

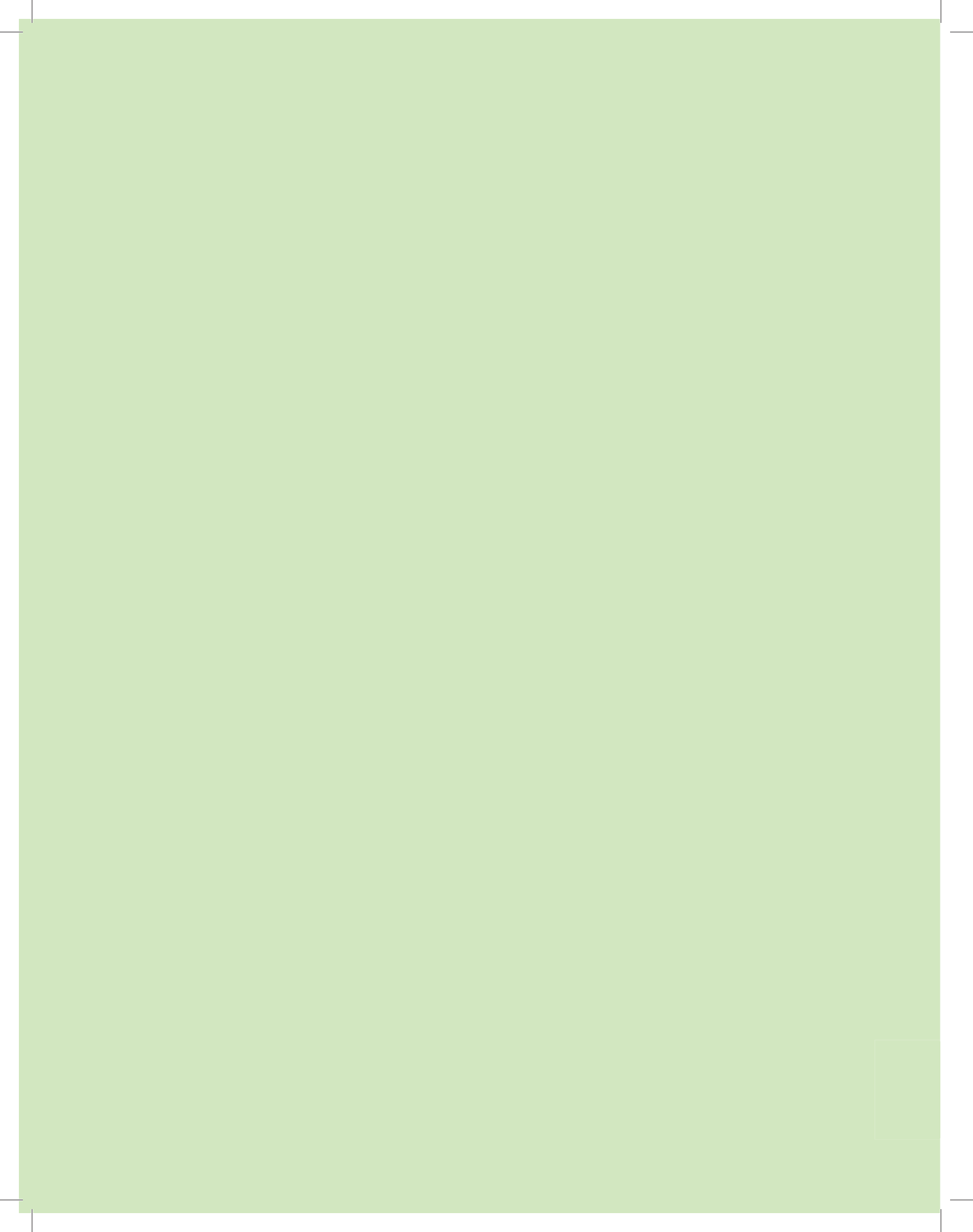


Republic of Kenya



Agricultural Sector Coordination Unit

Annual Report 2009/2010





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Annual report
2009/2010

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Preface

The need to coordinate the activities of the agricultural sector through a formal structure was identified during the launch of the Strategy for Revitalising Agriculture in 2004. Soon after, the Head of Public Service appointed an Inter-ministerial Coordination Committee comprising the permanent secretaries of the agricultural sector ministries to provide policy guidance necessary to facilitate the smooth implementation of the strategy.

The Agricultural Sector Coordination Unit (ASCU) was subsequently established in 2005 as an inter-ministerial secretariat to address the fragmentation of responsibilities among different agricultural and rural development-related ministries tasked with implementing the Strategy for Revitalising Agriculture.

During the last four years, ASCU has coordinated the development of the *Agricultural Sector Development Strategy 2010–2020 (ASDS)* and its medium-term investment plan (2010–2015). Both documents are aligned to the continental agricultural framework—the Comprehensive Africa Agriculture Development Programme (CAADP)—and the MDGs. ASCU has also spearheaded the development of various policies and strategies in the sector key among them the national agricultural research system and the national agricultural sector extension policy. ASCU has provided support to legal reforms in the agricultural sector that will culminate in consolidated legislation. In addition, ASCU is managing the Innovation Fund for Agriculture and Agribusiness that is supporting agribusiness in various subsectors. This pilot phase will provide important lessons for upscaling this initiative.

I therefore welcome this *Annual report 2009/2010* that sets out the achievements of ASCU over the past year.

The pilot phase of Agricultural Sector Support Programme (ASSP I) is coming to an end. The second phase is going to be critical to continue on the momentum for reforms. In particular, ASSP II will see the development of a sectorwide monitoring and evaluation system, and the establishment of a decentralised coordination mechanism in line with the aspirations of the Kenyan people as articulated in the new Constitution. Other areas will be information and knowledge management and harmonizing projects and programmes in the sector in line with the agricultural development blueprint, the ASDS.

ASCU itself, as the coordinating Secretariat, has a key role to play on behalf of the agricultural sector in providing a range of high-quality services through the sectorwide approach.

I wish to acknowledge the support from the Government of Kenya and sector ministries, and the contribution of our Development Partners and stakeholders since inception of ASCU. It is my sincere wish that we shall continue working together to achieve the ASDS vision of 'a food-secure and prosperous nation'.

