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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Enabling the rural poor to overcome poverty

President's report

Proposed loan and grant to the Republic of Kenya for the

Smallholder Horticulture Marketing Programme

Executive Board — Ninetieth Session
Rome, 17-18 April 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Recommendation for approval

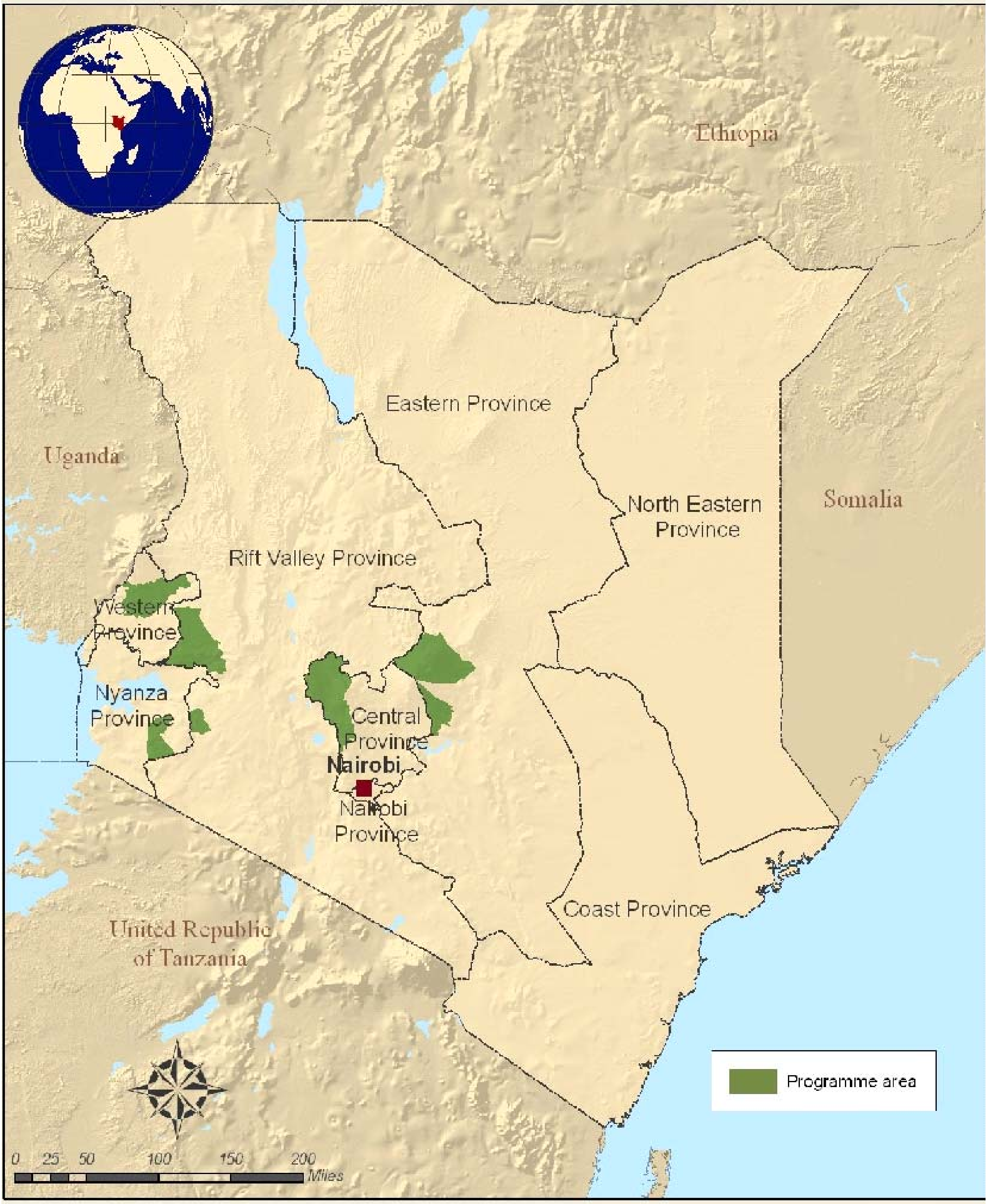
The Executive Board is invited to approve the recommendation for the proposed loan and grant to the Republic of Kenya for the Smallholder Horticulture Marketing Programme, as contained in paragraph 36.

