. The smallholder farmers involved in the three project value chains and interested in participating in the project will be selected. The selection will be finalized after household visits to validate community selection.
1.5 Forming Smallholder Livestock Farmer Groups (Year 2,3): The SMSP will help the smallholder farmers to organize into groups. The groups will be specific to one of the three value-chains, small-ruminants, poultry or bee-keeping. Each group is likely to include 20-30 members. The SMSP will mentor the group through Group Mentors and provide capacity building training in GALS, Nutrition, Business Skills and Animal Husbandry and help to aggregated production / processing and develop market linkages. The SMSP will be responsible for facilitating the group to develop a vision, maintain healthy team dynamics, the development of a capacity building schedule and action plan. The SMSP will inform the groups about project activities such as availability of improved breeds, water infrastructure etc. and facilitate the full participation of individual members. As the project progresses, multi-stakeholder forums linking farmers to different private sector partners in the value chain will be facilitated to further improve prospects of farmers while forging stronger outlets to formal markets.

1.6 Graduation of Ultra-poor Households (Year 2, 3, 4, 5): The SMSP will follow the Graduation Approach integrated with the use of the Gender Action Learning System (GALS) for supporting ultra-poor households. (i) The SMSP will provide the following support through Graduation Mentors to support ultra-poor households identified during the PRA exercise, over an average period of 16 months:

(i) Consumption support
(ii) Health insurance to protect from health shocks (if viable)/linking households to healthcare providers
(iii) Development of self-confidence, household well-being, gender justice and livelihood plan through GALS and market assessment
(iv) Transfer of Livestock or other asset related to economic activity along the livestock value-chain
(v) Access to training and/or provision through mentor to training in skill required to care for asset
(vi) Financial Literacy with promotion of savings
(vii) Nutrition training and support for kitchen gardening
(viii) On-going mentoring support with weekly visits reduced over time to one every two weeks with business planning and money management, along with social support and health and disease prevention services.

The SMSP will also define the criteria for graduation specifying verifiable indicators for women’s empowerment, nutrition, improved livelihoods and impact on gender relations. These can vary according to counties. and include indicators such as (i) number of meals (ii) percentage increase in income, diversification of income sources (iii)

1.7 GALS Training (Year 2,3,4,5): The SMSP will make its Group and Graduation mentors and supervisors available for capacity building in GALS, a household methodology for empowering women, men and youth and strengthening their participation in the value chains by developing visions, analyzing challenges and developing action plans informed by principles of gender justice for household well-being and improving their livelihoods. The Group Mentors will introduce GALS basic and advanced tools to the men and women to develop individual and group visions, action-plans and integrate gender justice into the value-chain and raise awareness on Nutrition Education and Climate Adaptation. The Graduation mentors will use the tools for mentoring ultra-poor households. The SMSP thought the Group and Graduation Mentors will identify community women and men to be trained as GALS champions.

1.8 Animal Husbandry Training (Years 2,3,4,5): The SMSP will be responsible for providing technical training on Animal Husbandry for Small-Ruminants, Bee-keeping and Poultry through the modules developed by the Behaviour Change Communication
(BCC) service provider hired by the PMCU. The SMSP will also facilitate access to the smallholder farmer groups and ultra-poor households required for formative research to inform the BCC campaign.

1.9 **Nutrition Training (Years 2,3)**: The SMSP will be responsible for organizing the development of a training manual for raising awareness on nutrition and promoting improved nutrition practices among the target group of the project by the County Nutrition Officer of each County so that the nutrition training is customized to address the county-specific challenges for nutrition and capitalize on any existing nutrition initiatives in the county. The SMSP will organize TOTs for the Group and Graduation Mentors in each county with the assistance of the County Nutrition Officers so that the training can be disseminated to the ultra-poor households (4000) and the smallholder farmer groups (440 groups). The training on nutrition is likely to include the following topics: Water, Sanitation and Hygiene (WASH) mothers nutrition, food safety, preservation importance of good nutrition, recipes for cooking food with locally available ingredients. The trainings for communities will include food demonstrations. Participants from the projects target village will join in meal preparation by cutting vegetables, pounding and mixing ingredients and cooking different dishes. They will learn about combining diverse foods to enhance nutritional value and variety, adding ingredients in the right proportions by using local measures, ensuring correct cooking times and handling and storing foods safely.

1.10 The SMSP will work in close collaboration with the PMCU and will be responsible for providing progress reports to the PMCU. The implementing partner of the pilot will provide quarterly summary reports on the pilot and six-monthly narrative reports and annual reports to PMCU. The format of these reports will be agreed. The SMSP will also provide annual work plans and budget as required by IFAD and fulfill other monitoring requirements of IFAD such as the PROFIT Log-Frame, RIMs indicators, etc. The Implementing partner will also assist supervision missions, provide baseline and impact information on the selected target group. Case studies and profiles will be prepared.

1.11 The Service provider must demonstrate expertise in mainstreaming gender and youth in policies. Service provider will be responsible for ensuring the visibility of women, youth (young women and men) in the strategies, identifying their specific interests, constraints and opportunities and including strategies to address them.

**Qualifications:**

The Social Mobilization Service Provider should be able to demonstrate:

1. Experience of a minimum of 10 years in mobilizing rural communities in Kenya
2. Experience of a minimum of 5 years in mentoring with women and youth to improve their wellbeing and livelihoods.
3. Experience in Implementing the Graduation Approach or access to technical expertise for implementing the Graduation Approach
4. Financial, M&E and procurement systems in place to fulfil IFAD requirements
Terms of Reference: Gender Action Learning

GALS (Gender Action Learning System) is a community-led empowerment methodology that uses principles of inclusion to improve income, food and nutrition security of vulnerable people in a gender-equitable way. It positions poor women and men as drivers of their own development rather than victims, identifying and dismantling obstacles in their environment, challenging service providers and private actors. It has proven to be effective for changing gender inequalities that have existed for generations, strengthening negotiation power of marginalized stakeholders and promoting collaboration, equity and respect between value chain actors. The project will use GALS to increase the intrinsic, instrumental and collective agency of project beneficiaries recognizing that gender justice is critical to positive economic, social and nutritional outcomes. GALS will assist ultra-poor households, smallholder women and men farmers and young women and men to engage in the value chains more effectively.

The PMCU may contract in a firm or a team of consultants to implement the GALS sub-component:

The GALS consultants /service provider (GSP) will be responsible for the following:

1. **Adapt and prepare GALS manuals** adapted to include Nutrition and Climate Change Adaptation for training Graduation Mentors and Group mentors in GALS for KeLCoP.

2. **Design the methodology for documenting and monitoring GALS** in the field and train Senior Supervisors and TOT participants in the methodology. This will include developing simple formats for groups and households to document their progress in a standard format in their record books. They will also implement and design a short survey in consultation with the Social Inclusion Specialist and M&E Specialist to help the mentors and field supervisors capture information on uptake of the methodology.

3. **Design and Deliver TOT (1)**: The first round of 10 TOTs (5 days each) will be delivered in each county (Year 2) to train Graduation mentors, Group mentors, Supervisors and Regional Managers, as well some County Officials in basic tools for GALS: These include but may not be limited to Vision Road Journey, Gender balance tree, Challenge Action Tree and Social Empowerment Maps.

4. **Supervision and Quality Assurance (Round 1)**: GSP will spend 7 to 10 days in each county observing the Group and Graduation mentors train women and men in the field over a period of 6 months. Field visits will be undertaken with the Supervisors of the mentors. The GSP will provide feedback on the quality of the training and train the Senior Supervisors during the field visits with a checklist to help them monitor the performance of the mentors in future.

5. **Design and Deliver TOT (Round 2)**: The GSP will design and deliver a second round of 10 TOTs (5 days each) in more advanced GALS tools 6 months after the first TOT. This TOT will focus on preliminary scoping and mapping of gender and power issues in value chains, strengthening negotiation power, negotiating win-win strategies in value chains and managing and monitoring impact, to promote a sustainable action learning process. The tools used could include Diamonds, Multilane highways, Value chain and market maps. The second TOT will also serve

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8 Oxfam Novib (2014), Gender Action Learning System Practical Guide For Transforming Gender And Unequal Power Relations In Value Chains
9 GALS manuals mainstreaming nutrition, climate change and focusing on Value Chains have been developed by several projects and organizations. The manuals developed by PRELNOR project Uganda, Oxfam Novib on Value Chains may be particularly useful. The ECG division at IFAD can further facilitate access to other valuable resources.
as an opportunity for Graduation and Group Mentors to exchange experiences, share challenges and access expert advice.

6. **Supervision and Quality Assurance (Round 2)** The second TOT will be followed by another round of Supervision with the Senior Supervisors to provide feedback on the quality of training and assess any challenges in the field that need to be addressed.

7. **Design and Deliver TOT for GALS Champions** The GSP will design and deliver a TOT for individuals (women, men and youth) who have used the GALS training to transform their lives. A TOT will be held in each county to train 30 GALS Champions. 5. The consultants / service provider for GALS will supervise the mentors through onsite visits with supervisors during this 6 month period.

8. **Supervision and Quality Assurance (Round 3)** The third TOT will be followed by another round of Supervision with the Senior Supervisors to provide feedback on the quality of training and assess any challenges in the field that need to be addressed as GALS champions share tools with other women and men.

9. The GSP will be responsible for submitting works plans, manuals, reports on the TOT, Supervisions and for preparing an end of project report, highlighting achievements and challenges. The report will also capture case studies from each county.

**Qualifications**

A minimum of 5 years’ experience in training and designing TOTs
Demonstrated familiarity with a range of participatory and interactive training techniques
A minimum of 5 years of experience of working with GALS in rural communities
Terms of Reference for the Behavioural Change and Communication Service provider

Background

The project would like to have a sustainable impact on changing behaviour and practices for improved production and marketing of the selected value chains. KeLCoP intends to invest in community capacity through a Behavioural Change and Communication (BCC) Approach to improve animal husbandry and production practices. This involves understanding the current practices in the value chains of small ruminants (meat and dairy), poultry and honey production and identifying the key barrier and motivators to ideal/recommended behaviour change. The approach also involves designing and implementing behaviour changes interventions in a manner that is iterative and follows a process of discovery, learning and adaptation. To actualize this, the project requires the service of a specialist service provider to work closely with the targeted community groups to develop a comprehensive behaviour change strategy. And based the approved strategy design audience specific behaviour change communications products such as video clips, print materials and other social media related products.

Description of tasks

Develop a BCC strategy which should contain the following

i. Using meta analysis of existing research studies and project recommended practices, design a Behaviour Change Framework. The Framework should contain current and ideal behaviours as well as barriers and motivators for adopting ideal behaviours.

ii. Identify the capacity gaps as well as needs of different target groups (women, men and youth small ruminants, poultry and bee farmers) and recommend social and cultural norms that may affect the behavioural changes;

iii. Identify and enlist potential motivators/facilitators to deliver BCC communication intervention

iv. Identify key messages to be promoted

v. Identify primary and secondary target audience and provide profiles of these audiences

vi. Design monitoring mechanisms to undertake periodic review and feedback of beneficiary views of the training. And to assess the adoption rates of the key practices recommended and the overall impact on production, productivity and marketing, etc.

Develop communication resource package for facilitating learning along the production cycle of all three targeted value chains. Specific sub-tasks include:

i) Identify and review the available materials on livestock production and marketing,

ii) Adapt and develop the new communication materials including audio, visual and other relevant materials based on field analysis and specific needs in the three value chains,

iii) Pre-test the messages and materials for different media/target audience in the three value chains and incorporate feedbacks,
Minimum requirements

i. Pool of experts with advanced university degree in the social/behavioural sciences (communication, sociology, anthropology, psychology, agricultural education etc.) with proven experience in the field of communication for development,

ii. The service provider should have relevant technical knowledge, skills and extensive work experience in designing BCC programmes, messages, tools and materials, training modules and proven capacity building in agricultural sector;

iii. Experience of developing training/BCC packages and providing similar type of training on Behavioral Change Communication (BCC) in rural areas;

iv. Experience working with diverse groups to pre-test and adapt materials;

v. Excellent documentation and reporting skills.

ToRs for a Social Safeguards Consultant for the Kenya Livestock Commercialisation Project

Introduction

In line with IFAD’s SECAP guidelines social safeguards as well as Government of Kenya policies, strategies and legislations, the consultant will identify social risks within KELCOP and propose mitigation actions. He/she will also undertake a free, prior and informed consent and together with the indigenous communities, develop an indigenous peoples action plan.

Specific responsibilities

A. Social risks and mitigation actions

- Consolidate and contextualize background information on description of the socio economic profiles of the target groups in the project and social issues facing them. These include pastoralists, mixed farmers, FHHs, vulnerable, youth, women, indigenous peoples’ communities.

- Identify social risks within KELCOP and propose mitigation actions, while paying special attention to issues such as: child labour; elite capture; early marriages, gender based violence; sexual harassment; FGM; migrant labour; and social and resource use conflicts.

- Identify grievance redress mechanisms applied at community and county levels and evaluate their efficacy in addressing project related grievances.

- Develop a grievance redress mechanism for the project, taking into existing structures at community and county levels.

- Identify social stakeholders and provide guidance on stakeholder engagement by the project with respect to consultations, participation and validation of findings, as well as institutions to engage with in the management of social risks and in dealing with indigenous peoples.

B. Free, Prior and Informed Consent (FPIC); Indigenous Peoples Action Plan

1. Identify and describe indigenous peoples in the various counties in the project are – who are they, Where are they located? Are there past interventions in the various counties that have engaged them on livestock related value chains? What activities were they engaged in?
2. Analyse existing supportive legislations, strategies and policies at national/international levels.
3. Provide a summary description how the FPIC and Action Plan will be developed in accordance with IFAD’s Indigenous Peoples Policy and How to do Notes, and accepted international best practices.
4. Develop an FPIC implementation plan that includes: description of the activities; responsible persons/institution, timelines. The plan should outline: how consultations will be done, stakeholders that will be engaged, indigenous communities that will be engaged; how consent will be sought and consent formalized; how the processes will be recorded; and how M&E and reporting will be done.
5. Undertake an FPIC and develop an Indigenous Peoples Action and ensure active participation and consultation with indigenous peoples, their leaders, and relevant agencies on the ground – this activity will be undertaken at the pre-executive board stage/pre-implementation stage depending on the COVID 19 situation in Kenya.

C. Activities that will need to be further strengthened post Covid 19
- Consolidate and contextualize background information on description of the socio economic profiles of the target groups in the project and social issues facing them. These include pastoralists, mixed farmers, FHHs, vulnerable, youth, women, indigenous peoples’ communities.
- Strengthen social risks within KELCOP and propose mitigation actions, while paying special attention to issues such as: child labour; elite capture; early marriages, gender based violence; sexual harassment; FGM; migrant labour; and social and resource use conflicts.
- Provide guidance or framework on how the grievance redress mechanism will be undertaken, including how stakeholders will be engaged.
- Identify and describe indigenous peoples in the various counties in the project are – who are they, Where are they located? Are there past interventions in the various counties that have engaged them on livestock related value chains? What activities were they engaged in?
- Analyse existing supportive legislations, strategies and policies at national/international levels for dealing with Indigenous Peoples.
- Provide a summary description how the FPIC and Action Plan will be developed in accordance with IFAD’s Indigenous Peoples Policy and How to do Notes, and accepted international best practices.
- Finalise an FPIC implementation plan that includes: description of the activities; responsible persons/institution, timelines. The plan should outline: how consultations will be done, stakeholders that will be engaged, indigenous communities that will be engaged; how consent will be sought and consent formalized; how the processes will be recorded; and how M&E and reporting will be done.

Key outputs and timelines
✓ An overall report covering all aspects/responsibilities (all sections) of this ToR by August 2020 or after the COVID 19 situation has gone under control.
Terms of Reference for a Consultant to undertake an Environment and Social Management Framework for the KeLCoP

Introduction

In line with IFAD’s SECAP guidelines on environment and social safeguards that apply to category B projects, as well as Government of Kenya policies, strategies and legislations, the consultant will develop an ESMF, an overall ESMP and a pesticides management plan. These ToRs provide guidance on how these activities and outputs will be delivered.