Romano Kiome (PhD, CBS)
Permanent Secretary, Ministry of Agriculture
Chair, ASDS Inter-ministerial Coordination Committee

Executive Summary

This annual report covering the period 1 July 2009–30 June 2010 highlights the main results achieved during the reporting period. Existing statutes for the agriculture sector were analysed and reforms proposed. The *Agricultural Sector Development Strategy 2010–2020* was completed in a highly consultative process and signed by the 10 sector ministers. Sector ministries are developing the ASDS medium-term investment plan that will lay out the investment priorities.

Several policies are also at advanced stages of development. The Food and nutrition security policy is with the Cabinet undergoing review. The National horticulture policy; the National agricultural research system policy, its implementation framework, cost benefit analysis and investment plan are at advanced stages. A sector gender task force has been appointed to spearhead the development of the agricultural sector gender policy. The agribusiness strategy is currently being developed.

The draft agricultural sector communication strategy was reviewed and gaps identified. ASCU presented a proposal to the Technical Centre for Agriculture and Rural Cooperation (CTA) for assistance to improve communication within ASCU and in the sector ministries.

The process of establishing a sectorwide M&E framework commenced during the reporting period. The framework has been developed in phases: the first phase included a highly consultative scoping analysis of the various M&E systems within the sector. The report of the scoping phase was presented to stakeholders as a basis for the design phase of the sector M&E framework.

ASCU provided coordination support to sector ministries to develop the following strategies: hides and skins development strategy, national wheat development strategy, national rice strategy, Ministry of Land's Strategic plan 2010–2015, and the Ministry of Water and Irrigation's Strategic plan 2008–2012. A total of 50 participants drawn from the public and private sectors were trained on demand-driven extension services as an initial activity of rolling out of the national agricultural sector extension policy.

The Innovation Fund for Agriculture and Agribusiness supported several proposals in floriculture, horticulture, aquaculture, forestry and livestock subsectors. Another

successful ASCU initiative was the Support to private sector producer associations to address the capacity needs of farmer associations, primary producers and small-scale agribusiness associations. It is encouraging to see the strides these associations made in such a short time.

During the period under review, the expenditure was KES 141 million against a total of the available amount of KES 193.5 million, giving a burn rate of 72.8 percent.

1 Introduction

Overview

ASCU came into being against the backdrop of growing interest to establish mechanisms for improving coordination in implementing the goals and objectives of the *Economic Recovery Strategy for Wealth and Employment Creation (ERS)* identified under the productive sectors namely, agriculture and rural development, tourism, trade and industry. The review of the ERS into the *Kenya Vision 2030* necessitated the sector to review the SRA and develop the *Agricultural Sector Development Strategy 2010–2020 (ASDS)*.

ASCU coordinates implementation of the ASDS in 10 sector ministries. To deliver on its outputs, ASCU operates with six thematic working groups (TWGs) that work on sectoral reforms covering the following thematic areas:

- Legal, regulatory and institutional reforms
- Research and extension advisory services
- Access to agricultural inputs and financial services
- Food security and nutrition policy and programmes
- Agribusiness, value addition and market access
- Environment, sustainable land and natural resource management.

Institutional Framework

The agricultural sector is coordinated through the various levels outlined in the SRA ASDS coordination structure (figure 1).

The National Forum

At the national level, there is the biennial national forum of stakeholders in the sector, organised by the sector ministries and ASCU. This ensures political will, gives the ASDS a niche and prominence, and provides a platform for reviewing