Map of the programme area

Kenya

Smallholder Horticulture Marketing Programme

Programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD *Map compiled by IFAD*

Republic of Kenya

Smallholder Horticulture Marketing Programme

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of Kenya
Executing agency:	Ministry of Agriculture and partners
Total programme cost:	US$26.59 million
Amount of IFAD loan:	SDR 15.6 million (equivalent to approximately US$23.43 million)
Amount of IFAD grant:	SDR 335,000 (equivalent to approximately US$500,000)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Contribution of borrower:	US$1.62 million
Contribution of beneficiaries:	US$1.04 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan and grant to the Republic of Kenya for the Smallholder Horticulture Marketing Programme

I. The programme

A. Main development opportunity addressed by the programme

1. Over half of the Kenyan population lives in poverty. The majority of the country's poor are members of smallholder households located in heavily populated areas having high-to-medium farming potential. All these households grow horticultural crops, making horticultural production the most widely practised economic activity in Kenya. Most households, including those below the poverty line, sell a portion of their horticultural output on the domestic market. The programme will seek to tap the important role of horticultural production and sales to large numbers of poor households by improving the supply of inputs, and the markets where they sell their produce.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide to the Republic of Kenya a loan in the amount of SDR 15.6 million (equivalent to approximately US$23.43 million) on highly concessional terms, and a grant in the amount of SDR 335,000 (equivalent to approximately US$500,000) to help finance the Smallholder Horticulture Marketing Programme. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for Kenya under the PBAS is US$24 million over the three-year PBAS cycle.

Country debt burden and absorptive capacity of the State

4. Kenya's external debt-to-exports ratio was 109 per cent in 2004 and is expected to fall to an average of 101 per cent over the period 2005-2008. The cost of servicing external debt in 2004 was 8 per cent of the value of exports and 9 per cent of fiscal revenues. The latter amount fell to 7 per cent after rescheduling by the Paris Club. Kenya's total outstanding borrowing from IFAD stands at US$115 million, in the form of loans for three projects and one programme. These are all currently ongoing, although the Eastern Province Horticulture and Traditional Food Crops Project is scheduled for completion in June 2007. The country has serviced its loans regularly and is expected to continue doing so. Strengthening of Government staff capacity and the extensive use of private service providers will ensure that absorptive capacity is not a constraint on implementation.

Flow of funds

5. Funds will be channelled through a special account operated by the Central Bank of Kenya to an exchequer account under the Accountant General's Office. From this account, funds will be disbursed to a programme account operated by the programme management unit. The unit will transfer funds to the headquarters of the Lead Ministry (the Ministry of Roads and Public Works), and to involved state institutions on the basis of the amounts specified in the annual workplan and budget. Direct payment procedures will apply for contracts awarded under international and national competitive bidding.

Supervision arrangements

6. The programme will be directly supervised by IFAD.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. No exceptions are foreseen. The initial 18-month procurement plan was agreed upon at loan negotiations.

Governance

8. Good governance will be assured through competitive bidding for contracts and through transparent administrative and financial procedures. The formats for submitting financial statements, audits and progress reports will be agreed with IFAD before the first disbursement, and will be checked for compliance by supervision missions. IFAD has agreed with the Government that a private service provider will undertake an internal rolling audit. This audit will complement the programme's financial management, monitoring and follow-up efforts, and will help provide regular independent financial appraisals, flag potential financial problems, and facilitate timely corrective action.

C. Target group and participation

Target group

9. The programme will directly reach some 600 groups, made up of 12,000 smallholder farm households or 60,000 individuals, while an additional 85,000 households will benefit indirectly from the programme. The targeting approach will take into account the extent and depth of poverty, the amount of horticultural production and the presence of complementary donor programmes in the area. Of the overall target group, 36 per cent will be women.

Targeting approach

10. In line with IFAD's targeting policy, the programme will target marketing and value-adding activities that have the greatest potential for development in a manner that will benefit low-income horticultural producers. The approach will have as its cornerstone a set of diagnostic value-chain analyses, which will be undertaken at the programme start-up, to identify the constraints in input supply and marketing chains that are standing in the way of higher net incomes for horticultural smallholders. The selection procedure for programme activities has been designed to ensure that the programme removes as many of these constraints as possible without hindering the natural, market-driven development of input supply and produce marketing systems.