Objective of the ESMF

The objective of the ESMF is to ensure that adverse environmental and social impacts are avoided or and/or mitigated, and positive outcomes enhanced. The ESMF is based on IFAD’s SECAPs guidelines and GoK laws on environment and social safeguards. The ESMF should ensure that risks and mitigation actions take into account all the 4 value chains (poultry, bees, goats and sheep) and sub-projects such as water infrastructure, abattoirs etc.

Overall responsibilities

1. Provide a detailed biophysical, social, economic, cultural, and institutional and policy/legal background of the project and its geographical areas of implementation. To work closely with the social safeguards consultant to describe the social context and socio economic profiles of the project target groups.

2. Identify sub-projects within the project and develop screening checklist/tool to ensure compliance with IFAD SECAP guidelines and national laws, and the undertaking of relevant assessments. The screening checklist/tool should be accompanied by an exclusion list.

3. Based on the screening, recommend assessments that should be undertaken to mitigate potential negative risks/impacts and to enhance positive outcomes, and develop ESMPs for identified sub-projects.

4. In close collaboration with the social safeguards consultant, identify the project’s environment and social risks/impacts across all value chains and sub-projects, and develop a comprehensive ESMP.

5. The ESMP should have an embedded monitoring plan, and provide details on: specific actions that should be taken to mitigate each impact, identify the entity responsible for taking the action, the timing according to the stages of the project, performance indicators, frequency of monitoring, timelines, responsibility and the estimated costs.

6. The ESMF should map out the stakeholders and prepare a stakeholder participation/engagement plan including roles and responsibilities and incorporating the project’s target groups e.g. indigenous peoples, women, youth, vulnerable etc.

7. Develop a grievance redress mechanism including the modalities and institutional set up for the GRM. The GRM should provide guidance on how existing community based dispute resolution mechanisms can be embedded into the GRM.

8. Undertake a capacity needs analysis and develop a training/capacity building plan for training project implementers and beneficiaries/communities on the execution of the ESMF.

9. Undertake an institutional analysis of the capabilities/and gaps at national and county level for ESMF implementation and monitoring and propose a delivery structure.

10. Provide guidelines on disclosure in line the context of the project, stakeholders involved and IFAD’s disclosure procedures.

11. Develop an integrated pesticides management plan in line with IFAD’s SECAP guidelines and GoK laws.
12. Consolidate and embed into the ESMF, information from the social safeguards consultant upon completion of the free prior and informed consent (FPIC) and development of an indigenous peoples action plan.

**Key deliverables by August 2020**

1. Final ESMF and overall ESMP and well as ESMPs for sub-projects
2. Detailed and finalised Integrated Pesticides management Plan
3. Final grievance redress mechanism integrated into the ESMF
4. A stakeholder engagement plan
5. A capacity building and training plan

**Terms of Reference for the E-Extension service provider**

**Background**

Extension services play a major role in disseminating knowledge, technologies and agricultural information to improve rural farmers practice and their livelihoods. However, the conventional one-on-one extension services in Kenya is ineffective and constrained by a number of factors including: ageing work force, low worker to farmer ratio, which overwhelm the extension system and limited resources to reach many farmers requiring extension services in livestock and crop production and management. Therefore, one of the key interventions of the KeLCoP project is to embrace technology and support E-extension services that is aimed at reaching out to many livestock producers, and complement the government extension services. This is purposely designed to bridge the shortage of extension officers and the need to offer farmers timely and accurate information. To achieve this, it is imperative to engage a service provider with extensive experience in developing and delivering e-extension systems among rural farmers.

**Description of tasks**

Under the overall supervision of the livestock production officer and the project coordinator, the service provider will undertake the following tasks:

i. Develop a financially sustainable model of e-extension for the smallholder farmers in Bungoma, Trans Nzoia, Kakamega, Busia, Siaya, Nakuru Marsabit, Samburu, Elgeyo Marakwet and Baringo;

ii. Develop a package of appropriate extension messages to improve productivity for small-ruminant meat production, dairy goat production, poultry and egg production, and honey processing and packaging;

iii. The messages could encompass all key areas of breeding, feed, vaccination and disease control calendars for each of the three value chains;

iv. Periodically visit the project areas and understand the key production constraints of the smallholders in different project areas;

v. Develop messages that can be sent on a simple feature phone as well as those which can be transmitted in a more interactive manner on smartphones through video-clips, interactive applications, audio, visual and video messages;

vi. The topics should cover the production cycle of all three targeted value chains and include vaccination schedules, feed regimes, feed formulation, identification of symptoms and disease diagnosis and advice on breed attributes and recognition, etc.

vii. The application should also provide for a call in service, which can help callers with identification of symptoms and diagnosis and appropriate advice;
viii. The application should also provide lists of AgroVets and numbers of veterinarian located in the region on a GIS map with option for crowdsourcing and feedback on service quality, reliability and cost;

ix. The service provider should develop a financially sustainable model which is supported by pharmaceutical companies which are the main reliable producers of veterinary medicines, vaccinations, good quality input suppliers, good quality breeds such as *Kukuchicks*, input suppliers of fertilized eggs, high quality incubators, retailers and wholesalers of feed, and other key market players who would subsidize the services to the farmers in a win-win model/arrangement;

**Minimum requirements**

i. Advanced degree in agriculture, adult education or other related disciplines/ pool of experts with agriculture, rural development, adult education, curriculum development background;

ii. Minimum of 10 years demonstrated previous experience and involvement in e-extension services delivery and development of extension systems covering broad areas of agriculture where target farmers have low literacy levels;

iii. Experience in participatory extension methodologies and developing of farmer messaging;

iv. Ability to communicate and write clearly in English and Kiswahili language

**Selection criteria**

i. Proven expertise and experience in designing e-extension for farmers;

ii. Preferably, willing to develop application that is cost free to the end-user;

iii. Experience in developing similar applications, innovation and quality of content and proposed methodology and added features for a strong model of e-extension.

iv. Capacity to work under pressure and high degree of independence, flexibility and ability to meet strict deadline;
Terms of Reference
BDSP (Business Development Service Provider)

Whereas the Livestock Marketing Provider handles the details of applicant’s credit approval, grants dispersal, and conformance with Kenyan financial sector regulations, the BDSP will deal with the actual recruiting, training design, implementation and oversight, business proposals, on-site verifications, follow-up verification and coaching for the three training programs and three grant programs in Component 2.2.

Specific Duties:

Disseminate information in each of the 10 counties about KeLCoP grant and training programs. This should be done three weeks before actual selection process begins and 6 weeks before they are finalized. This includes all three training components and all three grant programs.

i) Advertising and dissemination of information about KeLCoP support,

a. Craft messages and advertisements for radio, newspaper and fliers. These messages should precisely define the target beneficiaries, criteria, and the relevant value chains as defined in the Aide Memoire

b. Disseminate information all training an gr

c. Price and hire media outlet: Contact and hire three local radio stations and run ads for a period of three weeks, notify at least 20 rural churches and post fliers on local bulletin boards and Universities.

d. Verify that the radio advertisements have been made using an ad verification company

ii) BDSP duties for related to training,

a. Identify, recruit and train, 500 young men and women hopeful entrepreneurs, at least 30% will be women. The training should endure at least 6 months. Two session per week, two hours per session and include a host of modules for developing general business and management skills needed to manage and operate a business: opportunity identification, organizing resources, and taking action including teamwork, communication, and creativity. business skills, economic analysis and technical aspects regarding the processing, storage, value addition and marketing of meat, dairy, poultry and honey production. Training will include at least 5 visits to ongoing businesses relevant to the chain.

b. Identify, recruit and train, individuals and organizations working on the relevant chains, include 2,000 young men and women hopeful entrepreneurs (see Graduation Model in Comment 1)

c. Support KeLCoP to develop internship program.

iii) BDSP duties for related to grants include,

a. Receive applications for the two larger grant programs to ongoing businesses,
b. Matching grants for smallholder commercial producers should include business proposals that reviewed, recorded and passed on to the Financial Service Provider

c. Grants to Youth Innovative Start-ups, should include business proposals that reviewed, recorded and passed on to the Financial Service Provider

d. Validate infrastructure and ongoing business operations for the for 300 approved applicants for smallholder commercial producer grants of up to $5,000 and 50 approved applicants for start-up grants of up to $30,000

e. Verify investments for the for 300 approved applicants for smallholder commercial producer matching grants of up to $5,000 and 50 approved applicants for start-up grants of up to $30,000 and authorize grant payment dispersals

f. Assist in the preparation and review of bankable business proposals for the 50 approved applicants for start-up grants of up to $30,000 and the 300 approved applicants for smallholder commercial producer grants of up to $5,000;

g. Assist the 500 graduates of the Young Entrepreneur Training program to write business plans for the grants of $2,000 to be invested in enterprises bearing on the targeted market chains.

h. Conduct follow-up verifications and coaching 50 approved applicants for start-up grants of up to $30,000 and the 300 approved applicants for smallholder commercial producer grants of up to $5,000 as well as the 500 approved grants of $2,000 to the young entrepreneurs.

iv) Provide follow-up Verification and continuous coaching and provision of Business Development Services: Each group will be visited every week by a business coach, who will provide a close follow up and individual support to each beneficiary individually, and to the group. The coaching will related both to technical issues and business management issues (the BDSP may use different staff to address different topics). The coaches will also provide feedback to the Districts staff and the project on the performance of the youth businesses.

**Qualifications**

The BDSPs in productive alliances will be established private service providers (company or NGO), specialized in the provision of business development services and training, with experience in the domain of agriculture/livestock and active engagement with private sector partners. Whereas the Financial Service Provider(s) were chosen because they have operations in the particular counties and therefore could be as many as 10 different services providers, the BDSP should be only one or at the most two different service providers so to maximise delivery capacity, synergies, and the capacity of KeLCoP to coordinate and oversee the work of the BDSP.

**Duration and conditions of contract**

- The contract will be established for one year and renewed according to performance.
- The contract will be based on a lump sum per beneficiary including the fees (staff cost) and the operating costs (transport, per diem, etc.). The project will not purchase vehicles or any other equipment for the BDSP.
Terms of Reference
E-Marketing—Technical Assistant

The E-Marketing Technical Assistant is a consultant or service provider who will support all phases of the development of the Marketing Information System. He/She must be enrolled in an advanced degree computer science program at a recognized and internationally accredited learning institution and have a strong interest in ICT applications in the field of agriculture and working with illiterate ICT users. His/her role is to assure that all research and development of the KeLCoP Marketing Information applications are informed with cutting-edge research and technologies and that the KeLCoP contribution to creating a sustainable application for Kenyan agricultural and livestock sector is documented and archived. The E-Marketing Technical Assistant will work under the direct supervision of the Senior ICT Specialist and work closely with the project ICT Specialist and the Data Programmer. The E-Marketing Technical Assistant should be hired in the first few months of the project.

Specific Tasks:
Review of the Literature: A report that summarizes a thorough review of the literature on interactive, graphic user interfaces targeting illiterate farmers. This report should be done in the first two months of the project and is expected to take 30 days to complete. The review must cover the global English literature on e-marketing applications for agriculture in developing regions and include an exhaustive review of the literature on applications in the Kenya agricultural and livestock sector as well as a physical testing of existing e-marking apps. The report is expected to identify the shortcomings in past applications and help KeLCoP to void repeating mistakes.

Contact and Summarize all Relevant and Ongoing ICT Projects: To help KeLCoP avoid duplicating efforts and contribute to a whole of government approach, the E-Marketing Technical Assistant should be aware of similar systems the National Livestock Marketing Information System (NLIMIS) that is supposed to cover the entire country, the Kenya National Drought Management Authority (NDMA) through its early warning system program that collects market data in 23 counties, the Kenya Livestock Marketing Council (KLMC) that works with the Livestock Market Associations (LMAs) to collect market information in northern Kenya, supposedly working with the private sector entity iCow, and USAID’s Feed the Future Kenya Accelerated Value Chain Development project (AVCD). Also important is to contact and understand the efforts of ILRI and VSF Germany program in Marsabit country where community disease reporters (CDRs) are using smartphones to track disease outbreaks. The consultant should also contact and the World Bank working group on The Disruptive Agricultural Technology (DAT) Challenge and all entities and individuals in Kenya implementing applications relative to the KeLCoP tasks. This includes but is not limited to the developers of iCoW, grow chicken,

Participate and document all Research involved in the developing of the Marketing Information System. Specifically,

a) Ethnographic research (focus groups and key informant interviews) to define the opportunities, patterns of smartphone use, and competencies of the target users.

b) Definition of functional requirements and scope of minimum viable product

c) Identification key challenges of illiterate users in the interaction space (core tasks) with user panels.

d) Creation of a user panel for various checkpoints in the design process.

e) Identification of lead users and other human access points to support later design activities, testing, and roll-out.

f) Development and verification of iconic language and augmentations of it (adaptive multimodal information) and verify suitability of paradigm with target users.
g) Development of lo-fi prototypes with user panel.
h) Verification of core design principles with user group pilot studies
i) Program applications, deploy, modify, and retest.
j) Training of users.

**Qualifications:**
The E-Marketing Technical Assistant must have a Bachelor’s degree in Information Systems, Information Management, Computer Science or a related discipline with an emphasis on human computer interaction. He/She must be enrolled in an advanced degree computer science program at a recognized and internationally accredited learning institution and have a strong interest in ICT applications in the field of agriculture and working with illiterate ICT users.

**Languages:**
Must have excellent English reading, writing and speaking. Fluency in Swahili is an advantage but not necessary.

### Time Schedule

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<tr>
<th>Activity</th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
<th>Y4</th>
<th>Y5</th>
<th>Y6</th>
<th>Outputs</th>
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<td>Recruitment of Consultant</td>
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<td>Review of literature</td>
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<td>Report with exhaustive review of global and Kenyan literature and existing e-marketing applications in agricultural and livestock sector</td>
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<td>Contact with other E-Marketing implementors</td>
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<td>Ethnographic research (focus groups and key informant interviews) to define the opportunities, patterns of smartphone use, and competencies of the target users. And define requirements and scope of minimum viable product.</td>
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<td>Ethnographic research</td>
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<td>Wireframe and design</td>
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<td>Programmed prototype of interactive digital applications for E-marketing, sourcing transport, vaccines...</td>
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<td>Piloting of apps</td>
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<td>Workable interactive digital applications for E-marketing, sourcing transport, vaccines...</td>
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<td>Training</td>
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<td>At least 10 LMA members and 5 county officials trained in application in each of the 10 counties; 500 entrepreneurs trained</td>
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<td>Corrections, refitting ....</td>
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<td>Continued improvement and adaptation of maintenance of the</td>
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Terms of Reference
Information Communications Technology (ICT) Specialist

The Information Communications Technology (ICT) Specialist works under the supervision of the Marketing Development Specialist and closely supervises the Data Programmer. The ICT specialist has a high level of autonomy because he/she is tasked with overseeing the development and integration of all ICT activities, including those from sectors outside of Marketing. In this way the ICT specialist acts as a critical focal node for the entire project.

In developing interactive digital applications, the ICT Specialist will work under the remote guidance of a senior ICT Consultant, a PhD with extensive experience in human computer interaction with a user centered design approach. This should include expertise on how to adapt media for presentation to mobile devices with limited resources and needs of illiterate users of mobile phones. The ICT Specialist should have designed and developed interactive mobile applications for illiterate users drawing on iconic languages and an accomplished expert in user experience design specifically on mobile devices. The Senior ICT Consultant will structure the engineering protocols and ethnographic strategies that the ICT Specialist uses for documenting user experience journeys, prototyping and evaluating the target users, and running and evaluating pilots using machine learning/AI to better understand usage patterns and improve the interactive designs. The ICT specialist will then work with the ICT Senior Consultant to wireframe the applications (design the structure and linkages). The ICT Specialist with the Data Programmer will then develop the applications, pilot, deploy and refit them, and train beneficiaries in the use of the applications. It is expected that there will be many iterations and reiterations and that the task of improving, maintaining and adapting the applications will be, as with any software application, an on-going task.

Specific Tasks:

An overview of applications that the ICT specialist is expected to develop, test, modify, deploy and maintain are,

a) crowdsource market prices to make real-time price information available to buyers and sellers
b) create a platform for open purchase and sales orders
c) crowdsource the availability of transport as when a truck is loading for transport to or from and market destination
d) crowdsource the availability, purchase and sale of feed and fodder and water
e) crowdsource the availability, purchase and sale of livestock vaccinations
f) crowdsource the availability, purchase and sale of AI breeding services
h) provide purely graphic user interface for E-extension services usable by illiterate people
h) provide a platform for identification of available and appropriate financial services
i) crowdsource incidences of disease among livestock
j) crowd sourcing climatic conditions for real-tracking impending drought
k) create an ICT platform for communication and feedback from project beneficiaries

The applications will be all feature graphic-communication interfaces, use mapping, and GPS identification.
Each of the components above will be dealt with specifically but with the obvious possibility of linking them all under a single application.