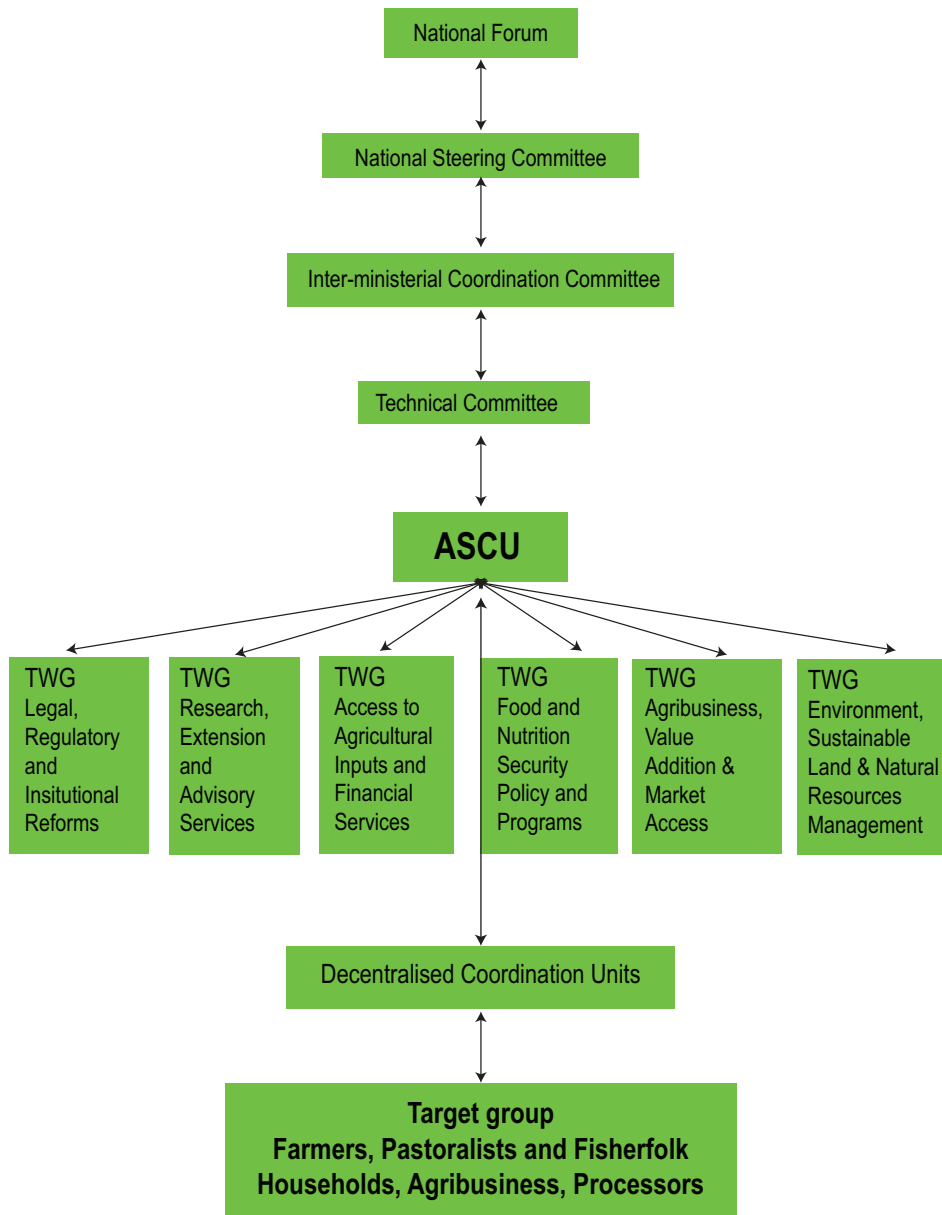


Figure 1. ASDS coordinating framework

progress in implementing the ASDS and the extent to which its objectives are being achieved.

National Steering Committee

The National Steering Committee is the highest consultative organ for stakeholders in the agricultural sector. It comprises:

- permanent secretaries in the sector ministries
- representatives of Development Partners
- representatives of the private sector
- representatives of umbrella farmer organizations
- representatives of the agribusiness community
- representatives of civil society
- the Chair of the Parliamentary Committee on Agriculture.

FUNCTIONS OF THE NATIONAL STEERING COMMITTEE

- Monitor progress in implementing reforms in the sector
- Deliberate on sector challenges and provide direction for appropriate action
- Advise on strategic interventions required in the sector.

The Inter-ministerial Coordination Committee

The Inter-ministerial Coordination Committee (ICC) is the highest decision-making organ in the sector. The ICC was established by the Head of Public Service and is responsible for approving all sector engagements. Members of the ICC are the permanent secretaries of the following 10 sector ministries: Agriculture, Livestock Development; Cooperative Development and Marketing; Fisheries Development; Water and Irrigation; Lands; Regional Development Authorities; Forestry and Wildlife; Environment and Mineral Resources; and Ministry of State for the Development of Northern Kenya and Other Arid Lands.

FUNCTIONS OF THE ICC

- Provide policy direction in the reform process
- Ensure budgetary allocation to the agricultural sector is coordinated
- Brief agricultural sector ministers and relevant parliamentary groups
- Receive progress reports from the ASDS Technical Committee
- Approve recommendations from the agricultural sector for action.

ASDS Technical Committee

The ASDS Technical Committee is composed of the technical heads of departments (directors) in the sector ministries, as well as representatives of Development Partners, umbrella farmer organizations, the private sector and co-opted members. Its functions are to:

- coordinate the implementation of the SRA/ASDS
- approve prioritised ASDS activities
- receive implementation reports and provide way forward
- review and adopt progress outputs from the thematic working groups
- approve the ASCU workplans for coordination activities
- approve terms of reference for studies and technical assistance
- mobilise funding for various activities
- monitor and evaluate implementation progress.

Agricultural Sector Coordination Unit

ASCU is an inter-ministerial secretariat whose main responsibility is to coordinate the implementation of the ASDS. It achieves its objectives through a thematic approach guided by four key outputs:

- Essential agricultural sector reforms implemented
- Capacity of public and private sectors improved
- Sectorwide approach adopted in public expenditure and ODA
- ASCU capacity to drive sector policy process enhanced.

To achieve these outputs, ASCU operates through six thematic working groups. These working groups were restructured to give them a new and broader representation and to ensure more active participation.

ROLE OF ASCU

- Spearhead sector reforms—legal, institutional and policy—to implement the ASDS
- Coordinate sector activities to realize the aspirations of the ASDS and the *Kenya Vision 2030*
- Manage sector information: collect, analyse, disseminate

- Popularize and institutionalize the sectorwide approach to development
- Monitor and evaluate the implementation and performance of the ASDS
- Identify and prioritize resource allocation to areas of highest impact.

2 ASCU Output Areas

Output 1: Essential Agricultural Sector Reforms Implemented

The objective of this output is to develop policies that reflect the ASDS principles. ASCU undertook the following activities to achieve this objective.

Consolidation of agricultural legislation

The draft bill of the consolidated agricultural legislation of 2008 was analysed to identify areas of commonality, divergence and conflict as well as inherent gaps in the work already done by the thematic working group. During the period under review, existing statutes governing the agricultural sector were analysed and reformed. The task of consolidating legislation was carried out in a consultative process culminating in a draft report.

Other deliverables from the exercise included a desk study report on comparative best practices in other countries, a cost-benefit analysis report, draft bills for legislation and a draft Cabinet Memorandum. These deliverables were finalized in May 2010 and await ratification by the Inter-ministerial Coordination Committee.

Completion and launch of ASDS

The *Agricultural Sector Development Strategy 2010–2020* (ASDS) was completed in a highly consultative process involving diverse stakeholders. It was signed by the 10 sector ministers. The next activity will be launching it formally as the development blueprint for the agricultural sector.

Rollout of the national agricultural sector extension policy

The national agricultural sector extension policy (NASEP) was approved by Cabinet in August 2009. A sessional paper was prepared and forwarded to Parliament for approval. The TWG for research and extension advisory services has prepared an action plan for launching the policy once Cabinet approves the sessional paper.

National agricultural research system policy

The national agricultural research system policy (NARS), its implementation framework and investment plan were developed and finalised through a consultative process that involved various stakeholders. The final drafts were submitted to the Inter-Ministerial Coordinating Committee (ICC) for approval.

A study on the cost–benefit analysis was carried out and a report forwarded to the ICC for approval.

Agricultural sector communication strategy

The draft agricultural sector communication strategy was reviewed and will soon be presented to the Technical Committee. ASCU further developed a proposal to improve communication within the sector. The proposal was submitted to the Technical Centre for Agricultural and Rural Cooperation (CTA) for possible funding.

Food and nutrition security policy

The food and nutrition security policy was revised to incorporate comments from the Cabinet, and resubmitted for approval. The implementation strategy and brochure are ready and await the approval of the policy before they are adopted and printed.