Participation

11. The value-chain analyses have been designed as a set of district-focused studies that ensure the full involvement of stakeholders in each stage of the process, including the finalization of conclusions and recommendations. The institutional strengthening component will build the capacity of farmers' groups to enable them to participate in the planning, implementation, and monitoring and evaluation of activities.

D. Development objectives

Key programme objectives

12. The development goals are to (i) increase incomes and reduce poverty among poor rural households and the unemployed and underemployed in areas with medium-to-high farming potential and where horticulture is an important source of livelihood; and (ii) improve the health and welfare of Kenyans by increasing the quality and quantity of horticultural produce consumed within the country. These goals will be pursued by seeking to (a) increase the output of – and the net margins per unit of land earned by – resource-poor smallholders from horticultural production for the domestic market; (b) increase employment in the production, processing and marketing of horticultural produce; and (c) reduce the cost to consumers and increase the quality of horticultural products consumed domestically.

Policy and institutional objectives

13. The Programme will support the work of the Agricultural Sector Coordination Unit (ASCU), which has been established to facilitate the implementation of the Government's Strategy for the Revitalisation of Agriculture (SRA). ASCU is responsible for coordinating the efforts of all stakeholders involved in agriculture and improving policy formulation for the sector. More specifically the Programme will strengthen ASCU's work for the horticultural sector through support for policy formulation, improvements to the legal and regulatory frameworks, and the establishment of a system for reporting and settling disputes relating to poor quality or mis-sold agricultural inputs.

IFAD policy and strategy alignment

14. The proposed programme builds on lessons learned from recent IFAD initiatives in Kenya. It reinforces the strategy of enhancing farm productivity and incomes through community-based approaches to integrated rural development. The programme's support to groups conforms with IFAD's Strategic Framework, which emphasizes strengthening the capacity of the rural poor and their organizations and increasing their access to markets. The programme is also in line with IFAD's regional strategy for Eastern and Southern Africa and the 2001 country strategic opportunities paper for Kenya in its focus on institutional development for the empowerment of rural people and the promotion of effective and equitable linkages between poor producers and market opportunities.

E. Harmonization and alignment

Alignment with national priorities

15. The programme is fully aligned with the Government's policy and strategy documents, which identify poverty reduction as a major national objective to be achieved through transforming agriculture into a profitable, commercially oriented and competitive economic activity.

Harmonization with development partners

16. The programme has been developed in full consultation with partners involved in agricultural and rural development. It complements a set of donor and NGO-supported programmes and projects that are focusing on small-scale production, including: (i) the National Agriculture and Livestock Extension Programme financed by the Swedish International Development Cooperation Agency; (ii) the World Bank-supported Kenya Agricultural Productivity Project; (iii) the Private Sector Development in Agriculture initiative supported by the German Agency for Technical Cooperation; (iv) the farmer field school promoted by the Food and Agriculture Organization of the United Nations; (v) the Smallholder Horticultural Extension Programme supported by the Japan International Cooperation Agency; (vi) the Kenya Horticulture Development Programme supported by the United States Agency for International Development; and (vii) the Business Management and Development Services Programme supported by the Department for International Development of the United Kingdom of Great Britain and Northern Ireland.

F. Components and expenditure categories

Main components

17. The programme has four components: (i) domestic market systems analysis (3.2 per cent of base cost); (ii) institutional strengthening (17.9 per cent); (iii) investments in domestic horticultural value chains (63.0 per cent); and (iv) programme management (15.9 per cent).

Expenditure categories

18. Investments constitute 95.5 per cent of the base cost, and are as follows: domestic horticultural value chains (47.8 per cent); equipment and materials (2 per cent); vehicles (1.9 per cent); training and workshops (16.2 per cent); international technical assistance (0.2 per cent); national technical assistance (8.5 per cent);

studies (3.6 per cent); and competitive grants to support business plans developed by poor farmers (11.3 per cent). Recurrent costs consist of salaries and allowances (1.3 per cent) and operations and maintenance (3.2 per cent). The loan will be disbursed over seven years, and the grant over three years.

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. The Ministry of Agriculture is the lead agency and will work closely during implementation with the Ministry of Roads and Public Works and the Ministry of Local Government. As and when required, the Ministry of Agriculture will contract or enter into partnerships with the Kenya Plant Health Inspection Service, the Kenya Agricultural Research Institute, the Pest Control Products Board, private-sector parties and firms, NGOs and successful well-established farmer groups.