The ICT Specialist assisted by the Data Programmer must test and deploy the applications. This means extensive contact with beneficiary groups under all components in order to a) gather basic ethnographic data on user preferences and expectations, b) training beneficiaries in the use of the applications, c) pilot prototypes of the applications, and d) document user experience journeys.

Because the ICT Specialist links all the components in a uniquely focus, data sourcing strategy, he/she will perform as focal point for the project, bringing together the work of all the different staff. To facilitate this, the ICT Specialist with support from the Marketing Development Specialist will host weekly Friday meetings where staff from all the project components participate. Each meeting will be summarized in a one-page report that recounts the progress of the ICT tasks.

**Expected outputs:**
Applications for each of the components defined above.

**Qualifications:**

Master’s Degree in Information Systems, Information Management, Computer Science or related discipline. A master programmer of Java or HTML5. At least five years of experience working with state-of-the-art, interactive digital communications technologies in the mobile domain, an accomplished expert in the creation of wireframes and designs for programmers and experience in GIS applications and digital mapping. The ICT Specialist should be a master programmer in at least one language and be familiar with databases and communication protocols to design the infrastructure for storage and distribution of the crowdsourced information.

Because KeLCoP project is beneficiary oriented with an operational strategy that emphasizes beneficiary participation at every level, including M&E, the ICT Specialist should also have a at least a minor in in one or more of the following, a) Graphic Communication, Graphic Design or Art (the medium which the project intends to use create the interface for the ICT applications), b) Anthropology, c) Social Work, or d) Human Geography, e) Sociology, f) psychology.

**Languages:**
Must have excellent English reading, writing and speaking. Fluency in Swahili is an advantage but not necessary.
Terms of Reference
Data Programmer

The Data Programmer works under the ICT Specialist. His/her task is to support the ITC Specialist in developing applications. This includes ethnographic strategies that the ICT Specialist uses for documenting user experience journeys, prototyping and evaluating the target users, and running and evaluating pilots using machine learning/AI to better understand usage patterns and improve the interactive designs. The Data Programmer will program the applications, and then participate in pilot, deploying and refitting them. He/she will also participate in train beneficiaries in the use of the applications.

Specific Tasks:

An overview of applications that the Data Programmer is expected to participate in developing, testing, programming, modifying, deploying and maintaining are,

a) crowdsource market prices to make real-time price information available to buyers and sellers
b) create a platform for open purchase and sales orders
c) crowdsource the availability of transport as when a truck is loading for transport to or from and market destination
d) crowdsource the availability, purchase and sale of feed and fodder and water
e) crowdsource the availability, purchase and sale of livestock vaccinations
f) crowdsource the availability, purchase and sale of AI breeding services
g) crowdsource the availability, purchase and sale of AI breeding services
h) provide purely graphic user interface for E-extension services
i) provide a platform for identification of available and appropriate financial services
j) crowdsource incidences of disease among livestock
k) crowdsource climactic conditions for real-tracking impending drought
l) create an ICT platform for communication and feedback from project beneficiaries

Qualifications:
Bachelor’s Degree in Information Systems, Information Management, Computer Science or related discipline, and five-years experience programming mobile phone applications in Java or HTML5. Experience creating and marketing crowdsourcing apps as well as GIS is a plus. Should also have some educational background in one or more of the following, a) Graphic Communication, Graphic Design or Art (the medium which the project intends to use create the interface for the ICT applications), b) Anthropology, c) Social Work, or d) Human Geography, e) Sociology, or f) Psychology.

Languages:
Must have excellent English reading, writing and speaking. Fluency in Swahili is an advantage but not necessary.
Terms of Reference
Senior ICT Consultant/E-Marketing Specialist

The Senior ICT Consultant will design and guide the development of all the KeLCoP interactive digital Applications. He/She will work with the ICT Specialist and the Data Programmer to conduct Ethnographic field work (focus groups and workshops with beneficiary stakeholders) and supervise the other Marketing Information system Consultant, the ICT Technical Assistant. The objective of this research will be to develop user-centered designs for the ICT interfaces. The Senior ICT Consultant will structure the engineering protocols and ethnographic strategies that the ICT Specialist uses for documenting user experience journeys, prototyping and evaluating the target users, and running and evaluating pilots using machine learning/AI to better understand usage patterns and improve the interactive designs. The ICT Senior Consultant will wireframe the applications (design the structure and linkages) and then remotely oversee the ICT Specialist with the Data Programmer as they develop the applications, pilot, deploy and refit them in accordance with feedback from the AI and beneficiary feedback. It is expected that there will be many iterations and reiterations and that the task of improving, maintaining and adapting the applications will be, as with any software application, an ongoing task. Included in the research and development will be an evaluation of the constraints and opportunities regarding adoption and diffusion of the applications, or more specifically, identification of characteristics and influences for lead users vs laggards and other human access points to support later design activities, testing, roll-out, and introduction of modifications. The E-Marketing Technical Assistant should be hired in the first few months of the project.

Specific Tasks:

An overview of applications that the Senior ICT Consultant is expected to wireframe and oversee the exploration, development, testing, modification, deployment and maintenance of are,

a) Review of the Literature: Work with the E-Marketing Technical Assistant to produce a thorough review of the relevant literature on interactive, graphic user interfaces targeting illiterate farmers. This report should be done in the first two months of the project and is expected to take 30 days to complete. The review must cover the global English literature on e-marketing applications for agriculture in developing regions and include an exhaustive review of the literature on applications in the Kenya agricultural and livestock sector as well as a physical testing of existing e-marketing apps. The report is expected to identify the shortcomings in past applications and help KeLCoP to avoid repeating mistakes.

b) Contact and Summarize all Relevant and Ongoing ICT Projects: To help KeLCoP avoid duplicating efforts and contribute to a whole of government approach, the Senior ICT consultant will work with the E-Marketing Technical Assistant to identify and document all similar ITC projects in Kenya, including Livestock marketing activities under the direction of the National Livestock Marketing Information System (NLIMIS) that are supposed to cover the entire country, the Kenya National Drought Management Authority (NDMA) through its early warning system program that collects market data in 23 counties, the Kenya Livestock Marketing Council (KLMC) that works with the Livestock Market Associations (LMAs) to collect market information in northern Kenya, supposedly working with the private sector entity iCow, and USAID’s Feed the Future Kenya Accelerated Value Chain Development project (AVCD). Also important is to contact and understand the efforts of ILRI and VSF Germany program in Marsabit country where community disease reporters (CDRs) are using smartphones to track disease outbreaks. The consultant should also contact and the World Bank working group on The Disruptive Agricultural Technology (DAT) Challenge and all entities and individuals
...in Kenya implementing applications relative to the KeLCoP tasks. This includes but is not limited to the developers of iCoW, grow chicken,

Specific applications that should developed will,

c) crowdsource market prices to make real-time price information available to buyers and sellers
d) create a platform for open purchase and sales orders
e) crowdsource the availability of transport as when a truck is loading for transport to or from and market destination
f) crowdsource the availability, purchase and sale of feed and fodder and water
g) crowdsource the availability, purchase and sale of livestock vaccinations
h) crowdsource the availability, purchase and sale of AI breeding services
i) provide purely graphic user interface for E-extension services
j) provide a platform for identification of available and appropriate financial services
k) crowdsource incidences of disease among livestock
l) crowdsourcing climactic conditions for real-tracking impending drought
m) an ICT platform for communication and feedback from project beneficiaries

The applications will be all feature graphic-communication interfaces, use mapping, and GPS identification. Although the possibility of linking all interfaces under a single application is obvious, each activity will be dealt with specifically. The develop sequence for the applications will be as follows:

n) Ethnographic research (focus groups and key informant interviews) to define the opportunities, patterns of smartphone use, and competencies of the target users.
o) Define functional requirements and scope of minimum viable product
p) Identify key challenges of illiterate users in the interaction space (core tasks) with user panels.
q) Create a user panel for various checkpoints in the design process.
r) Identify lead users and other human access points to support later design activities, testing, and roll-out.
s) Develop and verify iconic language and augmentations of it (adaptive multimodal information) and verify suitability of paradigm with target users.
t) Develop lo-fi prototypes with user panel.
u) Verify core design principles with user group pilot studies
v) Program applications, deploy, modify, and retest.

**Qualifications:**
The Senior ICT consultant must have a Ph.D. in Information Systems, Information Management, Computer Science or a related discipline. He/she must also have extensive experience in human computer interaction with a user centered design approach. This should include expertise on how to adapt media for presentation to mobile devices with limited resources and for the needs of illiterate users of mobile phones. The ICT Consultant should have designed and developed interactive mobile applications for illiterate users drawing on iconic languages. He/she must be an accomplished expert in user experience design specifically on mobile devices. Should be a leader in the field of designing media technology and working in mobility and tracking technologies with at
least 20 years’ experience and at least 10 refereed publications in the area of media
technology and interactive digital communication technologies, one of which must
specifically be a summary evaluation the development and deployment of an interactive
digital application intended for illiterate farmers.

**Languages:**
Must have excellent English reading, writing and speaking.

### Time Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
<th>Y4</th>
<th>Y5</th>
<th>Y6</th>
<th>Outputs</th>
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<tr>
<td>Recruitment of Consultant</td>
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<td><strong>Report with exhaustive review of global and Kenyan literature and existing e-marketing applications in agricultural and livestock sector</strong></td>
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<tr>
<td>Review of literature</td>
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<td></td>
<td><strong>Ethnographic research (focus groups and key informant interviews) to define the opportunities, patterns of smartphone use, and competencies of the target users. And define requirements and scope of minimum viable product.</strong></td>
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<tr>
<td>Contact with other E-Marketing implementors</td>
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<td></td>
<td><strong>Programmed prototype of interactive digital applications for E-marketing, sourcing transport, vaccines...</strong></td>
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<tr>
<td>Ethnographic research</td>
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<td></td>
<td><strong>Workable interactive digital applications for E-marketing, sourcing transport, vaccines...</strong></td>
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<tr>
<td>Wireframe and design</td>
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<td><strong>At least 10 LMA members and 5 county officials trained in application in each of the 10 counties; 500 entrepreneurs trained</strong></td>
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<td>Piloting of apps</td>
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<td><strong>Continued improvement and adaptation of maintenance of the</strong></td>
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<td>Training</td>
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<tr>
<td>Corrections, refitting ....</td>
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</table>
Terms of Reference for Financial Controller

The financial controller reports directly to the project coordinator, and is responsible for financial management of the project and for maintaining all project accounts in good order. As head of the finance unit for the project, the financial controller will take charge of all matters in the project accounting cycle. The project accounting cycle to be overseen by the financial controller starts from financial-related inputs in AWPB preparation and budget control, committing funds, disbursements and cash flow management in an effective and efficient manner, financial reporting to ensuring smooth audits and facilitation for supervision missions on all financial management aspects. The position is based in the Lira project office, with frequent travels to the field.

The Financial controller will be responsible for expediting all loan management and disbursement activities through MALFC systems. Specific responsibilities include but are not limited to the following:

- Installation of appropriate accounting/reporting systems to ensure that the PMCU and especially the Project Coordinator are regularly informed of on-going financial status and transactions.
- Ensure timely capture of project in the GoK budget as required by the GoK budgeting processes and calendars including access to counterpart funding.
- Communicate to all implementing partner institutions, service providers and counties their financial responsibilities, the funds available and how to access it, and the requirements of reporting and record keeping in accordance with prevailing government practices which are acceptable to IFAD.
- Ensure that all project funds are used in accordance with the conditions of the financing agreements, with due attention to economy and efficiency, and only for the purposes for which the funds were provided;
- Ensure that all necessary supporting documents, records and accounts are kept in respect of all project activities, with clear linkages between the books of account and the financial statements presented to the financiers;
- Ensure that designated account and operational accounts are maintained in accordance with the provisions of the financing agreement and in accordance with the financier’s rules and procedures;
- Contribute to the preparation of the Project Implementation and Financial Manuals;
- Ensure the Project’s Financial Procedures as detailed in the Project Implementation and Financial Manuals are strictly adhered to by all Project staff and executing agencies at the national and local levels;
- Ensure that the financial statements are prepared in accordance with International Public Sector Accounting Standards as adopted in Kenya;
- Liaise with external auditors to audit the project accounts to meet the required submission dates by both GoK and IFAD;
- Liaise with the Designated County Accountants from the Project counties and the lead Project agency to ensure that SOEs are prepared in timely manner and forwarded to IFAD;
- Process documentation and follow up on disbursements from the government and IFAD to ensure that releases are not delayed. Ensure that funds for project implementation are disbursed in a timely manner to enable project interventions to be carried out on time:

Qualifications and other requirements:

In addition to the general requirements listed above, the following specific qualifications and other requirements are required:
(a) A Bachelor’s Degree in Commerce (Accounting option), or Finance, or Bachelor’s degree in Business Administration; Accounting or Finance options from a recognized University.

(b) The candidate should have CPA Kenya qualification.

(c) The candidate should have at least a minimum of 8 years’ experience working in a similar field and 3 years of which must have been in a senior management position.

(d) The candidate should have demonstrated experience with financial management/accounting in a government ministry/department and donor-funded Project;

(e) Strong computer skills; electronic spreadsheets and other accounting packages;

(f) Working knowledge of banking and financial control procedures

**Contract:** Two-year contract, with 3 months’ probation period, renewable based on agreed performance targets and deliverables.
Terms of Reference for Financial Assistant

The financial assistant reports to the financial controller, and is responsible for ensuring a proper accounting filing system; follow up of accountabilities from Counties, staff, and other implementers, data entry and reconciliations.

Specific responsibilities include but are not limited to the following:

- Preparation of source documents, e.g. payment vouchers, journal vouchers
- Chronological filing of documents with adequate cross reference to ensure ease of retrieval
- Follow up of accountabilities, maintaining a detailed log of outstanding accountabilities
- Data entry into the accounting system
- Preparation of reconciliations for review by the financial controller;
- Facilitate; both internal and external auditors to audit the project’s financial transactions and reports to meet the required submission dates by IFAD;
- Support the financial controller in preparation of reports to enable the withdrawal of funds from IFAD and GoK;
- Proactive support to the district designated project support accountants;
- Maintain key registers such as fixed assets; inputs into the contracts register, contract monitoring forms
- Support the financial controller in the preparation of informative management accounts in the form of monthly, quarterly, semi-annual and annual reports regarding aspects of project financial monitoring bringing out variances and advising implementers as to the limits of expenditure;
- Carry out any other activities that are assigned by the financial controller

Qualifications and experience: The candidate should have a Bachelor’s degree in accounting and at least Part II of CPA-K or its equivalent. Other skills and experience should include:

- At least two years of relevant work experience
- Excellent quantitative and analytical skills;
- Computer-literate including accounting packages and well-versed in the use of Excel, Word and basic data base set-ups.
- Ability to work under pressure and meet strict deadlines and work without supervision;
- Good interpersonal and Communication skill.

Contract: Two-year contract, with 3 months’ probation period, renewable based on agreed performance targets and deliverables.
Terms of Reference of Project Accountant

The Project Accountant will report to the Project Finance Controller.

Specific responsibilities include but are not limited to the following:

- Follow-up the counties and other implementing agencies for expenditure justifications
- Review eligibility of expenditure in accordance with the financing agreement
- Report on the operation of internal control including budget controls and report any deviations
- Prepare project reports to enable the withdrawal of funds from financers and manage the overall treasury/cash flow planning aspects of the project.
- Assess compliance with Kenya laws and regulations governing the operation of the implementing institutions including accountancy standards and the requirements for audits and financial reporting.
- Review external auditor’s reports (Audit Opinions and management letters), including any qualifications and whether any concerns raised by auditors have been adequately addressed.
- Review reports of IFAD/GoK supervision or review missions and follow-up on the implementation of agreed to actions.
- Examine the financial management information provided to Project Coordinator, MALFC and IFAD, in terms of its adequacy and timeliness.
- Evaluate project accounting procedures including the adequacy of financial reports in terms of accountability to multiple funding sources.
- Evaluate systems for asset management, provision for asset maintenance and replacement.
- Review documented accounting procedures and accounting manuals in terms of their adequacy, and correspondence between actual and documented procedures.
- Evaluate annual work plan and budgeting procedures, and budgetary control systems applied to monitor actual expenditures versus budget including commitment controls to avoid commitments beyond available resources.
- Review other aspects of the accounting and financial control systems including: cash management and banking; procurement of goods and services; advances and acquittals; authorisation of expenditure and budget/actual comparisons.