Development of other policies

Following stock taking on the status of policies in the sector ministries, ASCU is coordinating and supporting the development of the following subsector policies.

AGRICULTURAL SECTOR GENDER POLICY

A concept paper to develop an agricultural sector gender policy has been developed and shared with gender specialists in the sector. A sector gender task force has also been appointed to guide the process and undertake quality assurance of the outputs. Policy formulation will be preceded by a study that will consolidate the various gender-disaggregated data in the sector.

NATIONAL HORTICULTURE POLICY

The process of formulating the national horticulture policy commenced in July 2009 with the selection of a drafting committee by the National Horticultural Task Force, which was mandated by the Ministry of Agriculture to oversee its development

under the coordination of ASCU. Through a consultative process the task force developed the zero and first draft before the end of the financial year. Plans have been finalised to sensitise stakeholders from all horticulture-producing areas of the country and collect their views on the draft.

Agribusiness strategy

The preparatory stages for formulating the national agribusiness policy started with the development of a concept note for a national agribusiness forum that was accepted by the ICC. The forum is expected to bring on board all the key stakeholders to forge a common understanding and to inform policy development. In addition, a draft agricultural competitiveness framework has been drawn up to guide policy formulation. Terms of reference for the national agribusiness policy were finalized and presented to stakeholders for discussion before being submitted to ICC for guidance.

Output 2: Improved Capacity of Public and Private Sectors

The objective of this output is to enhance the performance and efficiency of public agencies and private sector players to successfully implement the ASDS. This is being accomplished through the following activities.

Functional analyses

Following requests from the permanent secretaries of the ministries of Livestock Development and of Fisheries Development, ASCU engaged the Kenya Institute for Public Policy Research and Analysis (KIPPRA) to undertake functional analyses for the two ministries to reorganise their organisational structures and make them more effective. KIPPRA started the work in May 2010.

Improved extension service provision

DECENTRALIZED COORDINATION UNITS

The National agricultural sector extension policy (NASEP) provides a framework for strengthening district-based structures to improve service delivery. Currently, there are a large number of programmes and projects in the agricultural sector implementing activities at district level. Each programme has its own coordination mechanism necessitating the need to harmonize these mechanisms to align with the national structures and also with the recent sectorwide approach stipulated in the ASDS and other policies such as NASEP.

During the reporting period, lessons were drawn from the 11 decentralized coordination units being piloted. It was agreed that it is necessary to carry out a study on the current coordination mechanism within the agricultural sector both at the national and decentralised levels. Terms of reference were developed and preparations to undertake the study are at an advanced stage.

FORMULATION OF SECTORWIDE DEVELOPMENT PROGRAMME

ASCU developed terms of reference to develop the framework for a sectorwide approach to development. A draft report is now ready for approval by the ICC.

DEMAND-DRIVEN EXTENSION SERVICES

ASCU is coordinating a course on demand-driven extension services that was recently piloted at the Cooperative College of Kenya. Following the successful training of trainers in the last reporting period, two pilot sessions of the course were given in 2010. A total of 50 participants drawn from the public and private sectors were trained. The curriculum and course manual were also reviewed in a workshop held in 2009. The terms of reference for an external evaluation of the course have been developed. ASCU will also oversee a training of trainers course for more participants in readiness for upscaling this course.

According to the design, the target group will be quite wide—frontline, mid-level and coordination managers, private sector advisory service providers, individual providers, and organizations and companies providing agricultural services that actively aspire to support and promote the process of changing agricultural extension into a *farmer-driven mode*.

The overall objective of this course is to support the rollout of NASEP through developing institutional and human capacities that will provide competent and demand-driven agricultural advisory services to the agricultural sector.

Private sector capacity building

The private sector in agriculture and agribusiness plays multiple roles—production, processing, marketing, quality assurance, advocacy, lobbying, development, promotion and service delivery. An essential component of the ASDS is to design interventions that enhance the participation of the private sector in agricultural development. This will increase the benefits of public–private partnerships. Support to the private sector was mainly through the following activities.

Innovation Fund for Agriculture and Agribusiness

The objective of the Innovation Fund for Agriculture and Agribusiness is to commercialize agriculture by catalysing private sector participation in market-oriented production and service delivery, and promoting productivity and profitability or commercial viability of sector activities at all levels of the wider agricultural sector value chains. Specifically the fund seeks to

- facilitate private sector participation in agriculture and agribusiness
- catalyse the transition of agriculture from subsistence to commercial
- encourage adaptation / uptake of new / proven technologies

The Fund targets semi-commercial agribusinesses or transitory level actors—farmers, traders, processors, agribusiness service providers, etc. For purposes of the Fund, semi-commercial enterprise is defined as ‘a business enterprise that is producing or offering a product(s) or service(s) for sale and fully for profit and/or is at below the desired or optimum level of operation, but at the same time is neither capable of injecting all of the required additional resources/capital from own sources nor has the capacity to acquire required additional resources/capital from commercial sources.’

The First Round for concept notes provided important lessons and insights. These include:

- the need for a common understanding of innovation
- projects must have a significant number of direct beneficiaries; the duration period must not exceed 2 years
- projects must increase smallholder farmer participation and returns.

Successful applicants for Round 2 were trained in November 2009 to enrich their capacities in developing their proposals. Consequently, these proposals were funded. These covered the following subsectors—floriculture, horticulture, aquaculture, forestry and livestock. Lessons learned from Rounds 1 and 2 were used to inform the re-design of the Fund in January 2010. The recommendations in the report of the redesigned fund were used to reconsider projects submitted earlier for funding during Rounds 1 and 2.

These recommendations are:

- applicant’s contribution should be at least 30 percent of the grant requested

- and should be strictly in cash or capital
- maximum grant is KES 3 million and the minimum KES 1 million
- the Fund will be used to support—
 - o technical capacity building for beneficiaries
 - o development of bankable proposals
 - o financial and business management training; development of management training packages, proposals and operations manuals
 - o feasibility studies, market surveys and other studies necessary for making business decisions
 - o product development initiatives
 - o market access and linkage support.
- non-allowable costs include capital investments such as vehicles, construction of buildings, purchase of land, and other infrastructure development.

Support to private sector producer associations

The Support to private sector producer associations' initiative piloted by ASCU came to an end in November 2009. Its aim was to address the capacity needs of farmer associations, primary producers and small-scale agribusiness associations.