Implementation responsibilities

20. A programme steering committee will be established at the national level with the aim of ensuring that all programme activities remain consistent with national policies, strategies and procedures.

21. A programme management unit will be responsible for overall coordination and implementation and will use existing structures in the districts for planning, management, coordination and supervision. Contractors will be selected jointly by the programme management unit, the District Agricultural Office and the District Smallholder Horticultural Subcommittee. Contracts will be issued through the established procurement process of the Ministry of Agriculture.

Role of technical assistance

22. Service providers will undertake an initial set of analytical studies, including value-chain analyses, a study of price instability in horticultural produce markets, and mapping of input suppliers. Subsequent technical assistance will be focused on support to the Agricultural Sector Coordination Unit.

Status of key implementation agreements

23. In addition to the financing agreement, a set of memorandums of understanding and contracts will be concluded during the life of the programme, as described above.

Key financing partners and amounts committed

24. The total programme cost is US$26.59 million. The Government will contribute US$1.62 million (6 per cent of total cost). Beneficiaries will contribute US$1.04 million (4 per cent) in cash or in kind.[1]

H. Benefits and economic and financial justification

Main categories of benefits generated

25. The main beneficiaries will be poor smallholder households that produce horticultural crops for the domestic market. Benefits include: lower unit costs and better quality of inputs; better prices for producers; and greater on-farm value addition. Unemployed and underemployed men and women will also benefit from increased employment opportunities in horticultural production and marketing. Consumers will benefit from lower prices and better quality of horticultural produce.

Economic and financial viability

26. This is a pilot programme that will improve the livelihoods of smallholder horticultural producers and consumers through improvements in input supply and domestic produce marketing. The pilot nature of the programme, coupled with the indirect means by which it will raise household incomes and welfare, means that its financial and economic benefits cannot be projected scientifically at this stage. However, by programme maturity, there is clear potential for it to yield high returns,

[1] Details on the expenditure accounts by financier are provided in the appraisal report.

given that its annual cost will only be roughly 0.5 per cent of the national farm-gate value of horticultural produce traded in the domestic market.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

27. Key features of the programme include participatory monitoring and evaluation, comprehensive value-chain analysis and the preparation of policy synthesis papers. The information so generated will be shared annually at divisional, district and national stakeholder forums and will inform the policy development work of the Agricultural Sector Coordination Unit.

Development innovations that the programme will promote

28. A key innovation is the use of participatory value-chain analysis tailored to the needs of each district and commodity to: ensure ownership; improve the quality of the analysis underpinning the programme by involving a wide range of actors from all points of the value chain; provide on-the-job training to stakeholders on how to isolate and tackle the true causes of the marketing problems they face; and highlight marketing constraints and the damage that they cause. This participatory approach to the identification and solution of problems is expected to motivate district and local government staff and also other value-chain participants to work at ensuring that programme interventions are defined and implemented effectively. Channelling loan funds to the development of agroenterprise-oriented groups through the use of private-sector, NGO and community-based service providers is innovative in the Kenyan context.

Scaling-up approach

29. The programme is designed explicitly as a pilot, covering only 8 of Kenya's 35 horticulture-producing districts. Its successful elements will have the potential to be adopted in the remaining 27 districts.

J. Main risks

Main risks and mitigation measures

30. The risk of insufficient impetus in the Government's new policy of increasing reliance on the private sector for public service provision will be minimized by training government staff to manage and use service providers effectively. The current lack of cooperation among ministries will be addressed by ensuring the participation of all involved ministries in planning and budgeting, and through awareness-raising and training. Local authorities will be encouraged to view physical markets as important instruments of commodity value chains. Similarly, the involvement of local authorities in the market information provision will increase their market awareness. The value-chain analyses will suggest measures to eliminate existing cartels, while support for traders will be designed explicitly to increase competition and ensure that benefits accrue to producers and consumers rather than to cartels.

Environmental classification

31. Pursuant to IFAD's environmental assessment procedures, the programme has been classified as a Category B operation in that it is unlikely to have any significant negative environmental impact. A full-scale environmental assessment is therefore not required.