Qualifications and Experience: The candidate should have a Bachelor’s degree in accounting and at least Part II of CPA-K or its equivalent/or be qualified accountant. Other skills and experience should include:

- At least five years of relevant work experience
- Knowledge of work planning, budgeting and reporting;
- Excellent quantitative and analytical skills;
- Computer-literate including accounting packages and well-versed in the use of Excel, Word and basic data base set-ups;
Terms of Reference
Kenya Livestock Commercialization Project (KeLCoP) – IFAD Funded Project
POSITION: PMCU Procurement Specialist

1. Background

The overall goal of the KeLCoP project is to contribute to Government’s agriculture transformation Agenda of increasing household incomes, food and nutrition security for poor rural small-scale farmers. The Development Objective is to increase incomes of rural small-scale poor livestock farmers and pastoralists and make them more resilient to climate risks. The project is expected to benefit 42,000 households including both direct and indirect beneficiaries with a total number of 189,000 people. Of the beneficiaries, direct women beneficiaries will be 55% and 30% would be youth beneficiaries.

The project will cover 10 out of a total of 47 counties, four in the western region, four in Rift Valley region and two in the Northern Region. These include Marsabit, Samburu, Nakuru, Baringo, Trans Nzoia, Elgeyo Marakwet, Kakamega, Bungoma, Busia and Siaya. The population in these counties is predominantly rural with high rates of poverty ranging from 36% to 91% and deep pockets of poverty in some counties. There is considerable variation in the wards in some of the counties and some are widely dispersed. The population depends on livestock and crop production for their livelihood. In the Western and Rift Valley regions small scale farmers practice mixed farming, with poor segments of the population growing crops, keeping small ruminants, poultry and engage in honey production. In the North, they are predominantly pastoralists raising camels, beef cattle, goats and sheep for meat.

The project will comprise two interrelated components dealing with production and marketing. On the supply side, production enhancement for small livestock aims to increase productivity of nutrition-sensitive livestock production in an environmentally friendly and climate resilient manner. On the market side, support will be given to small holders to improve access to markets, add value to their produce to increase its marketability, increased engagement of private sector to help identify product attributes that are required by the market that will in turn foster commercialization. The marketing approach of the project will be private sector led.

In addition, the project will support project management and coordination arrangements that will require the procurement of specialized service providers and entrepreneurs with strong links with markets. The project design includes some innovative elements and includes opportunities for the use of a host of digital technologies and applications that deploy ICT4D approaches and scalable models in partnership with the private sector. The use of innovations and information technology will be integrated into the development of an e-extension approach and the development of e-finance to reduce the costs of access and delivery and develop e-marketing systems for information and sale. The project will mainstream climate resilience, and sustainable natural resource management in the small livestock, poultry and honey value chain development.

2. Objective

The objective of the assignment is to increase the efficiency of the processing of procurement tasks under KeLCoP and to ensure smooth and quality implementation of procurement processes for all project related activities.
3. Specific Tasks of Procurement Specialist

The Procurement Specialist will be part of the Project Team working on the implementation of the project’s activities. Under the supervision and coordination of the Project Coordinator, she/he would be responsible for the specific procurement activities needed for project implementation. The Procurement Specialist will provide leadership and guidance to all PMCU and County level project staff on procurement issues for goods, services and works contracts. Specific responsibilities include but are not limited to the following:

- Review and provide more detail, where required, on the procurement section of the draft PIM;
- In collaboration with other members of the PMCU, Counties and implementing partners, and based on the AWPB update the rolling 18-month procurement plan for works, goods and services required by the project in accordance with IFAD PP Template and submit same for approval by the GOK and IFAD;
- Ensure the timely and transparent procurement of goods, works and services as identified in the procurement plan and in accordance with the applicable rules and procedures;
- Ensuring that procurement of goods, civil works and services are implemented in accordance with the provisions of the Loan Agreement, IFAD Procurement Guidelines, National Regulations and Project Implementation Manual;
- Prepare bidding documents and coordinate the preparation of relevant inputs such as TORs, technical specifications and bills of quantities by technical staff or consultants;
- Lead the orientation events for all KeLCoP County Project Implementation Teams and implementing agencies on the principles and application of procurement procedures and guidelines for KeLCoP and use of the PIM guidelines;
- Participate in relevant tender committee meetings and assist with the preparation of the committee reports;
- Review and provide professional opinion on tender evaluation reports and make necessary follow-up;
- Notification of results of tenders to all successful and unsuccessful bidders;
- Draft contracts for signature by Accounting Officers and Vendors;
- Manage the procurement monitoring database system; prepare periodic reports on the status of procurement for the Project that will allow IFAD to measure the level of project performance in terms of procurement;
- Compile and confidentially keep up-to-date procurement files containing high quality and readily available information, ensuring proper documentation, transparency and ease of reference;
- Monitor the administrative implementation of contracts in coordination with the Finance Unit. Ensure a sound contract administration of international contracts, including handling of contractual claims, arbitrations and termination of contracts;
- Report in writing to the project coordinator on unethical behaviour, potential or actual violation of contractual terms by contractors and service providers and propose the appropriate remedial actions in accordance with the Contract General and Special Conditions;
- Constantly review procurement arrangements in relation to the procurement plan to ensure consistency with the financing agreement and identify weaknesses, if any, and measures that should be undertaken to mitigate the risks posed by any weaknesses;
- Train Project and implementing partners staff on procurement issues;
- Maintain close liaison with IFAD on all issues pertaining to procurement;
- Participate in Project management meetings and IFAD supervision missions, including the preparation of all information required, in particular the procurement records for facilitating post-procurement reviews; and
- Carry out any other activities that are assigned by the Project Management.
4. Qualifications and Experience

The Procurement Specialist will have the following qualifications and experience:

- A minimum of first degree in procurement or supply chain management or engineering or administration or law or any other relevant field. A post graduate qualification will be an added advantage;
- Minimum Ten (10) years relevant working experience, of which Seven (7) years’ experience is in procurement management at Government/donor funded projects;
- A comprehensive knowledge of IFAD Procurement Guidelines and the Public Procurement Regulations;
- Familiarity with the World Bank Procurement Guidelines and Templates as well as experience in working within MALFC procurement processes will be an added advantage;
- Experience in training, capacity building and setting up procurement systems in a new organisation will be a distinct advantage;
- Computer literacy and competence, Microsoft Word, Excel, Access, Power Point;
- Proven ability to work and interact with people from diverse, professional, social and cultural backgrounds;
- Fluency in written and spoken English and National language;
- Excellent analytical skills and report writing.

5. Other Requirements

- Strong management skills, particularly ability to provide strategic direction and technical supervision,
- Excellent communication skills and ease in interpersonal relationships;
- Reliable and responsible personality and capacity to work under demanding professional circumstances and in an international environment;
- Excellent coordination and negotiation skills;
- Excellent planning, organizing and recordkeeping skills;
- Experience in dealing with senior business executives and government officials;
- Good team player while being independent and able to work autonomously.

6. References

Verifiable references and membership of professional organization(s). Previous work experience in Donor funded projects.

7. Performance criteria

The performance of the Procurement Specialist will be evaluated bi-annually. The criteria used to measure his/her performance will be:

- Timely processing of procurement requisitions;
- Ability to meet deadlines in terms of procurement;
- Compliance with procurement procedures foreseen in the project, measured by the number of rejected submissions for prior examination and post-review audit findings (technical and financial);
- Delivery of tendered supplies and services.

8. Work Station

The position will be full-time based at the Project Management and Coordination Unit office in Nakuru with frequent travel to the ten project Counties.
9. Duration

Two-year contract, with six months’ probation period, renewable based on agreed performance targets and deliverables.

Terms of Reference
Kenya Livestock Commercialization Project (KeLCoP) – IFAD Funded Project
POSITION: PMCU Procurement Assistant

Background

The overall goal of the KeLCoP project is to contribute to Government’s agriculture transformation Agenda of increasing household incomes, food and nutrition security for poor rural small-scale farmers. The Development Objective is to increase incomes of rural small-scale poor livestock farmers and pastoralists and make them more resilient to climate risks. The project is expected to benefit 42,000 households including both direct and indirect beneficiaries with a total number of 189,000 people. Of the beneficiaries, direct women beneficiaries will be 55% and 30% would be youth beneficiaries.

The project will cover 10 out of a total of 47 counties, four in the western region, four in Rift Valley region and two in the Northern Region. These include Marsabit, Samburu, Nakuru, Baringo, Trans Nzoia, Elgeyo Marakwet, Kakamega, Bungoma, Busia and Siaya. The population in these counties is predominantly rural with high rates of poverty ranging from 36% to 91% and deep pockets of poverty in some counties. There is considerable variation in the wards in some of the counties and some are widely dispersed. The population depends on livestock and crop production for their livelihood. In the Western and Rift Valley regions small scale farmers practice mixed farming, with poor segments of the population growing crops, keeping small ruminants, poultry and engage in honey production. In the North, they are predominantly pastoralists raising camels, beef cattle, goats and sheep for meat.

The project will comprise two interrelated components dealing with production and marketing. On the supply side, production enhancement for small livestock aims to increase productivity of nutrition-sensitive livestock production in an environmentally friendly and climate resilient manner. On the market side, support will be given to small holders to improve access to markets, add value to their produce to increase its marketability, increased engagement of private sector to help identify product attributes that are required by the market that will in turn foster commercialization. The marketing approach of the project will be private sector led.

In addition, the project will support project management and coordination arrangements that will require the procurement of specialized service providers and entrepreneurs with strong links with markets. The project design includes some innovative elements and includes opportunities for the use of a host of digital technologies and applications that deploy ICT4D approaches and scalable models in partnership with the private sector. The use of innovations and information technology will be integrated into the development of an e-extension approach and the development of e-finance to reduce the costs of access and delivery and develop e-marketing systems for information and sale. The project will mainstream climate resilience, and sustainable natural resource management in the small livestock, poultry and honey value chain development.
Objective

The objective of the assignment is to increase the efficiency of the processing of procurement tasks under KeLCoP and to ensure smooth and quality implementation of procurement processes for all project related activities.

Specific Tasks of Procurement Assistant

The Procurement Assistant will be part of the Project Team working on the implementation of the project’s activities. Under the supervision and coordination of the Procurement Specialist, she/he would be responsible for supporting the procurement activities needed for project implementation. Specific responsibilities include but are not limited to the following:

- Assist the Procurement Specialist to consolidate requests for procurement of goods, works, technical and consulting services;
- Design, implement a database of providers and ensure the update;
- Prepare tender notices and advertisements in appropriate national and international papers and websites as required;
- Assisting the Procurement Specialist in preparing: procurement documents (e.g., invitations to bid, standard bidding documents, bid clarification and eventual amendments, bid evaluation reports, etc.); obtain timely relevant approval for procurement documents;
- Assisting the Procurement Specialist in organizing and help managing pre-bid conferences; conduct the bid opening process and prepare the minutes of bid opening; in due time for bid evaluations, support evaluation committees; ensure proper documentation of committees’ deliberations and findings;
- Ensure timely notification of results of tenders to all successful and unsuccessful bidders;
- Assist the Procurement Specialist in tracking progress of procurement activities against the plans; highlight variations in progress, record reasons and identify remedial actions; report this to the Procurement Specialist and Project Coordinator on a monthly basis;
- Assisting the Procurement Specialist in drafting contracts for signature by Accounting Officer and Vendors;
- Assisting the Procurement Specialist in compiling and confidentially keeping up-to-date procurement files containing high quality and readily available information, ensuring proper documentation, transparency and ease of reference;
- Handle procurement-related correspondences with pertinent authorities;
- Assistance with keeping an effective system for monitoring of procurement process and contract (recording the dates of all important approvals, contract awards, amounts etc.), as well as an adequate system record keeping system to ensure quick finding of procurement information;
- Maintain the contract register and regularly update the same with monitoring data on progress of all contracts;
- Maintain regular communication with Procurement Specialist to ensure that procurement tracking information is well coordinated with other project planning, project budgeting and other project financial reporting information;
- Assist the Procurement Specialist in monitoring the administrative implementation of contracts;
- Execute any other task required by the Procurement Specialist and Project Coordinator.

Qualifications and Experience

The Procurement Assistant will have the following qualifications and experience:
• A minimum of first degree in procurement or supply chain management or administration or any other relevant field;
• Minimum Five (5) years relevant working experience, of which Seven (2) years’ experience is in procurement management at Government/donor funded projects;
• A comprehensive knowledge of and the Public Procurement Regulations;
• Familiarity with the IFAD Procurement Guidelines will be an added advantage;
• Computer literacy and competence, Microsoft Word, Excel, Access, Power Point;
• Proven ability to work and interact with people from diverse, professional, social and cultural backgrounds;
• Fluency in written and spoken English and National language;
• Excellent analytical skills and report writing.

Other Requirements

• Excellent communication skills and ease in interpersonal relationships;
• Reliable and responsible personality and capacity to work under demanding professional circumstances and in an international environment;
• Excellent coordination and negotiation skills;
• Excellent planning, organizing and recordkeeping skills;
• Good team player while being independent and able to work autonomously.

References

Verifiable references and membership of professional organization(s). Previous work experience in Donor funded projects.

Performance criteria

The performance of the Procurement Assistant will be evaluated bi-annually. The criteria used to measure his/her performance will be:
• Timely processing of procurement requisitions;
• Ability to meet deadlines in terms of procurement;
• Delivery of tendered supplies and services.

Work Station

The position will be full-time based at the Project Management and Coordination Unit office in Nakuru with frequent travel to the ten project Counties.

Duration

Two-year contract, with six months’ probation period, renewable based on agreed performance targets and deliverables.