The specific objectives of this initiative were to:

- strengthen sector associations and empower them to play an increased role in the production, processing, quality assurance and marketing of their produce
- facilitate the private sector so that it can better assume its roles in ASDS implementation and create synergies in the policy reform agenda
- facilitate establishment of market-responsive sector and industry associations.
- facilitate establishment of market-responsive sector and industry associations.

The initiative supported eight private sector producer associations that were identified in collaboration with KENFAP (Kenya National Federation of Agricultural Producers). ASCU provided logistic support (for establishing offices, buying computers, furniture) and attached an officer to each association to improve their technical capacity. As part of capacity support, ASCU support involved working with the associations to write out workplans and identify monitorable indicators that they would use to report on their activities. The following associations were supported under this initiative.

KENYA NATIONAL FEDERATION OF COOPERATIVES

The Kenya National Federation of Cooperatives (KNFC) was established in 1964 to promote and unite the cooperative movement and present their interests in all policy and legal matters. KNFC is the mouthpiece of the cooperative movement in Kenya. Key functions include advocacy, lobbying, collaborating and networking. It also represents the movement in key national, regional and international bodies. Through ASCU support, KNFC participated in exchange and consultative forums, improved capacity in project proposal writing skills, project appraisal and evaluation, and in collaborating and networking within the sector. It was also able to enhance its advocacy and lobbying capacity, and actively participated in the development of the SACCO Bill, now the SACCO Act. KNFC also reviewed the cooperative education training guidelines.

KENYA COFFEE GROWERS ASSOCIATION

The Kenya Coffee Growers Association (KCGA) is a membership organization of coffee farmers that started in 1934 as a welfare society to ensure that coffee farmers have a conducive environment to produce, process and market their coffee to get a fair return on their investment. KCGA aims to empower coffee farmers through providing education and training, disseminating information, enhancing good industrial labor relations, and lobbying for an enabling environment. With ASCU support, KCGA improved communication by creating a website. Partnering with the Government through the ASCU initiative enabled the association to reach some farmers who could not access services before. The partnership gave the association an opportunity to market itself and the services it offers and in the process recruited more members. During their various meetings, it was found that many farmers were not knowledgeable about coffee matters and hence require training and capacity building. Increased awareness led to increased membership and ownership.

KENYA POULTRY FARMERS ASSOCIATION

The Kenya Poultry Farmers Association (KEPOFA) was formed in 2002 and registered in 2005. Its main purpose is to empower poultry farmers by addressing constraints in production, processing and marketing through lobbying and advocacy and delivering quality services. Among the key objectives of KEPOFA is to link farmers with stakeholders interested in investing in the poultry sector. ASCU support to KEPOFA resulted in improved visibility and communication with members, enhanced links with various stakeholders, and representation in farmers' forums at

various levels. KEPOFA also participated actively in various Government-initiated task forces and collaborated more effectively with Development Partners: KEPOFA successfully lobbied for funding from the Business Advocacy Fund. It participated in the formulation of the national poultry policy and carried out more sensitisation and recruitment of members.

ASSOCIATION OF KENYA FEED MANUFACTURERS

The Association of Kenya Feed Manufacturers (AKEFEMA) is the umbrella body of all registered feed millers in Kenya. Founded in early 2000, AKEFEMA was registered in 2004 under the Societies Act. It aims to bring together manufacturers of animal feeds and promote markets for animal products. With ASCU support, AKEFEMA improved communication and coordination. The association participated actively in formulating the national poultry policy.

KENYA LIVESTOCK PRODUCERS' ASSOCIATION

The Kenya Livestock Producers' Association (KLPA) was started in 2004 as a membership organization for livestock producers. Of the eight organizations, it is the only one not based in Nairobi. Its overall objective is to ensure improved livelihoods of livestock producers through advocating for appropriate policies and reforms, promoting good livestock husbandry and production, collecting and disseminating information, and promoting the interests of members. ASCU support enhanced KLPA's information dissemination among livestock farmers and extension services. There was also improved capacity in advocacy and lobbying for formulating livestock policies, on organisational management, collaboration and networking, as well as in programme planning and aspects of monitoring their activities. With this visibility, more members joined the association.

KENYA COTTON GROWERS ASSOCIATION

The Kenya Cotton Growers Association (KCGA) was registered in 2002 to represent cotton farmers. KCGA is an affiliate member of KENFAP and its main objective is to provide an inclusive, participatory and conducive forum for producing and marketing cotton. With ASCU support, KCGA improved physical and staff capacity, and recruited more members. KCGA also carried out a cotton survey in all the cotton-growing areas to provide baseline information on the cotton industry. The survey prioritised major issues that needed to be addressed. Top on the list was unavailability of seed cotton. KCGA developed a strategy to address seed cotton

multiplication. This resulted in the initiation of a pilot project in Lamu District. With capacity building support from ASCU, KCGA wrote a successful proposal that was funded by AGRITERRA, played an active role in the formation of the Cotton Development Authority, developed a strategic plan for the cotton industry, and started a cotton newsletter, *Pamba*.

KENYA PRIVATE SECTOR ALLIANCE

The membership of the Kenya Private Sector Alliance (KEPSA) is twofold: institutional members (federations and multisectoral organisations) and associate members (associations and corporates). KEPSA's aim is to partner with government and other stakeholders in building a prosperous and sustainable economy. It participates in policy formulation and mobilising the private sector to articulate issues of common interest. Support through the ASCU initiative enhanced KEPSA's capacity to participate more effectively in sectorwide policy forums, advocacy meetings and workshops. Its outreach in the agriculture and rural development sector was improved and it finally subscribed to the *Agricultural Review Journal*, a desire they had not fulfilled for many years.

Way forward

These associations provided important feedback on the pilot initiative and made the following recommendations.

ASCU should:

- review the support model to address channels of support, up scaling and inclusion of more associations
- consider extending contracts of the technical officers attached to the associations
- design an exit strategy that includes capacity building, creating a retainer fund and carrying out a summative evaluation of associations
- create a database of associations in the agricultural sector
- jointly with KENFAP assist associations develop human resources and financial management guidelines
- design a monitoring and evaluation framework for supported activities.