K. Sustainability

32. Support for the natural evolution of marketing chains will ensure that the improvements generated are sustained after IFAD support has ended. Implementation through established but strengthened government systems and the community-based approach to improving access infrastructure will ensure that activities continue to be supported and managed after programme completion. From programme year 3, the programme management unit will move progressively from direct involvement in planning, budgeting and implementation to monitoring,

supervision and the review of lessons learned, thereby ensuring that the Government has taken over the full running of the programme by the end of year 7. The strengthening of existing and newly formed groups of farmers and traders will be an integral part of the programme so that they can function independently as commercially viable entities.

II. Legal instruments and authority

33. A programme financing agreement between the Republic of Kenya and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. The important assurances included in the negotiated agreement are attached as an annex.

34. The Republic of Kenya is empowered under its laws to borrow from IFAD.

35. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD.

III. Recommendation

36. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Kenya in various currencies in an amount equivalent to fifteen million six hundred thousand special drawing rights (SDR 15,600,000) to mature on or prior to 15 June 2046 and to bear a service charge of three fourths of one per cent (0.75 per cent) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Kenya in various currencies in an amount equivalent to three hundred and thirty-five thousand special drawing rights (SDR 335,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge
President

Important assurances included in the negotiated programme financing agreement

(Negotiations concluded on 16 March 2007)

Gender

1. The Government will encourage the involvement of women in the organization and management of the programme. In addition, the Government will ensure that gender equity considerations are integrated into all programme activities, that gender representation among programme beneficiaries will be promoted, and that women will be given priority in capacity-building activities and market-oriented training activities.

Pest management

2. The Government will comply with the International Code of Conduct on the Distribution and Use of Pesticides and ensure that pesticides procured under the programme do not include any pesticides classified as extremely hazardous or highly hazardous by the World Health Organization.

Insurance of programme personnel

3. The Government will insure key programme personnel against health and accident risks to the extent consistent with its customary practice in respect of its national civil service.

District development

4. At all relevant times during the programme implementation period, the Government will ensure that each programme district has a district horticultural development officer or a district agribusiness development officer.

Programme staff

5. At all relevant times during the programme implementation period, the Government will ensure that all programme implementing agencies, including the Ministry of Agriculture, the Ministry of Roads and Public Works, and the Ministry of Local Government will recruit, appoint and maintain sufficient qualified staff to implement the programme effectively.

Representation of smallholders

6. At all relevant times during the programme implementation period, the Government will ensure that there is adequate representation of horticulture smallholders in the programme steering committee.

Monitoring and evaluation

7. The Government will ensure that the programme management unit (PMU) will establish a participatory planning, monitoring and evaluation (PPM&E) system within 12 months of the effectiveness date, which will be refined as needed during the programme implementation period. The PPM&E system will be based on the findings of the baseline survey, with the indicators being refined through a participatory process during the first year of the programme. Standardized formats for each programme activity will be developed to allow for interdistrict comparisons. The PPM&E system will monitor (a) financial information relating to the programme; (b) the regular and systematic recording and reporting of progress against planned programme targets; and (c) the assessment of the impact of programme activities on the programme's target groups.

Programme desk officer

8. The Government will ensure that the Ministry of Agriculture nominates a programme desk officer whose terms of reference have been approved by IFAD and whose responsibilities will include acting as focal point for the PMU and as programme contact person for the ministry.

Financial management support

9. The Government will ensure that – in line with other IFAD/Government-funded projects – a competitively recruited service provider will provide financial management technical assistance on the basis of need, with a view to building on the positive steps the Government has taken towards enhancing financial discipline, management and accountability. The aim will be to facilitate the PMU in identifying financial management training needs and provide the necessary training and capacity-building at all levels. In particular, emphasis will be on empowering financial control institutions – such as the audit committees being put in place – to ensure that funds disbursed to the programme are utilized and managed in accordance with the programme financing agreement and the Government's financial regulations. The main output of the technical assistance will be to empower the institutions that will implement the programme to prepare well analysed financial data and accurate financial reports, and to identify financial management bottlenecks as they arise and facilitate corrective action in a timely and adequate manner. The Ministry of Agriculture, in consultation with IFAD, will prepare terms of reference as the basis for entering into a contractual arrangement with a competitively recruited firm to undertake the technical assistance. The recruitment of the firm will be completed within three months of the effective date. The costs of these services will be reflected in the annual workplans and budgets as appropriations in aid.