1) Monitoring and Evaluation Specialist

a) Job description

The Monitoring and Evaluation Specialist will be responsible for the establishment and operation of a sound monitoring system in line with the Projects objectives and approach. He/she will develop the projects M&E guidelines and indicators, prepare and compile AWP&B, in collaboration with other PCU and County staff, coordinate baseline surveys and special studies and prepare the progress report. The work station will be at PCU Nakuru but he/she will be expected to travel extensively within the Project area, as may be required. He/she will sign a six (6) year Contract of Employment with the initial six months on probation. The contract will be renewable on an yearly basis depending on satisfactory
annual performance report. He/she will be answerable to the Project Coordinator for the following duties and responsibilities:

i. Contributing to the preparation of the Project implementation and financial manuals.

ii. Liaising with implementing partners and PCU Technical staff to coordinate the development of the Project’s M&E guidelines and indicators.

iii. Compiling and distributing the Project’s periodic progress reports.

iv. Prepare AWP&B, coordinate, organize, and facilitate AWP&B workshops, Supervision mission, implementation support and Annual review workshops.

v. Provide technical expertise for determining the specific information needs of IFAD, other development partners and implementers for proper reporting by the target groups.

vi. In collaboration with the Counties and PCU staff, coordinate the baseline surveys and special studies to incorporate in the Project’s M&E system.

vii. Access the Project’s staff training on M&E requirements and conduct short courses.

viii. Developing and implementing KeLCOP learning system in consultation with the KM TA.

ix. Developing and implementing processes and guidelines to ensure that lessons learnt and good practices are systematically captured, shared with stakeholders and used to improve implementation.

x. Supporting advocacy efforts through providing evidence of project impact gathered through the M&E system.

xi. Coordinating surveys and case studies to assess achievements and outcomes of KeLCOP activities.

xii. Foster partnerships for broader knowledge sharing and learning.

xiii. Any other duty that may be assigned by the Project Coordinator.

b) Academic qualifications and other requirements for the Position:

i. A post graduate qualification in social sciences, Information Technology, Computer Science, Agricultural Economics, Livestock Economics or Project Planning and Management, Monitoring and Evaluation or any other related discipline.

ii. At least 6 years’ experience working in the field of Project Planning and Management of donor funded government programmes.

iii. Practical knowledge of Project cycle management, use of the log Frame and the result based management.

iv. Knowledge in development of performance management plans based on results-based work plan, activity & resource schedule as drawn from the objective hierarchy.

v. Have sound knowledge of participatory M&E approaches and techniques.

vi. Have sound knowledge in the development of performance indicators.
vii. High level of Computer proficiency in Microsoft office suite;
viii. Ability to work under pressure and meet strict deadlines and work with minimum supervision;
ix. Ability to work and interact with people from diverse, professional, social and cultural backgrounds;
x. Good interpersonal and Communication skills, excellent planning, organizing and recordkeeping skills;
xi. Ability to work as a team player, self-motivated and creative thinker, good analytical skills and report writing and excellent coordination and negotiation skills;
xii. Fluent in English (written and spoken);

2) Knowledge Management Technical Assistant

The Knowledge Management will address development of brand and visibility, mainstreaming beneficiary access to enterprises development and value addition information, lessons learnt and best practices. The technical assistant will coordinate and facilitate collection, sharing and dissemination of various programme related information. The work station will be at PCU Nakuru but he/she will be expected to travel extensively within the Project area, as may be required. He/she will sign a six (6) year Contract of Employment with the initial six months on probation. The contract will be renewed annually on the basis of a satisfactory annual performance report. He/she will be answerable to the Project Coordinator for the following duties and responsibilities:

i. Oversee the development of a strategy and plans to ensure systematic, continuous learning, improvement and knowledge sharing;

ii. Develop and implement processes to ensure that lessons learned and good practice are captured systematically, shared, and used to improve project implementation, including in the development of the AWPB;

iii. Support advocacy efforts through providing evidence of impact gathered through the M&E system, closely linked to knowledge management and communication activities;

iv. Coordinate the development and implementation of capacity building programmes for PCT staff, the counties and implementing partners, including coaching and mentoring;

v. Provide technical backstopping and guidance to county and implementing partner staff on KM&L;

vi. Develop or adapt relevant tools and processes for implementing staff to collect, process/analyse, store and share information and knowledge, and ensure relevant staff have the capacity to use them;

vii. Ensure that innovative experiences, learning and good practices are captured, synthesized, documented and shared continuously within the project, within the counties, with in country partners, IFAD and other regional and international partners, including through a project website, documentation centre, communities of practice, etc;

viii. Oversee communication support to awareness raising and sensitization of project participants, including building understanding of the project’s objectives, benefits;

ix. Any other duty that may be assigned by the Project Coordinator.
b) **Academic qualifications and other requirements for the Position:**

i. Bachelor’s degree in Agricultural Economics, Rural Development, Information Communication Technology, Statistics, Communications or other relevant field.

ii. Post graduate qualification in M&E, Communications, knowledge management or related field.

iii. Be proficient in the use of databases, spreadsheets, modern information and communication technology (ICT) in development, and other computer applications; have demonstrated skills in quantitative and qualitative analysis and data management;

iv. Have at least 8 years relevant work experience, 3 of which should be in the field of KM, M&E, MIS, project management, facilitation of learning processes or a related filed;

v. Have proven experience in designing and implementing successful communication and knowledge management strategies for sustainable development, or in planning and implementing strategies at management level;

vi. Ability to work under pressure and meet strict deadlines and work with minimum supervision;

vii. Ability to work and interact with people from diverse, professional, social and cultural backgrounds;

viii. Good interpersonal and Communication skills, excellent planning, organizing and recordkeeping skills;

ix. Ability to work as a team player, self-motivated and creative thinker, good analytical skills and report writing and excellent coordination and negotiation skills;

x. Fluent in English (written and spoken);

3) **Administrative Assistant**

a) **Job Description**

Answerable to the PC, the Administrative Assistant’s responsibilities will be to provide administrative support to ensure efficient operation of the PMCU office. He/she will support the PC and other PMCU staff employees through a variety of tasks related to organization and communication. He/she will ensure that the offices are well kept and required supplies available all the time. He/she will also manage office logistics and security. He/she will support the PC in the supervision of secretaries and drivers. The work station will be at PCU Nakuru. He/she will sign a six (6) year Contract of Employment with the initial six months on probation. However, the contract will be renewed annually on the basis of satisfactory performance. Specifically, he/she will perform the following duties and responsibilities:

i. Ensure efficient running of the PMCU Office with adequate supplies and proper maintenance.

ii. Assist with the management of staff leave, training and development of staff and welfare activities.

iii. Ensure health and safety regulations are put in place and adhered to in the Project.
iv. Supervising the secretaries and drivers, ensure compliance with their terms of reference;

v. Administering and maintaining employee records;

vi. Management of logistics and security of the office block and compound.

vii. Collecting, organizing and storing information on motor vehicle usage and managing fuel.

viii. Any other duty that may be assigned by the Project Coordinator.

b) Academic qualifications and other requirements for the Position:

i. A bachelor’s degree in Business/Public Administration (Human Resource Management) or any other relevant field from a recognized University.

ii. Post graduate qualification in Business/Public Administration (Human Resource Management) or any other relevant field from a recognized University will be an added advantage.

iii. Minimum of five years’ work experience in a similar position and out of which 3 years’ in a donor funded project.

iv. Ability to work under pressure and meet strict deadlines and work with minimum supervision and sometimes work outside normal working hours;

v. Ability to work and interact with people from diverse, professional, social and cultural backgrounds;

vi. Good interpersonal and Communication skills, excellent planning, organizing and recordkeeping skills;

vii. Ability to work as a team player, self-motivated and creative thinker, good analytical skills and report writing, excellent coordination and negotiation skills;

viii. Good public relations qualities;

ix. Fluent in English (written and spoken);

x. Knowledge in Computer packages.
Kenya Livestock Commercialization Project
Project Design Report

Annex 9: Integrated Project Risk Matrix (IPRM)

Document Date: 06/07/2020
Project No. 2000002339
Report No. 5382-KE

East and Southern Africa Division
Programme Management Department
## Overall Summary

<table>
<thead>
<tr>
<th>Risk Category / Subcategory</th>
<th>Inherent risk</th>
<th>Residual risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country Context</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political Commitment</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Governance</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Macroeconomic</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Fragility and Security</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Sector Strategies and Policies</strong></td>
<td>Substantial</td>
<td>Substantial</td>
</tr>
<tr>
<td>Policy alignment</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Policy Development and Implementation</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td><strong>Environment and Climate Context</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Project vulnerability to environmental conditions</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Project vulnerability to climate change impacts</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Project Scope</strong></td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Project Relevance</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Technical Soundness</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Institutional Capacity for Implementation and Sustainability</strong></td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Implementation Arrangements</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Monitoring and Evaluation Arrangements</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Financial Management</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Organization and Staffing</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Budgeting</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Funds Flow/Disbursement Arrangements</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Internal Controls</td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Accounting and financial reporting</td>
<td>High</td>
<td>Substantial</td>
</tr>
<tr>
<td>External Audit</td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Project Procurement</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Legal and Regulatory Framework</td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Accountability and Transparency</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Capability in Public Procurement</td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Public Procurement Processes</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Environment, Social and Climate Impact</strong></td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Biodiversity Conservation</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Resource Efficiency and Pollution Prevention</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Cultural Heritage</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Indigenous People</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Risk Category / Subcategory</td>
<td>Inherent risk</td>
<td>Residual risk</td>
</tr>
<tr>
<td>----------------------------------------------------------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Labour and Working Conditions</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Community Health and Safety</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Physical and Economic Resettlement</td>
<td>No risk envisaged</td>
<td></td>
</tr>
<tr>
<td>Greenhouse Gas Emissions</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Vulnerability of target populations and ecosystems to climate variability and hazards</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Stakeholder Engagement/Coordination</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Stakeholder Grievances</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Overall</td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country Context</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Commitment</td>
<td>Moderate</td>
<td>Low</td>
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</tbody>
</table>

**Risk:**

In the recent past, the Government has reiterated its commitment to macroeconomic policies, aimed at maintaining public debt at a sustainable level, containing inflation within the target range, and preserving external stability. The Debt-to-GDP ratio stood at 61.6% in 2019 and the Government has confirmed that debt sustainability analysis indicates that public sector debt continues to be sustainable although the country’s current external debt risk of distress categorisation has moved from low to moderate. As a result, the Government has adopted a more robust and cautious approach in negotiations regarding external debt, often resulting in delays in signing of financing agreements. Currently, Additional Financing agreements for UTaNRMMP and ABDP remain unsigned, almost 18 months since approval by the Executive Board (EB) and there is risk in the delayed signing of the KeLCoP financing agreement as well.

**Mitigations:**

To mitigate this risk, the IFAD/Kenya country team will continue to support government’s efforts to mobilize co-financing in the form of grants from other development partners. So far, funding has been secured from Heifer International and discussions are ongoing with the German Government. In addition partnership with the IFC is being explored to provide parallel financing targeting the private sector actors in the value chain. These efforts are geared towards reducing overall cost of finance of the project to the Government.

| Governance                                                    | Moderate      | Low           |

**Risk:**

Firstly, County Governments have limited resources and are in the process of downsizing. They do not have the financial and personnel capacity to undertake their mandates with respect to major areas including the livestock sector.
<table>
<thead>
<tr>
<th>Mitigations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to mitigate the risk, the project will assist the county Government with developing its overall capacity for strategic planning, providing it support in implementation and helping to invest in key resources, enable it to modernise its system of extension and market information through deploying digital technologies and e-extension models and assisting it in facilitating links with private sector and encourage private sector investments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondly, the ongoing COVID-19 pandemic as well as upcoming general (2021) and presidential elections (2022) may pose delays in project start-up as well as implementation due to shortages of supplies and necessary services. According to the updated IMF forecasts of April 2020, due to the outbreak of the COVID-19, GDP growth is expected to slow down to 1% in 2020 and pick up to 6.1% in 2021, subject to the post-pandemic global economic recovery. This may result in increased prices and cost.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mitigations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To mitigate this risk, the FIPS facility will be used to improve capability of State Department of Livestock to faster project start-up. Preparatory activities such set of PMU, acquisition of accounting software and M&amp;E system will be financed through the FIPS facility. FIPS will also be used to support the State Department of Livestock to develop a COVID-19 mitigation strategy for the project, which will analyse the actual and potential impacts of the pandemic at the different levels of project implementation and on the target groups, and offer suggestions on the measures to be undertaken. One area that could receive attention re-orienting project Investments to be rolled out in a manner that pay more focus resilient livestock systems and building back livelihoods better to speedier recovery following shocks such as COVID-19 and political turmoil like post-election violence.</td>
</tr>
</tbody>
</table>

Moreover, IFAD will monitor and support implementation to agree with implementing agency on reasonableness of the procurement approaches and obtained outcomes considering the available market response and needs. Finally, the project activities are aligned to the activities in the County Integrated Development Plans (CIDP) for which some resources have already been budgeted and there is potential to attract financing from other development partners. Moreover, the support requested from the county government under the project will generally be for aspects, which are within their capacity to provide such as land grants, tax incentives and ease of doing business for private sector. Finally, the project will use the technical capacity of the county governments in Livestock Production and Veterinary Officers for technical training of smallholder farmers, women and young men. |

<table>
<thead>
<tr>
<th>Macroeconomic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk:</td>
</tr>
<tr>
<td>The medium-term growth outlook expected to be impacted by COVID-19 pandemic as growth is projected to drop to 1.0% in 2020. In addition recent threats of drought and continued subdued private sector investment could drag down growth in the near-term.</td>
</tr>
<tr>
<td>Mitigations:</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>In order to mitigate the risk, the project has a strong focus on private sector led growth in the selected counties and has identified a host of opportunities for encouraging the participation of the private sector in the selected value chains through hosting investor forums and multi-stakeholder forums.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondly, there may be poor response from potential private sector actors in the selected value chains.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Mitigations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to mitigate the second risk, the project, in collaboration with the County Government, will build in attractive incentives for private sector engagement such as land grants, and strengthen the ease of doing business as well as linking the private sector with smallholders, which can provide tradable volumes and reliable supplies of appropriate quality. Discussions with county Governments show that they are willing to offer a range of incentives for this purpose.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Moderate</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security threats (ethnic clashes, social conflicts and terrorist attacks could be an inherent risk).</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Mitigations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to mitigate the risk, KeLCoP will not be implemented in counties known to be impacted by terrorism. In one or two arid counties there might be threats of low-level tribal feuds. Concerted effort will be made to select Wards that are secure for project implementation.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Moderate</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no overarching strategic policy or planning at the national or the county government level for livestock breed, feed and animal disease surveillance and control.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mitigations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to mitigate the risk, the project will assist the National Government with the development of a Master Plan for Livestock together with FAO and ILRI and assist the county Governments with strategic plans for the livestock sector.</td>
<td></td>
</tr>
</tbody>
</table>

| Policy Development and Implementation | High | High |
**Risk:**

The livestock policies and strategies that are in place do not adequately acknowledge the role, needs, priorities and interests of smallholder farmers, women, youth and marginalized communities in agriculture

**Mitigations:**

In order to mitigate the risk, the project will facilitate the National Governments and the County Governments to develop inclusive livestock strategies. The strategic interests of smallholder pastoralist and agro-pastoralist farmers, rural women, youth and marginalized traditional tribes will be addressed by promoting their visibility through recognizing the critical role that they play in the livestock value chains and addressing their needs and priorities.

<table>
<thead>
<tr>
<th>Environment and Climate Context</th>
<th>Substantial</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project vulnerability to environmental conditions</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Risk:</td>
<td>Moderate</td>
<td>Low</td>
</tr>
</tbody>
</table>

The main negative environmental risks that are likely to impact from the project include overstocking, overgrazing, land/pasture degradation, deforestation, soil erosion, pollution from effluent discharge, wildfires, and resource use conflicts among others.

**Mitigations:**

In order to mitigate this risk, the project has put in place elaborate measures within the components, the SECAP and the ESMF to minimise or reverse these risks. Some proposed mitigation actions include water infrastructure development, sustainable land and water management practices, rehabilitation of degraded pasture lands, promotion of sustainable rangeland and pasture management practices, development of a grievance redress mechanism, and promotion of integrated pests management among others. It is expected that if the project implements the proposed mitigation actions, builds capacities of farmers, and works closely with relevant authorities, the risk levels in the project areas will reduce significantly or be reversed.

The project has put in place elaborate measures within the components, the SECAP and the ESMF to minimise or reverse these risks. Some proposed mitigation actions include water infrastructure development, sustainable land and water management practices, rehabilitation of degraded pasture lands, promotion of sustainable rangeland and pasture management practices, development of a grievance redress mechanism, and promotion of integrated pests management among others. It is expected that if the project implements the proposed mitigation actions, builds capacities of farmers, and works closely with relevant authorities, the risk levels in the project areas will reduce significantly or be reversed.

| Project vulnerability to climate change impacts | High | Moderate |
### Risk:

The risk that existing or possible future climate variability and/or extreme climatic events may have significant adverse impacts on food and nutrition security, agricultural productivity, access to markets, value chains, infrastructure, and/or the incidence of pests and diseases, resulting in increased vulnerability or deterioration of target populations’ livelihoods and ecosystems. Some of the project counties are exposed to extreme weather events, such as drought, heat waves and floods. Drought and heat waves will negatively affect livestock productivity and livelihoods of agro-pastoralists in ASAL counties. The wetter western counties are more likely to experience floods and landslides, which could lead to disease outbreaks and loss of livestock or human lives. Other risks associated with climate variability or change include emergence of desert locusts, water scarcity, wild fires, resource use conflicts, land degradation among others.

### Mitigations:

In order to mitigate the risks, the project has proposed mitigation actions within its components, the SECAP, ESMF and the in-depth climate risk analysis will minimize these risks. Some measures include investments in water infrastructure, a contingency fund to address climate related emergencies, sustainable pasture and rangeland management practices, agroforestry, breed improvement, disease and pests’ surveillance, climate and weather information services, climate proofing market and processing facilities, and aligning selected value chains in sub-counties with climate projections, among others. Implementation of the proposed mitigation actions is likely to improve farmers’ abilities to cope with and deal with climate change.

### Project Scope

<table>
<thead>
<tr>
<th>Low</th>
<th>Low</th>
</tr>
</thead>
</table>

### Project Relevance

<table>
<thead>
<tr>
<th>Low</th>
<th>Low</th>
</tr>
</thead>
</table>

### Risk:

Firstly, there may be a risk that the objectives and interventions of the project are not well aligned with national development or IFAD priorities, and/or are not sufficiently relevant or responsive to the needs and priorities of the intended target group throughout the project’s lifespan.