Associations shall

- explore partnerships with the public and other stakeholders
- come up with mechanisms for self-sustenance
- write their strategic plans in line with the ASDS.

ASCU plans to undertake a study to develop a model for upscaling the initiative, and to document its experiences.

Output 3: Sectorwide Approach Adopted in Public Expenditure and ODA

The objective of this output is to establish a holistic approach to the agricultural sector through the sectorwide approach to development. ASCU undertook the following activities to achieve this objective.

ASDS medium-term investment plan

After the ASDS was successfully completed, sector ministries and stakeholders embarked on the development of the medium-term investment plan (MTIP) in October 2009 that will lay out the investment priorities under the ASDS and that will be aligned to the CAADP framework.

Inter-ministerial MTEF linked to ASDS and its medium-term investment plan

In line with promoting the sectorwide and participatory approaches, ASCU coordinated and guided the process of developing the ASDS and its MTIP. The sector ministries came together to develop the MTIP, which will be used in the inter-ministerial medium-term expenditure framework (MTEF).

ASDS monitoring and evaluation system

SECTORWIDE M&E FRAMEWORK

The process of establishing a sectorwide M&E framework commenced during the reporting period. The framework has been developed in phases: the first phase included a highly consultative scoping analysis of the various M&E systems within the sector. The report of the scoping phase was presented to stakeholders as a basis for the design phase of the sector M&E framework. The terms of reference

for developing the second phase of the M&E framework were finalised. The design phase will involve the participation of an external consulting team working closely with a local consulting team in a stakeholder task team. The task team consists of members from the sector ministries and other stakeholders. Initial meetings were held among the two consulting teams, the task team and ASCU to interpret the terms of reference further, identify respective responsibilities and develop a workplan. However, the actual commencement of the exercise was delayed due to the expiry of the support period and the need to seek for an extension from the EU.

JOINT AGRICULTURAL SECTOR REVIEW

The joint agricultural sector review commenced in December 2009 and a report was presented to stakeholders.

Mainstreaming CAADP principles

During the period under review, the management and coordination of the CAADP process was entrusted to ASCU. This has ensured that the sectorwide nature of this framework is not lost and a country team, rather than an individual ministry, handles the process. This is in line with the recommendations of the CAADP review report. The CAADP country team immediately embarked on creating awareness. The first task was to prepare a position paper interpreting the CAADP process in relation to the ASDS. The team also developed the Kenya CAADP Compact that is expected to be signed during the launch of the ASDS.

ASCU actively participated in developing and validating the CAADP M&E framework, the mutual accountability framework, and the CAADP post-Compact guide.

ASCU provided coordination support to organize a workshop for farmers to sensitize them on the CAADP framework and on the CAADP country process.

Output 4: ASCU Capacity to Drive Sector Policy Process Enhanced

The objective of this output is to enhance ASCU capacity to spearhead reforms in the agricultural sector. ASCU undertook the following activities to achieve this objective.

ASCU staff capacity development

The objective of this sub-output is to have a Secretariat with sufficient, motivated and professional staff. During the reporting period, ASCU hired one programme officer for information management and communication.

Enhanced ASCU physical facilities in place

The objective of this sub-output is to improve physical facilities and equipment in ASCU. During the reporting period, ASCU procured one vehicle (van), office furniture and equipment. ASCU also carried out routine maintenance of the offices and equipment.

Capacity building, training and study tours for ASCU staff and partners

The objective of this sub-output is to enhance the skills and exposure of the ASCU team and its partners. ASCU helped partners to be better equipped in meeting their mandates and to prepare them for the implementation of the ASDS through the following activities.

- ASCU supported the Ministry of Livestock Development in carrying out a training needs analysis, and short-term training for senior management.
- ASCU provided support to the Kenya Professional Women in Agriculture to hold its annual symposium. The group submitted a report which shall be used in formulating the agricultural sector gender policy.

ASCU functional structure

With ASCU's expanded mandate as the CAADP country team and Vision Delivery Secretariat for agriculture for *Vision 2030*, it is important to have adequate staff to enable the unit to deliver on its objectives. During the reporting period ASCU experienced serious human capacity constraints. Since August 2009, most of the officers were either re-deployed to their parent ministries or moved on to other assignments. Others proceeded for further studies.

To spearhead implementation of the ASDS and reforms in the sector, a functional analysis was carried out and a report prepared. The report recommends an appropriate organisational structure that will enable ASCU to deliver on its mandate effectively and in a timely manner. The proposed structure provides for competitive recruitment of staff who will be full-time employees of ASCU.

ASCU Thematic Working Groups

The thematic working groups (TWGs) are the think tanks that ASCU utilizes to drive the sector reform agenda. During the reporting period the TWGs commenced work in their respective thematic areas. They refined the terms of reference and developed workplans. The TWGs will report their progress quarterly to the ASDS Technical Committee. The TWGs have been instrumental in delivering the various ASCU outputs.

3 ASCU Support to Other Institutions

ASCU provided coordination support and participated in various activities that are in line with the workplan.

ASCU Support to Development of Strategies

National rice development strategy

ASCU provided support for the development of the national rice development strategy that will provide a framework for reviving and outscaling rice production and marketing. This strategy was launched in November 2009.

National wheat development strategy

The wheat sub-sector in Kenya has faced challenges that have resulted in its slow growth. With a liberalized economy and increased competition in the regional market, there is a need to make the wheat sub-sector competitive at regional and global levels.

ASCU provided support to the Ministry of Agriculture to develop a national wheat development strategy that was debated at a wheat stakeholders workshop in June 2010.

Hides and skins development strategy

ASCU supported the development of the hides and skins development strategy. This was a follow-up to the value chain analysis study that ASCU conducted in 2008.

Ministry of Land's Strategic plan 2008–2012

ASCU provided support to the Ministry of Lands to develop its strategic plan for the period 2010–2015. This plan is now operational.

Ministry of Water and Irrigation's Strategic plan 2008–2012

ASCU also provided support to the Ministry of Water and Irrigation to develop its Strategic plan 2008–2012.