Fraud and corruption

10. The Government will promptly bring to the attention of IFAD any allegations or concerns of fraud and/or corruption in relation to the implementation of the programme of which it has knowledge or becomes aware.

Suspension

11. (a) IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan and grant accounts upon the occurrence of any of the events set forth in the financing agreement or any of the following events:

    (i) IFAD, after consultation with the Government, has determined that the material benefits of the programme are not adequately reaching the target group or are benefiting persons outside the target group to the detriment of target group members;

    (ii) the Government has defaulted in the performance of any of the additional covenants set forth above and such default has continued unremedied for a period of 30 days, and IFAD has determined that such default has had, or is likely to have, a material adverse effect on the programme;

    (iii) IFAD has given notice to the Government that credible allegations of corrupt or fraudulent practices in connection with the programme have come to its attention, and the Government has failed to take timely and appropriate action to address the matters to IFAD's satisfaction; and

    (iv) procurement has not been or is not being carried out in accordance with IFAD's procurement guidelines.

    (b) IFAD will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account and/or grant account if the required audit has not been satisfactorily concluded within 12 months of the financial reporting date.

Conditions of effectiveness

12. The following are specified as conditions precedent to the effectiveness of the financing agreement:

    (a) Competitively recruited candidates, satisfactory to IFAD, for the positions of programme manager, programme accountant and procurement officer have been identified;

(b) the PMU has been duly established by the Ministry of Agriculture and provided with sufficient offices to accommodate its professional and support staff;

(c) two four-wheel-drive vehicles in good working order, with drivers, have been made available to the programme manager to be used for programme pre-implementation activities until such time as programme vehicles become available;

(d) the programme steering committee has been duly established and has held at least one minuted meeting;

(e) the special account has been duly opened;

(f) the financing agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and

(g) a favourable legal opinion, issued by the Attorney General of the Government or other legal counsel approved by IFAD, has been delivered by the Government to IFAD.

Key reference documents

Country reference documents

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(ii) Community Development Funds, International Fund for Agricultural Development, Rome
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Logical framework