### Mitigations:

In order to mitigate this risk, the project scope and activities were closely identified in discussion with beneficiaries and County Governments and with relevance to their development plans.

### Risk:

Secondly, there is a lack of opportunities for the rural poor especially youth, women and smallholders reduce the scope of the project to enable them to increase their productive capacity, access to markets and increase their resilience to economic and climate risks.
**Mitigations:**

In order to mitigate the impact of this risk, a rigorous assessment of the opportunities offered by the selected value chains will be conducted at County level and priorities of the selected beneficiary households will be identified in participatory manner with relevant stakeholders and the County Government. Thus, the scope will be tailored and focused in each County.

<table>
<thead>
<tr>
<th>Technical Soundness</th>
<th>Low</th>
<th>Low</th>
</tr>
</thead>
</table>

**Risk:**

While the project is technically robust, one of the risks that can be foreseen is that the innovative aspects of the project are not adapted rapidly by the beneficiaries.

**Mitigations:**

In order to mitigate this risk, during implementation, the project will work with technical specialists in the public and private sector in order to ensure that the beneficiaries are fully sensitized on the benefits of the innovative approaches.

<table>
<thead>
<tr>
<th>Institutional Capacity for Implementation and Sustainability</th>
<th>High</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Arrangements</td>
<td>High</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

**Risk:**

Firstly, there may be weak technical capacity of county government personnel in policy development and livestock extension.

**Mitigations:**

In order to mitigate this risk, the project will invest adequately in technical and financial support to boost capacity of county personnel and also contract qualified extension service providers and use of e-extension approaches where necessary to bridge capacity gaps. Supervision and implementation support missions, especially in years 1 and 2 will support project implementation.

<table>
<thead>
<tr>
<th>Monitoring and Evaluation Arrangements</th>
<th>High</th>
<th>Moderate</th>
</tr>
</thead>
</table>

**Risk:**

Secondly, a number of innovative technological tools will be deployed in the project, hence calling for various thematic and specialized expertise, which the PMCU may not have recourse to.

**Mitigations:**

In order to mitigate this risk, implementing arrangements will involve contracting an outcome-based, locally well-established NGO, with expertise in ASALs, business, ICT, and livestock development. A number of such NGOs have already expressed interest and they include Heifer international; Precision Agriculture for Development (PAD); USTADI Foundation, SNV; or ICCO, Resource Conflict Institute (RECONCILE), amongst others.
Risk:
Weak M&E arrangements will not allow for the project’s progress and impact to be accurately measured.  

**Mitigations:**
In order to mitigate this risk, the KeLCoP will deploy a participatory Knowledge Management/Monitoring and Evaluation (KM/M&E) system to be developed and managed by the PMCU. A key element of the KM/M&E system will be involvement of primary stakeholders as active participants to provide inclusive assessments of results, and to reflect the perspectives and aspirations of those most directly affected by the project. The PMCU will bear overall responsibility for the continuous M&E and regular reporting on progress and the achievement of project objectives, milestones and results. As indicated in the Kenya COSOP (2020-2025), the Kenya portfolio is currently in the process of developing a portfolio KM Plan. Therefore, the KM Plan developed through KeLCoP will be aligned with this overarching portfolio KM Plan. Moreover, a web-based Management Information System (MIS) will be developed to facilitate data management and allow automated production of a number of draft progress tables.

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Substantial</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Organization and Staffing</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Risk:</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>The risk that the implementing entity does not have the necessary number of adequately qualified and experienced financial management staff in the national and regional centers, resulting in limited ability to meet the functional needs of the project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitigations:</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>In order to mitigate this risk, the PS of MoALF will be the Accounting Officer for the project in regards to government organizational structure. The project will be house under the Ministry however there will be an independent PMCU with a Finance Unit. The Financial Controller assisted by the Accounts Assistants shall manage the Finance Unit of the Project. These team shall be competitively recruited as part of the start up activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budgeting</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Risk:</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>The risk that budgeted expenditures are not realistic, not prepared or revised on a timely basis, and not executed in an orderly and predictable manner, resulting in funds not being available when needed, ineligible costs and reallocation of project funds and slow implementation progress.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Mitigations:

the Financial Controller of the PMCU will coordinate the budget preparation processes with close coordination with project coordinator and the lead person for each component. At the counties levels, the activities to be carried out at the counties will also need to be included in their budget for approval by the counties assemblies. This will be done by county project coordinator under the guidance of the project’s Financial Controller. Payments cannot be made if the budget provisions have not been made and approved by Parliament at the Ministry’s level and County Assembly for county activities. Moreover, the arbitrary cut of printed estimates budgets in the course of a fiscal year due to other fiscal measures will be emphasized during loan negotiations and specific assurances be sought that project budget estimates will not be arbitrarily cut by the National Treasury.

### Funds Flow/Disbursement Arrangements

<table>
<thead>
<tr>
<th>Risk:</th>
<th>High</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>The risk that funds from multiple financiers disburse with delay due to cumbersome treasury arrangements or inability of project cost centers and service providers to justify prior advances, resulting in delayed implementation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Mitigations:

A clear and streamlined process of flow of funds has been put in place: (a) transfer of GoK counterpart funds to a separate bank account that will be managed by PMCU; (b) payments for expenditure from counterpart funds bank account; (c) transfer of IFAD funds to KeLCoP US$ designated account; (d) transfer of IFAD funds to PMCU operational account in local currency for payments at PMCU; This account will be held in a commercial bank; (e) transfer of IFAD funds to County Project Accounts; (f) payments of eligible expenditure at county levels; (g) payments of eligible expenditure at PMCU; (h) direct payment to suppliers or partners by IFAD. This will be on exceptional basis and for payments of more than USD 100,000 as will be guided in the letter to borrower.

### Internal Controls

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Substantial</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>The risk that appropriate controls over Project funds are not in place, leading to the inefficient or inappropriate use of project resources.</td>
<td></td>
<td></td>
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</tbody>
</table>

### Mitigations:

To effectively safeguard project resources, internal controls have been instituted at the PMCU in the whole framework of financial and administrative procedures. The identified controls range from; proper record keeping and posting, authorization of accounting, procurement and administrative documents, balancing and checking, physical security of assets, double signing (approval) arrangements, to financial reporting and monitoring. These are prescribed in PFM act and further detailed in the finance and operation manual for the project. There will be internal audit function, as noted below, to check overall compliance to internal controls and provide support towards improving systems, procedures and processes.

### Accounting and financial reporting

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Substantial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk:</td>
<td>Substantial</td>
<td>Moderate</td>
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<tr>
<td>-------</td>
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</tr>
<tr>
<td><strong>Risk:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The risk that accounting systems – including polices and standards – are not integrated and reliable, leading to inaccuracies in financial records, and that reasonable records are not prepared, issued and stored, leading to lack of informed decision-making.</td>
<td>High</td>
<td>Substantial</td>
</tr>
<tr>
<td><strong>Mitigations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFAD will provide intensive training and support to county financial managers. The project will invest in accounting software to boost PMCU’s capacity and will simultaneously do regular checks and balances. A properly installed accounting software will be a disbursement condition to disbursement. The acquisition of the software including staff training will be part of the start up activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>External Audit</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Risk:</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>The risk that independent and competent oversight of the Project financial statements is not in place or performed timely leading to possible misrepresentation of the financial results and/or suspension or other remedies due to compliance breaches.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mitigations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On annual basis, Finance controllers will prepare and the audit TOR in the beginning of the financial year and agree timelines with the OAG. The consolidated draft financial statements for the project will submitted to the Office of the Auditor General not later four month after the financial year end. The audited financial statements submitted to IFAD within six months after the period end in accordance with IFAD guidelines.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project Procurement</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Legal and Regulatory Framework</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Risk:</strong></td>
<td>Substantial</td>
<td>Moderate</td>
</tr>
<tr>
<td>Regulations under the Public Procurement and Disposal Act of 2015 contain some weaknesses in the area of transparency and accountability. The use of IFAD’s Standard Bidding Documents will largely limit the risks identified though the review and reflected in the PRM.</td>
<td></td>
<td></td>
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<tr>
<td><strong>Mitigations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The PIM will contain clear indication of rules, regulations, policies and procedures to be adopted in order to ensure compliance with IFAD’s Project Procurement Guidelines.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accountability and Transparency</strong></td>
<td>High</td>
<td>Moderate</td>
</tr>
</tbody>
</table>
### Risk:

Kenya ranks 137 out of 180 countries in the 2019 Corruption Perception Index according to Transparency International which indicates that integrity and ethical values still require strengthening. Risks related to Accountability and Transparency include: slow procurement processing and decision making with potential implementation delays; unclear defined roles in contract management system with potential time and cost overrun and poor-quality deliverable; increased risk of F&C (abuse of simplified procurement procedures, false delivery certification, inflated invoices).

<table>
<thead>
<tr>
<th>High</th>
<th>Moderate</th>
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</thead>
</table>

### Mitigations:

In order to mitigate this risk, all procuring entities as well as bidders and service providers, that is: suppliers, contractors, and consultants shall observe the highest standard of ethics during the procurement and execution of contracts financed under the IFAD funded Projects in accordance with paragraph 84 of the Procurement Guidelines and the relevant Articles of the Kenya Public Procurement Act and other national legislation which refers to corrupt practices. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to the project. Compliance with IFAD Policy on Preventing Fraud and Corruption including without limiting the IFAD’s right to sanction and the IFAD’s inspection and audit rights. Maintaining accountability for following the expedited approval processes; assigning staff with responsibility of managing each contract; and ensuring oversight by IFAD teams in close coordination with the borrower’s oversight agencies.

### Capability in Public Procurement

<table>
<thead>
<tr>
<th>Substantial</th>
<th>Moderate</th>
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</thead>
</table>

### Risk:

State Department for Livestock (SDL) staff have limited experience in using Donors Procurement Regulations and Procedures and have a heavy workload.

<table>
<thead>
<tr>
<th>Substantial</th>
<th>Moderate</th>
</tr>
</thead>
</table>

### Mitigations:

In order to mitigate this risk, KeLCoP will recruit two qualified and experienced procurement staff to carry out procurement activities and provide focused training and hand-holding for capacity building of the PMCU staff and other implementing partners. Individual consultant may be recruited on retainer basis to support the implementation of the planned activities whenever needed.

### Public Procurement Processes

<table>
<thead>
<tr>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
</table>

### Risk:

The risks include: delay in initiating completing the planned activities; inadequate Technical Specifications and evaluation criteria; incomplete records keeping and filing; excessive use of non-competitive procurement methods, without proper justification; weakness in ensuring contract management (supervision)/administration (monitoring) during contract implementation to completion that may result into cost overruns.

<table>
<thead>
<tr>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
</table>
**Mitigations:**

In order to mitigate this risk, IFAD’s oversight of procurement will be done through increased implementation support missions, and will provide procurement hands-on expanded implementation support to help expedite all stages of procurement and ensure compliance. Procurement and technical staff of the PMU to undergo focused training on procurement process best practices.

**Environment, Social and Climate Impact**

<table>
<thead>
<tr>
<th>Biodiversity Conservation</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk:</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

The risk that the project may cause significant threats to or the loss of biodiversity, availability of diversified nutritious food, ecosystems and ecosystem services, territories of the indigenous peoples, or the unsustainable use/production of living natural resources.

**Mitigations:**

The project will not have adverse impacts on biodiversity in the area. On the contrary, the project will invest in the rehabilitation of degraded rangelands and pasturelands, support hay and silage making for use during the dry season, promote agroforestry, improve livestock breeds and management, and promote efficient feeding practices. As some project sites maybe close to protected areas such as game reserves, the project will ensure that a 5km buffer zone is adhered to and these areas screened out of the project sites. Deforestation will be controlled through agroforestry and afforestation efforts. Communities will be consulted and sensitised on the need to conserve biodiversity and engaged in all such efforts.

**Resource Efficiency and Pollution Prevention**

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
</table>

The risk that the project may cause pollution to air, water, and land, and inefficient use of finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels.

**Mitigations:**

To mitigate this risk, the project plans to invest in various measures that will promote resource efficiency. These include breed improvement, development of community based water infrastructure, animal health, upgrading and climate proofing marketing and processing facilities, and, implementation of proposed environment, climate and social risks mitigation actions. Measures to prevent pollution of water, soil and air through effluent discharge, e-waste, solid waste, among others have been articulated in the ESMF and in the SECAP and the project is expected to implement them to minimise pollution levels.

**Cultural Heritage**

<table>
<thead>
<tr>
<th>Cultural Heritage</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
</table>
**Risk:**

Firstly, patriarchal norms may prevent women from participating and benefiting from project activities. In order to mitigate the risk, the project proposes the extensive use of GALS methodology to empower women and make women’s roles, needs and aspirations visible; and sensitizing smallholder farmers, women, men and youth to the need of gender justice to increase well-being. Moreover, the KeLCoP will increase women’s self-efficacy, access to knowledge, skills, ICT, capital through training, grants, exposure visits and GALS fairs. Finally, KeLCoP activities will increase women’s visibility as actors in the value chain in the Master Plan for Livestock and County Livestock strategies and Behaviour Change Communication Campaign. The SECAP and the ESMF also identify potential social risks and proposes mitigation actions that the project should implement to address them.

Secondly, there may be a risk of men taking over if women’s economic activities increase in value and/or become more profitable. The same situation may lead to adults taking over youth assets and economic activities.

**Mitigations:**

In order to mitigate this risk, group ownership of assets will be promoted, particularly to support women, in ensuring that no male member of any one household may be able to appropriate the woman’s assets. GALS training will also be used to empower women to take up leadership positions. Simultaneously, mentors will be in close contact with beneficiaries to monitor use of asset and economic activity. The project has developed a grievance redress mechanism (GRM) to address conflicts and grievances that may arise from project interventions. Moreover, indigenous peoples will be engaged in a consultative and participatory manner through the FPIC process, whilst ensuring that they provide consent to all interventions included in their action plans.

**Indigenous People**

**Risk:**

Inequitable participation and delivery mechanisms insufficiently sensitive to the specific requirements and culture of IPs are possible risk.

**Mitigations:**

In order to mitigate this risk, quotas for the inclusion of IPs have been set at 10% across project components. The project has developed and Indigenous Peoples Planning Framework that articulates the processes and procedures through which the FPIC will be undertaken and the Indigenous Peoples Action Plans developed. The FPIC will ensure that IPs are engaged through a participatory, consultative and transparent process and that they provide consent for all interventions that are proposed in their action plans. Moreover, the project will take the do-no-harm approach in ensuring that interventions proposed are not harmful to their cultural norms and indigenous way of life. The project has also developed a GRM, which the IPs will be made aware of, and through which they can lodge complaints so that corrective measures can be made.

**Labour and Working Conditions**
### Risk:

The risk that the project may cause exploitative labour practices (e.g. forced or child labour), gender based violence, discriminatory and unsafe/unhealthy working conditions for people employed to work specifically in relation to the project, including third parties and primary suppliers.

| Low | Low |

### Mitigations:

In order to mitigate this risk, the project will include in its ESMP safeguards to ensure that each technical lead and service provider ensures that there are no exploitative labour practices (e.g. forced or child labour), gender based violence, discriminatory and unsafe/unhealthy working conditions for people employed to work specifically in relation to the project. The beneficiary feedback surveys will also include feedback on these aspects and a GRM mechanism will also be in place to ensure this risk is minimized.

### Community Health and Safety

| Moderate | Low |

### Risk:

Community health and safety risks are likely to result from exposure to agrochemicals, zoonotic diseases, COVID 19, and pollution resulting from some project interventions.

### Mitigations:

To mitigate this risk, the SECAP, ESMF and the integrated pesticides management plan have identified these risks and proposed mitigations actions that will be implemented to minimise or reverse these risks. For COVID 19, some of the measures include awareness creation and sensitisation on social distancing, wearing of masks, washing/sanitising hands, and use of M-Pesa/digital money transactions.

### Physical and Economic Resettlement

| No risk envisaged |

Project interventions will not lead to physical or economic resettlement of project beneficiaries or communities in the project areas. The ESMF provides an exclusion list of interventions that will not be supported by the project and indicates that resettlement of more than 20 persons will not be supported by the project.