Partnering in Development

ASCU was part of missions reviewing several programmes to align them to the ASDS. These programmes include the National agriculture and livestock extension programme (NALEP), Community agricultural development in semi-arid lands (CADSAL), Kenya arid and semi-arid lands (KASAL)—a five-year programme that focuses on developing site-specific agricultural technologies for farmers and livestock keepers in the arid and semi-arid lands, and the Agricultural Sector Programme Support (ASPS) for the end of project evaluation and report.

ASCU was also an active member in formulation missions for the Kenya Agricultural Productivity and Agribusiness Project (KAPAP) and the East Africa Agricultural Productivity Programme (EAAPP). KAPAP is the successor of the Kenya Agricultural Productivity Project. This phase has incorporated an agribusiness component and lessons learned from KAPP.

The EAAPP will set up regional centres of excellence on various commodities: Kenya will host the dairy centre of excellence, Tanzania the rice centre of excellence, Ethiopia for wheat and Uganda for cassava.

The Agribusiness Support for Smallholders project (AbSS) is a technical cooperation programme between the Government of Kenya and FAO. ASCU was involved in the design of this project which seeks to address one of the key challenges faced in achieving *Vision 2030* and the goals of the ASDS: ensuring smallholder farmers and small and medium agricultural enterprises benefit from broader commercialisation.

ASCU offered capacity support to Njaa Marufuku Kenya programme to develop the project document. This programme gives grants to communities to support projects that are geared towards alleviating food insecurity and hunger.

Sensitization Workshops

ASCU supported the following workshops:

- a two-day high-level sensitisation workshop on bio-awareness for the sector directors to enable them understand and disseminate biotechnology issues
- a multistakeholder sensitisation workshop on the national land policy
- a meeting to sensitise the Agricultural Parliamentary Group on disease-free zones
- a national conference and regional conferences in each of the eight provinces

carried out by the Ministry of Cooperative Development and Marketing to sensitise stakeholders on the SACCO Act.

4 Challenges and Lessons Learned

When ASCU was established to coordinate the implementation of the Strategy for Revitalizing Agriculture (SRA), the scope of its mandate was mainly around the three ministries that had developed the SRA. However, as the implementation progressed, it was found necessary to bring on board all the ministries in the agricultural and rural development sectors to ensure the objectives and targets of the strategy are achieved. With the rise in the number of ministries from 3 to 10, there was an increase in responsibilities and expectations from an increasing number of stakeholders in the private and public sectors.

The management of the CAADP framework was moved to ASCU during the reporting period. While this was a positive development in terms of mainstreaming CAADP principles into the ASDS which was under preparation, it posed a challenge in the need for urgent interventions to deepen understanding of the CAADP framework and its implementation at country level. Actions were also required to create a common understanding at COMESA, NEPAD and the African Union Commission on the manner in which the CAADP framework was being mainstreamed at the country level through the ASDS.

The Kenya Joint Assistance Strategy, which emanates directly from the Paris Declaration on Aid Effectiveness, advocates for donors to work in a coordinated and harmonized way at the country level and align themselves with government strategies to improve the effectiveness of their support. In the agricultural sector, this was strengthened further through the signing of a code of conduct between the Government and Development Partners.

Furthermore, the national agricultural sector extension policy (NASEP), which has already received Cabinet approval, provided policy guidance on harmonizing extension services. Despite this, harmonizing extension services remains a big challenge at implementation and steering committee levels. This is complicated further by the fact that each project / programme has objectives and targets that may not necessarily be in harmony with others. It is hoped that by re-aligning ongoing projects / programmes with the ASDS and its MTIP and developing a common sector M&E framework, harmonized extension services will become a reality.

ASCU designed and piloted the Innovation Fund for Agriculture and Agribusiness to support innovative projects from stakeholder associations in the private sector. The implementation arrangement for the fund was a collaborative effort between ASCU and a fund management agency operating through a memorandum of understanding. This arrangement posed a challenge in terms of the procedures involved in evaluating proposals and disbursing funds. This slowed down the rate of disbursements.

5 Funds Utilization

During the period under review the expenditure was KES 141 million against a total of KES 203 million. Out of this KES 193.5 million was available. This resulted in utilization rate of 72.8%.

Funds Received for Financial Year 2009/10

| Source | Total (KES) |
|------------------------------------|-----------------------|
| Opening Balance | 31,125,209.00 |
| DANIDA ASPS | 23,380,000.00 |
| DANIDA Embassy | 70,353,624.00 |
| EU | 30,000,000.00 |
| GTZ | 4,632,200.00 |
| SIDA | 38,000,000.00 |
| Ministry of Agriculture | 2,000,000.00 |
| Ministry of Livestock Development | 1,000,000.00 |
| SHoMap | 1,614,728.00 |
| Sub-total | 202,105,761.00 |
| (Other Income Interest Earned- EU) | 1,048,228.00 |
| Sub-total | 203,153,989.00 |
| Less money already committed | 9,500,000.00 |
| Total | 193,500,000.00 |

ASCU Expenditure report July 2009–June 2010

| Description of expenditure | Amount (KES) |
|---|-----------------------|
| New legislation | 3,000,000.00 |
| NARS policy finalisation | 2,639,599.65 |
| Food and nutrition security policy/strategy | 30,542.00 |
| Development of strategy, implementation framework, reforms and policies | 17,585,465.00 |
| Support commodity-specific policy coordination activities | 3,639,238.00 |
| Support to horticulture policy development, roll out | 1,614,728.00 |
| Develop consolidation of legislation | 2,539,700.00 |
| Support sector ministries in formulating policies | 2,515,911.60 |
| Functional analysis | 4,112,320.00 |
| Establishment of DCUs | 665,577.00 |
| Support for demand-driven advisory course | 11,708,605.00 |
| Strengthening private sector organisations | 7,914,451.20 |
| Agribusiness development | 504,560.00 |
| Capacity building of private sector stakeholders | 1,671,286.00 |
| Support to Innovation Fund for Agriculture and Agribusiness | 3,428,465.00 |
| Sector budgets reflect SRA-compliant activities | 10,900.00 |
| Involvement in MTIP and Budget Process | 6,157,936.20 |
| Annual joint agriculture sector review | 4,210,120.00 |
| Medium-term investment plan developed | 369,300.00 |
| CAADP-related activities | 1,951,877.00 |
| Development and Operationalisation of a sectorwide M&E framework | 3,798,550.00 |
| Enhanced ASCU team in place – Human | 30,025,864.00 |
| Enhanced ASCU team in place – Operations | 3,200,342.00 |
| Purchase of vehicles equipment furniture | 8,841,400.00 |
| Fuel, Transport, Insurance, Airfare | 2,202,835.50 |
| Stationery, Printing, Publications, Promotional materials | 691,223.65 |
| Services and maintenance | 3,045,872.55 |
| Telephone, Airtime, Internet and Accounts software (NAVISION) | 1,910,708.00 |
| TWGs supported in policy development work | 5,316,244.00 |
| Agricultural sector communication strategy developed and implemented | 232,050.00 |
| Capacity building for ASCU staff and partners | 4,992,889.00 |
| Audits and evaluation | 1,127,752.00 |
| Total | 141,656,312.35 |