Narrative summary	Objectively verifiable indicators	Means of verification	Assumptions
Development Goals (i) Increase incomes and reduce poverty among poor rural households and the unemployed and underemployed in medium-high potential farming areas where horticultural production is an important source of livelihood. (ii) Increase the health and welfare of Kenyans by improving the quality and increasing the quantity of horticultural produce consumed within the country.	▪ Number of households with improved household asset ownership index (i) (35 per cent with baseline of 0) ▪ Extent of child malnutrition (weight for age) in targeted households (i) (reduction in chronic malnutrition – 36 per cent in 2003, underweight 17 per cent in 2003 and wasting 6 per cent in 2003) ▪ Number of households that have improved food security (i) (45 per cent compared with baseline of 0)	▪ Government national M&E system ▪ District annual reports ▪ Baseline and impact surveys ▪ Specific evaluation studies	*For sustainability.* ▪ Political will for progressive devolution and commercialisation continues ▪ Political and economic conditions remain stable and favourable for continuation of support services ▪ Economic conditions foster continued growth of demand for horticultural produce ▪ MOA and subsidiary institutions maintain support for market-led development in the sub-sector
Programme Purposes (i) To increase (a) the output and (b) net margins per unit of land earned by resource-poor smallholders from horticultural production for the domestic market; (ii) To increase employment in the production, processing and marketing of horticultural produce; (iii) To reduce the cost to consumers and increase the quality of horticulture products consumed domestically.	▪ Non-export horticultural output (i)(a) (1.53 billion mt compared with baseline of 1.29 billion mt) ▪ Net margins from non-export horticultural production per unit of land (i)(b) (18 per cent compared with baseline of 0) ▪ Amount of paid employment in the non-export horticultural sector (ii) – (16 per cent compared with baseline of 0) ▪ Unskilled rural wage rates (ii) (KES 150 compared with baseline of KES 100) ▪ Horticultural produce retail prices and quality (iii) (price reduction of 8 per cent compared with baseline of 17 per cent and quality improvement by 12 per cent compared with baseline of 0). (Note that all the above indicators of goals and purpose can be influenced by factors not related to the programme and cannot therefore be used as measures of its success).	▪ Baseline and impact surveys ▪ Specific evaluation studies ▪ Programme monitoring registers ▪ PMU records/reports	*Outcome to Impact.* ▪ Improved marketing systems lead to lower input prices, higher farm-gate produce prices, lower retail prices and improved retail quality (i)(b) (ii) ▪ Smallholders respond to increased net margins by raising output (i)(a) ▪ The raised output leads to an increased demand for hired labour (ii)
Outputs **<u>Component A. Domestic Market Systems Analysis</u>** A.1 Sound analytical basis provided for targeting and prioritising programme activities.	▪ The existence of a set of reports for each district containing a sound body of input and produce market analysis that has been reviewed by stakeholders and finalised. (15 reports per district compared to a baseline of 0)	▪ Programme M&E system ▪ PMU Assessments	*Output to Outcome* ▪ The reports are indeed used as the main basis for selecting programme activities.
<u>Component B. Institutional Strengthening</u> 1 Informal groups of farmers and traders registered to allow them to access finance and support. 2 Existing and new groups strengthened. 3 Improvement in the ability of input marketing systems to provide good quality inputs and be a conduit for advice to horticultural smallholders. 4 Government staff trained, making them better able to provide support to input suppliers, farmers and produce traders. 5 Existing market information activities improved and the coverage of farmers widened. 6 Market power of broker cartels reduced and trade relations between smallholders and market operators strengthened. 7 Improved legal and regulatory environment for input and produce marketing.	▪ Number of informal groups registered (600 compared to baseline of 193) ▪ Amount and quality of group strengthening activities (100 per cent compared to baseline of 0) ▪ Amount and quality of input stockist strengthening activities (100 per cent compared to baseline of 0) ▪ Amount and quality of government staff training (100 per cent compared to baseline of 0) ▪ Incremental amount of good quality market information readily available to smallholders (60 per cent compared to baseline of 12 per cent) ▪ Enactment of a new Horticulture Bill (1 compared to baseline of 0) ▪ Number of cartels weakened and eliminated (70 per cent compared to baseline of 0) ▪ Improved and more accessible market information. ▪ Strengthened rural arbitration procedures for disputes relating to input supply and product marketing. (100 per cent compared to baseline of 0)	▪ Registers ▪ PMU and District Monitoring ▪ Subcomponent-specific surveying	▪ Informal groups prepared to register. ▪ No significant loss in group flexibility following registration. ▪ Cartelised brokers open to reform. ▪ Present stalemate between stakeholders on revisions to the existing draft Horticultural Bill can be broken.
<u>Component C. Investment in Domestic Horticultural Value Chains</u> 1 More and better post-harvest grading and packaging facilities, stores, selling points, and value-adding plant, machinery and building. 2 More efficient downstream markets for horticultural produce. 3 Improved rural access roads and paths. 4 Improved local authority markets.	▪ Numbers of, and value added by successful post-harvest investments by groups of farmers and traders (60 per cent compared to baseline of 0) ▪ Numbers of downstream markets successfully and sustainably upgraded (60 per cent compared to baseline of 0) ▪ Length of rural roads and paths significantly improved or opened up through spot repairs (230 km compared to baseline of 0) ▪ Extent and depth of improvements to local markets (30 per cent compared to baseline of 0)	• PMU and District Monitoring • Subcomponent-specific surveying	▪ Effective procedure in place and utilised for prioritising applications for grants. ▪ Broker cartels to not absorb benefits from improved markets ▪ Adequate coordination between the MoA, the MR&PW and MoLG. ▪ Local authorities prepared to see markets as more than revenue sources.
<u>Component D. Programme Management and Coordination</u> 1 Effective planning, management, implementation, monitoring and evaluation of programme activities	▪ Full scheduled disbursement of the IFAD loan (100 per cent compared to baseline of 0) ▪ Full scheduled disbursement of the Government contribution (100 per cent compared to baseline of 0) ▪ No. of AWPBs produced on time by districts and the PMU (100 per cent compared to baseline of 0) ▪ High ratio of actual/budgeted expenditure (95 per cent compared to baseline of 0) ▪ No. of progress reports submitted on time by districts and PMU (100 per cent compared to baseline of 0)	▪ *Programme monitoring registers* ▪ Programme accounts ▪ Minutes and reports of coordinating bodies ▪ PMU records/reports	▪ Learning systems under the programme will lead to increasingly responsive and appropriate interventions in line with need and market developments ▪ Minimal interference with programme targeting mechanisms.