### Greenhouse Gas Emissions

| Low | Low |

### Risk:

The risk that the project may significantly increase greenhouse gas (GHG) emissions and thereby contribute to anthropogenic climate change.
Mitigations:

KeLCoP is investing in small ruminants (goats and sheep), poultry and bee value chains, which are expected to have very minimal contributions to GHGs emissions. Interventions to promote sustainable rangeland and pasture management, efficient feeding practices, breed improvement etc., are likely to further reduce GHG emissions into the atmosphere. Moreover, the project will benefit from a pilot being done by IFAD in collaboration with FAO on GHGs emissions reduction in the livestock sector, through the use of Global Livestock Environmental Assessment Model (GLEAM. The latter will provide a baseline and an end-line progress assessment in reduction of GHGs emissions.

<table>
<thead>
<tr>
<th>Vulnerability of target populations and ecosystems to climate variability and hazards</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk:</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>The marginalization of women and youth beneficiaries. Women are more vulnerable to climate change and environmental degradation because of their triple role in society, and also because they face discrimination and inequalities in accessing land and water, markets, technologies and credit.</td>
<td>Moderate</td>
<td>Low</td>
</tr>
</tbody>
</table>

Mitigations:

In order to mitigate this risk, the project will establish a strong quota and target with explicit budget lines for women youth and vulnerable groups in selected value chains for each training, grant and investment opportunity. The needs of the IPs will also be addressed through the FPIC process and the development of IPs action plans. Furthermore, the SECAP, in-depth climate risks analysis and the ESMF identify potential environmental, social and climate risks and proposed mitigation actions that will be implemented to address them.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Engagement/Coordination</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Risk:</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Firstly, County Governments or indigenous peoples may not feel involved in project activities when they are being implemented.</td>
<td>Moderate</td>
<td>Low</td>
</tr>
</tbody>
</table>

Mitigations:

In order to mitigate this risk, all investments plans and project activities will be discussed and agreed upon with County Governments during the AWP/B exercise to secure their commitment. IPs will be engaged through the FPIC and the development of IPs actions plans.

<table>
<thead>
<tr>
<th>Risk:</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondly, smallholder farmers, particularly women, youth and poor households may feel that the project activities are not relevant for them, in spite of the wide consultations during the project design.</td>
<td>Moderate</td>
<td>Low</td>
</tr>
</tbody>
</table>
**Mitigations:**

In order to mitigate this risk, the project will adopt a participatory and demand driven approach to assess community needs and develop support packages in close partnership with them.

<table>
<thead>
<tr>
<th>Stakeholder Grievances</th>
<th>Moderate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>beneficiaries, target groups and stakeholders can lodge grievances and have corrective measures taken by the project.</td>
<td>Moderate</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Mitigations:**

The project has developed and will put in place a grievance redress mechanism and a beneficiary feedback mechanism through which beneficiaries, target groups and stakeholders can lodge grievances and have corrective measures taken by the project.
Annex 10: Exit Strategy
Annex 10: Exit Strategy

The overall approach in the KeLCoP project is designed to embed an exit and sustainability aspect in all key project components. One of the first activities at the national level is to assist the Government with a National level Master Plan for Livestock. This is likely to provide an overarching strategic framework to the Government and sharpen its investment focus. The Government of Kenya passed a Livestock Bill in January 2020. The project will assist the country to develop associated regulations for the value chains in which the project is investing. It is likely that the County Governments will emulate the National Bill and its associated regulations. This is likely to add to the long-term strategic and regulatory capacity at the national and county level. This may not need any further support at the end of the six-year project.

The project will assist in providing a comprehensive package of support to vulnerable households, women-headed households and young men and women. The approach of the project will be to graduate households to higher levels of income as well as transform subsistence producers to commercial producers. Strong mentoring support will be provided within the framework of the Gender Action Learning System. This approach empowers the individual, enhances their vision about their future and has proved to be a transformative approach. When it is combined with a graduation approach and asset transfers, skills training and access to key inputs and markets it is a powerful mechanism for households to enhance their resilience to risks and improve their livelihoods in a sustainable manner. Each household will be provided the support for 18 months and thus there is an automatic exit built into the approach.

The project will help to enhance the capacity of county governments and smallholder livestock producers especially women and youth in key aspects of livestock production. This is expected to improve breeds and their productivity, reduce morbidity and mortality rates as well as the capacity for disease surveillance, treatment and control in all three key value chains namely small ruminants, poultry and honey production. All investments in County Infrastructure such as breed multiplication centres will be undertaken after ensuring that the county governments have the technical staff and allocated sufficient operating and maintenance funds for these facilities. No investment will be made without this assurance in a written MOU between the County Government and the PMCU, thereby enhancing the chances of sustainability of the investments. Similarly, the investments in community hay sheds, community seed banks, water infrastructure will all be demand driven schemes which will be designed keeping in mind the capacity of the community to manage them.

The approach of the project towards the marketing component is also designed in a manner that is cognisant of sustainability. The project approach to only finance those markets which follow the sustainability criteria outlined in the project design such as the presence of a Livestock Market Association with clear rules for co-management and investing part of the revenue back into market investment also strengthens the sustainability of the markets. The project is not planning to invest in any other large infrastructure which should fall in the domain of the private sector and is actually following an approach that would help the County Government attract the private sector to negotiate lease rights for many of the defunct or newly constructed abattoirs, dairy plants, poultry processing centres for which they do
not have any partners currently.

The project will follow a market and private sector led approach in which all marketing groups will be facilitated to link with markets and understand the types of volumes, quantity and other product attributes and specifications are required before any investments are made in enhancing production. The investment in the Producer Groups and Associations is expected to be based on proper feasibility assessment and market demand in partnership with key market drivers and private sector entities. The capacity of the producer groups will be strengthened to enable them to partner effectively with private sector agencies who will ensure that the partnership is professionally managed and is linked to markets. The partnerships and working arrangements are expected to be designed in a manner that is sustainable and the project will exit from these arrangements once the partnerships are successful.

The project will address key constraints in the value chain and support input suppliers, processing groups, transporters and innovative start-ups that add value to the producers in the selected value chains. As a value chain development project, KeLCoP, will require setting up transparent business arrangements, in which enterprises of participating upstream and downstream actors are commercially viable. Careful selection of beneficiaries, comprehensive business plans, rigorous assessment to ensure sound investments, cost sharing, participation of local financial institutions, and coaching and mentoring of grantees will increase the likelihood of sustainability.

The project is designed to use a range of ICT4D such as through e-extension, e-finance and e-marketing arrangements. The project is not providing any lines of credit to commercial banks but will replicate the arrangements under the e-finance voucher scheme which was successfully used by KCEP. It is expected that the use of digital technologies will make the use of services, inputs and information much more efficient and cost-effective and if these arrangements are carefully designed to meet the needs of the smallholders, they will be much more sustainable in the long-run. Their sustainability will depend upon the utility and value they generate for the end-user smallholder and their willingness to pay the private sector providers for these services.
Annex 11: Mainstreaming themes – Eligibility criteria checklist
### Mainstreaming themes – Eligibility criteria checklist

<table>
<thead>
<tr>
<th>Situation analysis</th>
<th>Youth sensitive</th>
<th>Nutrition sensitive</th>
<th>Climate finance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National gender policies, strategies and actors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender roles and exclusion/discrimination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key livelihood problems and opportunities, by gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use (pro-WEAI) assessment for M&amp;E baseline</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Theory of change</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender policy objectives (empowerment, voice, workload)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Gender transformative pathways</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Policy engagement on GEWE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Logframe indicators</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outreach disaggregated by gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women are &gt; 40% of outreach beneficiaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro-WEAI indicator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outreach disaggregated by age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Human and financial resources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff with gender TORs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds for gender activities</td>
<td></td>
<td>IFAD Adaptation Finance</td>
<td>$22,906,000</td>
</tr>
<tr>
<td>Funds for Pro-WEAI surveys in M&amp;E budget</td>
<td></td>
<td>IFAD Mitigation Finance</td>
<td>$0</td>
</tr>
<tr>
<td>Staff with youth TORs</td>
<td></td>
<td>Funds for nutrition activities</td>
<td></td>
</tr>
<tr>
<td>Funds for youth activities</td>
<td></td>
<td>Total IFAD Climate-focused Finance</td>
<td>$22,906,000</td>
</tr>
</tbody>
</table>
ECG Remarks

Gender
The project is gender transformative and provides a situational analysis of gender issues in the PDR and PIM. Women empowerment will be informed by the WEIA and the GEWE analysis and application, as well as through household level activities that empower women. The logframe has gender and pro-WEIA indicators. These include promotion of labour saving technologies and the use of the GALs methodology to promote joint household resource planning and household mentorship. Women’s capacities and economic position will also be enhanced through provision of assets, improved access to quality inputs, business skills, access to market; all of which will increase their productivity and participation in the selected value chains. The cost tabs provide an outline of the budget allocations that have been made to gender. An estimated 27% of the total project costs have gone to gender transformation.

Nutrition
The project is nutrition sensitive. The situational analysis looks into policy issues, actors, nutritional strategies, and underlying challenges faced in the nutrition sector, especially among the vulnerable. The log frame has a nutrition indicator. Nutritional interventions will primarily target women, persons with disabilities and persons with HIV/AIDS. Value chains with potential to increase nutrition such as poultry and shoats will be promoted. Nutrition will also be promoted during the actual production of livestock by ensuring fodder and feed are nutritious. Community mobilizers and mentors will be mobilised to promote key nutrition messages and strategies based on county and area-specific nutritional challenges and strategies to improve nutrition, including promoting bio-fortification of kitchen gardens. Nutrition is budgeted for in the cost-tabs and takes up 4% of the total project costs.

Youth
The project is youth sensitive. A situational analysis of the existing youth related policies, strategies, including youth challenges and opportunities is done. The project has youth related indicators. Youth will be gainfully engaged in value chains such as small ruminants, local improved breed poultry and bee-keeping in aspects of the value chains that generate income and quick returns. The project has set quotas for inclusion of youth and ensure their aspirations and opportunities are captured in the development of County Livestock Strategies, which will also identify opportunities for youth engagement. Youth will be supported through business skills, entrepreneurial skills and matching grants towards production and marketing activities. The cost tabs provide a budget for youth related activities and take up 16% of the total project costs.

☐ No social inclusion themes
Annex 12: List of eligible activities to be financed by FIPS
Annex 12: List of eligible activities to be financed by FIPS

From implementation of investment projects financed by IFAD and also by other Development Partners, there are implementations delays occasioned by start-up delays before all disbursements conditions are fulfilled. To mitigate on this, the project would utilize facility for faster implementation of project start-up (FIPS) to implement key start-up activities immediately after the project effectiveness.

A start up advance of **US$ 500,000** has been proposed which will cater for the following:

(i) Recruitment of the PMCU staff and setting up of the PMCU Offices. Project staff would be recruited through competitive process and key staff hired as soon as possible so as to start implementing the start-up activities in readiness for project implementation.

(ii) Procurement of Financial Management Software and training staff on how to use it. There has been issue of full adoption and delays in implementation of accounting system in other projects. Financial Management Software will be acquired immediately after hiring of key PMCU staff. Kenya IFAD portfolio is moving towards having a harmonized financial management software for all upcoming projects. Sun system ERP has been selected as the best accounting system for the portfolio and will be adopted for this project. It is being used by the other portfolio projects.

(iii) Initial baseline survey activities. Delays in carrying out baseline surveys has been one of the leading causes in implementation delays. Key baseline preparation activities will be commenced using the start-up advance.

(iv) Salaries for the key PMCU staff. This will cater for the key PMCU staff to be hired immediately to assist in project set-up and start-up. These includes Project Coordinator, Financial Controller, Procurement Specialist, Monitoring and Evaluation Specialist, a Driver and an Administrative Assistant. The rest of the PMCU staff will be recruited but would be expected to join the project after the initial start-up activities have been carried out.

(v) Operating costs during the start-up period – This would cater for key operations costs at the start-up phase including mobility for the PMCU staff.

(vi) Setting up of the M&E Systems and training project staff on M&E processes.

Any amounts that remains unutilized from the start-up advance will be passed on to the main credit after authorization from FMD.
Kenya

Kenya Livestock Commercialization Project

Project Design Report

Annex: Supply chain analysis
Annex 13: Supply Chain Analysis (Working Paper in progress developed by HELP Logistics)

The Kenya Livestock Commercialization Project (KeLCoP): a supply chain management approach

Executive Summary
The Overall goal of the Kenya Livestock Commercialization Project (KeLCoP) project is to contribute to the government’s agriculture transformation agenda of increasing household incomes, food and nutrition security of poor rural small-scale farmers. However, farmers need to readjust their practices in order to meet the needs of large scale buyers who have restructured food systems to favor consistency in volumes, quality and reliability. Failure in market mechanisms (coordination and information) that should ordinarily enhance input and output linkages across the supply chain have excluded smallholder livestock and honey producers from profitability. For smallholder farmers to fit into these profitable food systems, they should be encouraged to take advantage of collective action, either as cooperatives, producer organizations or other forms of associations. Collective action enables individual poor farmers to attain economies of scale in terms of size of supply whilst improving quality and scope of produce, which will allow them to engage on a level negotiation platform as an individual large scale producer would. In order, to enhance this collective action, a multi-stakeholder platform approach is necessary for the successful participation of these groups in the supply chain through vertical and horizontal direct linkages to other actors in an economizing way. Cooperation and timely interchange of data reduces transaction costs for actors in a supply chain.

Preface
The Overall goal of the Kenya Livestock Commercialization Project (KeLCoP) project is to contribute to the government’s agriculture transformation agenda of increasing household (HH) incomes, food and nutrition security of poor rural small-scale farmers. The development objective is to increase incomes of rural small scale poor livestock farmers and pastoralists in parts of Western, the Rift Valley and the Northern regions of Kenya. This will be achieved through: (i) increased productivity and enhanced commercialization of three main livestock value chains, small ruminants, poultry and honey (ii) Increased competitiveness and profitability of the targeted value chains to access lucrative local, national and international markets; (iii) empowered smallholders and pastoralists for active participation; and (iv) Promote livestock development in an environmentally sustainable manner. To improve components of this design related to supply chains IFAD Kenya partnered with HELP Logistics to conduct a supply chain assessment to complement the commercialization agenda of KeLCoP.
1. Introduction

Population increase, urbanization and increased income in Africa has enhanced pressure on its food system. Among the food commodities entrenched in these crucial food supply chains, research shows the meat sector has a positive correlation with increase in population, urbanization and income. Kenya is among the sub-Saharan Africa (SSA) countries that matches up to these population statistics with an expected increase of 1 million people annually up to 2050\(^1\). In the same vein, livestock and poultry products consumption in the Kenyan urban cities of Nairobi and Mombasa (which serve as key terminal markets) account for 75% of the country’s meat consumption. This livestock sector contributes 40% to the agricultural GDP, employs around 90% of the ASAL workforce, and contributes 95% of household income for people living in the ASAL areas\(^2\). However, there is a meat supply deficit of 300,000 Metric Tons (MT) in Kenya coupled with ASAL regions having some of the highest poverty indices in the country. This gap requires a deductive approach in understanding why this food system is unresponsive to demand. What bottlenecks exist in this supply chain that hinders efficient movement of livestock and its product downstream thus preventing reciprocal livelihood improvement for people in the rural ASAL areas?

With a higher increase in meat demand from urban areas across Kenya, most large scale buyers have undertaken restructuring of not only the commodity procurement and sourcing arrangements in the supply chain but also the financial channels\(^3\). Large scale meat buyers like supermarkets, high-end butcheries and big livestock terminal markets have adopted various forms of vertical coordination to meet their supply needs. These varieties of supply chain engagement are characterized by their end-market needs and may have hybrid arrangements. For example, high-end butcheries, hotels and supermarkets keen on high quality niche meat products (e.g. grain fed or grass fed livestock) will prefer contractual arrangements with big livestock ranches who have the capacity to meet this tailored need. Similarly, urban large scale meat traders prefer strategic alliances with trusted aggregators in secondary markets up in the chain as they are more interested in volumes rather than quality. Other large scale meat processors supplying urban hotels may prefer vertical integration to ensure better command of supply channels and in other cases opt for strategic alliances with aggregators. These urban buyers who are keen on reducing their market transaction costs\(^4\) have preferred working with large scale farmers and aggregators due to reliability in terms of consistent volumes, quality, and responsiveness to demand. Based on our field assessment characterization of small scale livestock farmers, a farmer averages a herd of 15 sheep and goats, and between 50-70 chicken\(^5\). Assuming tradable volumes as the only constraint to smallholder livestock farmers participating in the supply chain, their stock size are quite low for any individual farmer in the rural ASAL\(^6\) to attract a rational large scale meat buyer who meets supply needs of an urban market that consumes 440,811 MT\(^7\) of sheep and goat annually. The result of low stock size, which is a function of harsh climate, unreliable input support, market failure among others is a considerable number of smallholder livestock farmers being locked out of these lucrative chains and instead have to rely on spot markets for their transactions.