6 Stakeholders

Sector Ministries

Ministry of Agriculture

Ministry of Livestock Development

Ministry of Co-operative Development and Marketing

Ministry of Fisheries Development

Ministry of Water and Irrigation

Ministry of Lands

Ministry of Regional Development Authorities

Ministry of Environment and Mineral Resources

Ministry of Forestry and Wildlife

Ministry of State for the Development of Northern Kenya and Other Arid Lands

Development Partners (in alphabetical order)

African Development Bank (AfDB)

Danish International Development Agency (DANIDA)

European Commission (EC)

Finland

Food and Agriculture Organization of the United Nations (FAO)

GTZ

International Fund for Agricultural Development (IFAD)

Japanese International Cooperation Agency (JICA)

Swedish International Development Agency (SIDA)

The Netherlands

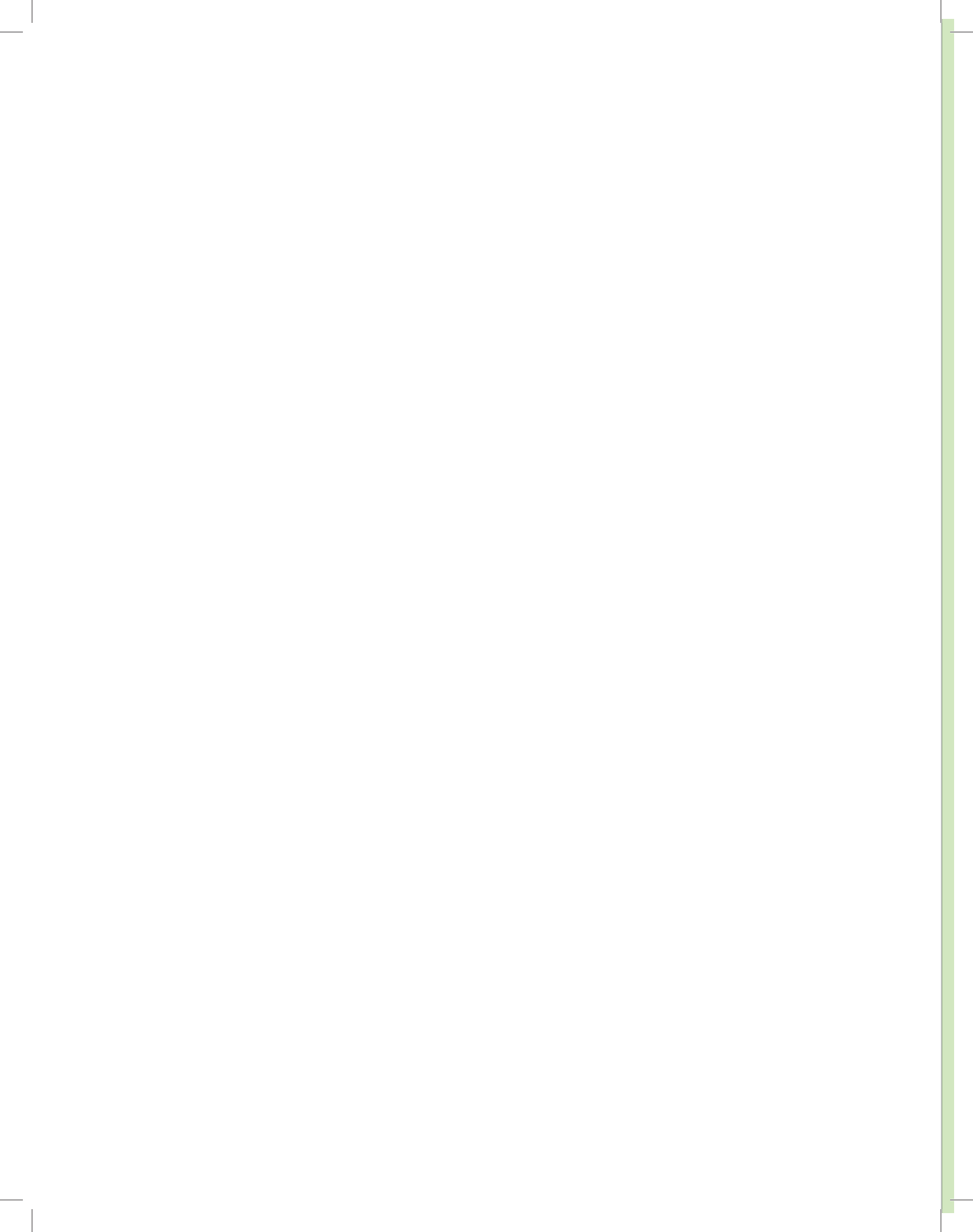
The World Bank

USAID

World Food Programme (WFP)

7 Acronyms

| | |
|--------|---|
| ASAL | arid and semi-arid lands |
| ASCU | Agricultural Sector Coordination Unit |
| ASDS | Agricultural Sector Development Strategy 2010–2020 |
| CAADP | Comprehensive Africa Agriculture Development Programme |
| ERS | Economic Recovery Strategy for Wealth and Employment Creation |
| KENFAP | Kenya National Federation of Agricultural Producers |
| KES | Kenya shillings |
| MTEF | medium-term expenditure framework |
| MTIP | medium-term investment plan |
| NALEP | National Agriculture and Livestock Programme |
| NARS | National Agricultural Research System |
| NASEP | National Agricultural Sector Extension Programme |
| SRA | Strategy for Revitalising Agriculture |
| TWG | thematic working group |



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