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\(^2\) Ministry of Livestock Development, 2010; Ministry of Agriculture, Livestock and Fisheries (MAL&F), 2015.
\(^3\) The embedded financial flow of supply chains also determines an urban large scale buyer’s procurement strategy. Delayed payment periods as preferred by large scale urban buyers locks out cash strapped smallholder farmers who prefer cash on delivery arrangements for their market transaction.
\(^4\) Information, negotiation/bargaining, and monitoring/enforcement costs.
\(^5\) Numbers may be less depending on the severity of poverty.
\(^6\) Pastoralists keep 70% of Kenya’s national livestock herd (KMT, 2019).
2. Results

When starting a supply chain improvement process one needs a clear picture of how it works. Consequently, a detailed analysis of operations and processes constituting the supply chain is necessary. Through the field assessments conducted by HELP Logistics, several barriers in both the input and output commodity supply chain of small ruminants, poultry and honey were identified. For small scale livestock farmers to have considerable bargaining power and attain improved livelihoods, several supply chain interventions need to be introduced to strengthen their place and position in market transactions. The results of these assessments will be disaggregated as per the specific value chain.

2.1 Small ruminants (sheep and goats)

The counties of Marsabit, Samburu and Baringo are among the highest contributors of small ruminants to urban terminal markets in Kenya. However, for an agricultural output supply chain to be attractive in terms of its consistency and reliability, the input supply chain needs to have similar qualities. In the ASAL counties, smallholder livestock farmers rely on understaffed county governments and an inadequate number of private agro vets to provide veterinary and extension services. Further, inadequate pasture during the dry season and inability to source for high quality breeding stock especially for dairy goat farmers is also a significant constraint to productivity objectives. These factors militate against better farmer livelihood thus resulting in high livestock mortality rates, poor animal husbandry and low tradable inventory for most farmers.

When farmers are ready to sell their stock, market channel choice is based on expected revenue, ease of access/location and stock inventory level. Primary markets and farm-gate are the main selling points preferred by smallholder livestock farmers across the ASAL regions. These selling points are also more common with women farmers. In most SSA societal settings, women are tasked with several household duties that ideally render them time constrained. Subsequently, the fear of losing more time travelling to markets may compel them to make price concessions by the first day which may be lower than the households’ price expectation especially during lean seasons. Moreover, with most of them having low stock count, preference to sell at farm-gate or primary markets is normally the most rational. Through field observation, women livestock traders contrastingly recounted that it may take up to 5 days to sell their stock in primary markets during the lean season. Additionally, women traders admitted knowing prices in Secondary markets e.g. Rumuruti, were higher than in the primary market but they would not sell their stocks there as the costs of movement were high. Transportation of sheep and goats to Rumuruti by vehicle incurs a cost of KES 700 per goat from Maralal. If a farmer does not have enough goats or sheep to achieve full carrying capacity of the vehicle, the only viable option remains selling their stock from a primary market albeit at a lower price. Field interviews revealed men are more likely to aggregate their stock and transport it to better paying secondary market when prices are high as, individually, they have more stock than women thus it takes less time and effort to consolidate a full truck load of livestock.

In Baringo County, auction markets were quite common. Unlike spot markets in the other counties with no grading mechanism, auction markets are characterized by reliance on livestock physical attributes to attract the highest price from various competing buyers. Such incentives, spur farmers to invest in improving their livestock as profits in these markets can

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8 This may affect household food and nutrition security.
9 Unlike women farmers who may sell their livestock to offset household needs, women traders are full time traders who may buy goats and sheep for fattening and will actively go to markets severally until they find the best price.
be 3 times as high for the same size of sheep or goat in a different spot market in another county. Another notable feature of these auction markets involved listing of buyers and sellers with their respective animals who traded there. This governance mechanism allowed buyers to have traceability thus return and seek a refund if the goat or sheep they procured at the market had unfavorable qualities (e.g. illness) that the seller had not disclosed pre transaction.

For dairy goat farmers, demand for milk was readily available from their villages and they did not mention any challenges selling it. However, getting markets to sell and buy high yielding dairy goats seemed to be the biggest problem. For the former challenge, most livestock markets have no grading mechanism hence dairy goat farmers had difficulties selling their bucks at spot markets since they would fetch similar prices to local variety meat goats. For the latter problem, farmers incurred high search transaction costs looking for breeding bucks and does. For those fortunate to find a seller, farmers had to incur costs (e.g. veterinary doctor) ascertaining the level of valuable attributes of the animal. Nevertheless, there were cases whereby farmers claimed that despite paying for professional veterinary doctors to ascertain their preferred attributes e.g. calving doe, they would end up buying does that were not expectant. It was also noted that farmers may have horizontal coordination challenges. This was observed in Siaya where one farmer had a buck for sale and as she could not get a buyer, she ended up slaughtering it. Concurrently another farmer group had been searching for 4 months for a buck through a national association in the same county yet they were not able to find one by the time of the field visit.

Across all counties, several distinguishing characteristics of the various markets were witnessed. Primary markets were smaller in terms of volumes of animals sold (70-200 heads of sheep and goats), number of actors present and number of animals per farmer. Further, these markets were closer to major infrastructure such as tarmac roads. Presence of market traders mostly men, was also common. These traders bought stock from smallholder farmers to resale in larger secondary markets. Secondary markets on the other hand had a higher volume of animals sold (2000 heads of sheep and goats), they were located along major routes that led to urban towns, had a higher livestock count per individual seller, relied on vehicle transportation of livestock to tertiary markets, and had a higher presence of women traders who bought livestock for the urban markets.

With regards to livestock transportation, sheep and goats being taken to primary markets were mainly given to walkers who took them from the villages. This choice was mainly driven by: a) low numbers of livestock per farmer thus hiring a vehicle is not feasible, b) assuming a farmer has enough stock size to economize on vehicle transportation, missing access roads for vehicles from villages to primary markets were a deterrent for transporters. In some cases in these vast counties, sheep and goats have to be walked for long distances, risking animal live weight reduction, loss and death. In Baringo, for example, farmer would sell their livestock at farm-gate to avoid such risks10 thereby forgoing an additional KES 1,400 profit per animal. On the other hand, transportation of livestock from primary markets to secondary markets had increased observation of vehicles being used due to higher numbers of animals moving to the latter market and presence of better infrastructure. In Samburu, vehicle transportation reduces lead times significantly from as much as 3 days using walkers to up to 2 hours when accessing secondary markets. Notwithstanding a higher price differential of Kenya Shillings 50 per livestock head when using vehicles, the significantly reduced risk of loss and death, loss of weight and increase in the internal efficiency of the supply chain, the opportunity cost of using vehicles as opposed to walkers is low.

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10 Especially during seasons when cattle rustling is high.
Farmers like any rational economic being are keen on maximizing on their economies of scope through the sale of hides and skins. Nonetheless, during our field visits, there were outcries from farmers and hides traders on the poor buying price of hides and skin (KES 5 per KG). Research from secondary data shows this poor performance to be a macro issue. Kenya used to be a leather and footwear hub of East Africa two decades ago but over time this lead declined\textsuperscript{11}. Issues such as losing our competitive index to other countries like China, Italy and Vietnam in all indicators of competitiveness except availability and access of raw materials were central. Further, cheaper imports of low-cost shoes and other finished products primarily led large scale local leather producers to down-size. As international trade is based on transactions driven by competitive advantage of production of a good or service, Kenya focused on exporting semi-processed and raw hides and skin which we continue to maintain a competitive edge albeit at low prices\textsuperscript{12}. Unfortunately, this trade in semi-processed hides and skin only generates marginal trickle down in the supply chain, most of which is absorbed by processing companies, aggregators and very little by farmers.

2.2 Poultry

Similar to the input supply chain for sheep and goat, poultry farmers observed challenges in accessing extension and veterinary services. This resulted in reported cases of high chick mortality that averaged 50% and in other extreme cases exceeded this figure. However, several large scale hatcheries and brooders have evolved their business services to farmers by offering extension services on animal husbandry and poultry management to farmers purchasing their chicks. In other instances, despite farmers having access to vaccination, their chicks would die due to misdiagnosis or late treatment. Inadequate cold chain facilities were also noted as being a huge hindrance to effective inventory storage. In addition, issues of adverse selection were highlighted through agro vets selling expired or ineffective vaccination to unaware farmers.

Most output market channels especially for individual farmers relied on spot markets and selling in community gatherings such as funerals. For the poultry value chain, farmer groups were more common among poultry farmers than small ruminants. However, urban market and large scale buyer linkage issues were still rife as farmers were unable to meet inventory thresholds and this was further exacerbated by missing capacity for value addition (large scale buyers e.g. supermarkets prefer processed chicken) to their poultry. On the other hand, through field visits it was evident that quasi backward integration and off-taking mature chicken from farmers as implemented by a large scale processor in Kisumu County that sold chicks, feeds and inputs such as vaccines to farmers and bought the matured poultry at the prevailing market price to be a profitable venture for all members of the chain.

Missing actors in the mid-stream of this poultry supply chain was also a bottleneck that was brought forth. In Bungoma, a slaughter house facility built by the County Government with an operational capacity of 4,000 chicken a day lies unused due to missing private actors to lease it. Such a scenario may be interpreted to existence of an unreliable upstream of the supply chain (production) in terms of delivery of required quantities of chicken to ensure the efficiency of this facility.

\textsuperscript{11}https://openknowledge.worldbank.org/bitstream/handle/10986/22779/Kenya000Leathe0egy00and0action0plan.pdf?sequence=6&isAllowed=y
\textsuperscript{12}Based on https://comtrade.un.org/data/ 1KG of semi-processed hides and skin (wet state) had a selling price of USD 2; while that exported in dry state was USD 13.
2.3 Honey

Honey production in Kenya is deemed not efficient as most of the honey processed in-country is from Tanzania yet data estimates there is approximately 80% of untapped nectar every flowering season. Reasons for this inefficiency may vary from lack of inputs most important beehives, and lack of credit facilities among honey producers to expand their apiaries by procuring more hives. Honey is quite a profitable business with a kilo selling between KES 500-1000 depending on production region and end market. Nonetheless, honey marketing had two main channels. Farmers would sell it locally to other community members or package it and sell to supermarkets. However, those selling through the latter channel were quite few with the majority especially in Baringo county struggling with getting profitable consistent market linkages.

3. Recommendations

Supply chain costs can range from 50-80% of a company’s sales with the bulk spent on sourcing for commodities. Thus with increased participation of supermarket chains and restaurants in the food system to cater for urbanized cities and towns of Kenya it is rational for these large scale buyers to adjust into leaner procurement strategies. Individually, most smallholder farmers targeted by KeLCoP may not achieve the tradable volumes and quality requirements preferred by buyers however several best practices can be employed to achieve this desired transition for these group of farmers into this profitable network.

To allow these smallholder farmers fit into the preferred roles sought by urban buyers, farmers should be in groups to help them consolidate their orders in terms of quantities and quality. Collective action, either as cooperatives, producer organizations or other forms of associations have a central role to play in strengthening farmers' position in the supply chain with tradable volumes. Collective action enables individual poor farmers to attain economies of scale in terms of size of supply and scope of produce, which will allow them to engage on a level negotiation platform. Once this has been achieved, by use of multi-stakeholder platforms (MSPs) farmer groups can be linked to large scale buyers, distributors, input suppliers and other actors in the supply chain. This platforms will provide avenues for reduction of costs of economic activities as firms become vertically coordinated and activities previously left for market mechanisms (perfect market information and coordination) can be tackled effectively and efficiently through this platforms. MSPs if well implemented will reduce transaction costs related to sourcing for commodity for both farmers and buyers. To facilitate farmer groups participation in these MSPs, every farmer group in each county will be in a database that details the production volumes, breed of livestock, type of livestock, location of group, contact information and approved vaccination timesheets. This information which can be put on sharable excel files and e-Marketing mobile applications is crucial as it allows most large scale buyers in urban centers to reach out easily to farmer groups of interest after the initial round of MSPs. For this link to be sustainable, these small-scale producers should be able to adapt in terms of the operations (volumes, quality, food safety systems, consistency and year round supply) involved as well as the financial resources required and continuous changes in the supply chains. Further, MSPs will also assist in firming up horizontal linkages between farmer groups and this encourages another level of order consolidation and data interchange among groups as need dictates.

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13 County governments should have situational awareness of their supply chains. For example in Samburu, small truck operators should be encouraged to attend MSPs as women with lower stock count can be able to achieve economies of scale with a smaller capacity vehicle as opposed to large trucks.

14 Contracts with large scale buyers that show commitment to buy farmer produce can be used where applicable by farmer groups to borrow financing from banks, SACCOs among others.
<table>
<thead>
<tr>
<th>Source</th>
<th>Findings</th>
<th>Recommendations</th>
<th>Suggested Actions</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low volumes</td>
<td>Farmers have low volumes that limits their commercialization endeavours.</td>
<td>Farmers to join registered groups and use them for order consolidation.</td>
<td>Through KeLCoP farmers should be encouraged to join groups so as to meet production requirements of buyers.</td>
<td>MALFC, PMCU, CGs.</td>
</tr>
<tr>
<td>Quality assurance</td>
<td>Inadequate mechanisms exist that may assure buyers of quality of livestock or honey.</td>
<td>Uniformity in livestock and honey quality should be affirmed to ensure end buyers are confident of a long term reliable partnership as farmers get premium prices.</td>
<td>Capacity improvement through farmer groups will assist farmers to be at the same quality level.</td>
<td>MALFC, PMCU, CGs.</td>
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<td>Information management</td>
<td>Gaps in information across the supply chain.</td>
<td>Buyer requirements, and production and any other information that is required to ensure supply matches demand throughout the supply chain should be achieved.</td>
<td>Through participation in MSPs, sourcing for information by buyers will be faster and cheaper as all farmer groups in a county will be represented in these platforms.</td>
<td>MALFC&amp;T, PMCU, CGs.</td>
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<tr>
<td>Coordination management</td>
<td>Poor coordination and linkages both vertically and horizontally.</td>
<td>MSPs can be used to improve coordination vertically and horizontally provided information management is well captured.</td>
<td>Participation of actors in MSPs.</td>
<td>MALFC&amp;T, PMCU, CGs.</td>
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<tr>
<td>Input and supporting</td>
<td>Inadequate inputs such as pasture, improved breeds, and vaccination and support services such as veterinary doctors.</td>
<td>Provision of e-extension systems can be used to deliver animal husbandry services to farmers. Further, through farmer groups and MSPs farmers can use them as negotiation and bargaining platforms with input providers such as feed companies for lower prices.</td>
<td>E-extension systems to be developed. Farmers to be trained on using such systems and delivering some basic health services without reliance on veterinary doctors.</td>
<td>MALFC&amp;T, PMCU, CGs.</td>
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</tbody>
</table>
Kenya

Kenya Livestock Commercialization Project
Project Design Report

Annex: Interactive Theory of Change
Annex 14: Interactive ToC (currently partially completed for poultry and beekeeping value chains)- work in progress

Sent by separate link due to size restrictions.
Kenya

Kenya Livestock Commercialization Project

Project Design Report

Annex: Score sheet participating counties

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Project No. 2000002339
Report No. 5382-KE

East and Southern Africa Division
Programme Management Department
Annex 15: KelCoP Score Sheet for Participating Counties Selection

<table>
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<th>Criteria/Counties</th>
<th>Siaya</th>
<th>Busia</th>
<th>Kakamega</th>
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<th>Bungoma</th>
<th>Trans Nzoia</th>
<th>Elgeyo Marakwet</th>
<th>West Pokot</th>
<th>Baringo</th>
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* SR Stans for Small Ruminants