LESSONS LEARNED REPORT

KENYAN AGRICULTURAL SECTOR PROGRAMME SUPPORT

2005-2010

KENYA
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The agriculture sector in Kenya plays a significant role in Kenya’s economy and has contributed over 20% on average to the overall GDP for the last five years. Kenya’s agriculture is dominated by smallholder farmers and supports livelihoods for a majority of the Kenyan population. The Danida Agriculture Sector Programme has assisted the Kenyan Agricultural sector from 2005 to 2010. The programme supported the introduction and coordination of a sector-wide approach through which various sector reforms and direct support to smallholder farmers have been initiated. The major social and economic benefits of the Danida support were:

- Over 60,000 smallholder farmers have received support for viable agricultural enterprises by the end of 2010, following support in capacity development, product certification, development of business plans, loan monitoring, market identification and linkage support;
- Rural Financial Services in specific agri-based value chains has taken off, with over 17,543 individuals having received new loans and replacements from financial intermediaries by the end of 2009;
- Agricultural extension services in ‘farming as a business’ have improved the linkages and communications between farmers and public/private extension. The overall coordination of institutions within the sector has improved with the setting up of the Agricultural Sector Coordination Unit.

The programme has also provided assistance in targeted areas of Eastern and Coastal Provinces in enhancing decentralised agricultural support structures in the fields of agricultural advisory services, rural infrastructure provision and market access and linkages. Support to small and medium scale enterprises has also ensured that farmers are familiarized with productive methods. This has led to their outputs being of high quality and quantity, which has led to them receiving higher market prices.

- The agriculture sector-wide approach is a key success feature in transforming the way agriculture is perceived in the country; therefore there is need to continue strengthening it.
- To improve efficiency in the sector, government needs to lead donors to align to sector policies and reforms. While donors are interested in coordinating and harmonising their interventions and aligning to Government systems, in practice a considerable number of donor projects and programmes are overlapping (some even appear to compete), especially on the local level. This is augmented by inconsistencies between government and donor financing of the sector as a whole.
- There is a need to strengthen and intensify the collaboration between the private and public sector in addressing the goals of the Agricultural Sector Development Strategy (ASDS) and Kenya’s Vision 2030 whose aim is to create a globally competitive and prosperous country.
- Thorough capacity needs assessments should be carried out early during the design of programmes so as to focus on increasing institutional performance. “Learning-by-doing” is one of the most effective approaches to capacity development as it ensures relevance, ownership and sustainability.

Danida in Kenya would like to extend its appreciation to its partners in the agriculture sector and hope that these findings will contribute to further improvements in the performance of the agriculture sector.

Geert Aagaard Andersen
Ambassador
Royal Danish Embassy – Nairobi

FOREWORD

The agriculture sector-wide approach is a key success feature in transforming the way agriculture is perceived in the country; therefore there is need to continue strengthening it.
This report summarizes the lessons learned from the Agricultural Sector Programme Support (ASPS). The lessons learned are based on the experiences and reflections of implementing the programme. The process and report could not have been completed without the input, comments and active participation of ASPS key stakeholders.

A special thanks goes to Daniel Osiemo (ASPS National Programme Coordinator) and Jørn Kronow (ASPS Financial Adviser) for their valuable inputs regarding the role of the PSU and general programme implementation and coordination.

Mussolini Kithome (ASCU Director), Stephen M. Laititi (ASCU Deputy Policy Coordinator) and Isaac Opiya Litali (ASCU Deputy Finance Coordinator) are thanked for contributing with their experiences from ASCU and thus the implementation of the APSF component.

ABD stakeholders have also shared important information and useful experiences, and the contributions and comments received from Bjarne Christensen (ABD Senior Adviser), Julius Mugwang’a (ABD Financial Controller), Kennedy John Mayende (ABD Coordinator) and Boniface Kiome (MESPT Senior Credit Officer) are greatly appreciated.

The experiences from the implementation of DASS could not have been documented without the constructive inputs from Mutavi Shadrack (DASS Coordinator) and Niels Bonnerup (DASS Senior Adviser).

Finally, special thanks to Mogens Laumand Christensen (Minister Counsellor), Chiheny Mvoyo-Kang’ara (Programme Officer) and Anne Angwenyi (Programme Officer) from the Embassy of Denmark in Nairobi for their inputs and comments to the lessons learned assessment.

Asger Hallberg Borg has facilitated the lessons learned process and prepared the final report on behalf of the Embassy of Denmark in Nairobi. Whereas the findings and recommendations in this report are based on inputs from ASPS stakeholders, the author is responsible for any mistakes and fallacies made in the report.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABD</td>
<td>Agricultural Business Development</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<td>AIRC</td>
<td>Agriculture Information Resource Centre</td>
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<td>AGRA</td>
<td>Alliance for Green Revolution in Africa</td>
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<td>ALID</td>
<td>Agricultural and Livestock Information Desk</td>
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<td>APSF</td>
<td>Agricultural Policy Support Facility</td>
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<td>ASAL</td>
<td>Arid and Semi-Arid Lands</td>
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<td>ASCU</td>
<td>Agricultural Sector Coordination Unit</td>
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<td>ASDS</td>
<td>Agricultural Sector Development Strategy</td>
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<td>ASPS</td>
<td>Agricultural Sector Programme Support</td>
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<td>BPS</td>
<td>Business Sector Programme Support</td>
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<td>CAADP</td>
<td>Comprehensive Africa Agricultural Development Programme</td>
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<td>CLW</td>
<td>Community Level Worker</td>
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<td>DASS</td>
<td>Decentralized Agricultural Structure Support</td>
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<td>DFC</td>
<td>Danida Fellowship Centre</td>
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<td>DIID</td>
<td>Department for International Development</td>
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<td>DKK</td>
<td>Danish Kroner</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EPS</td>
<td>Environmental Programme Support</td>
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<td>ERS</td>
<td>Economic Recovery Strategy</td>
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<tr>
<td>FaaB</td>
<td>Farming as a Business</td>
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<td>FOA</td>
<td>Food and Agriculture Organization</td>
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<td>FSA</td>
<td>Financial Services Association</td>
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<td>FT</td>
<td>Farmer Trainer</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoK</td>
<td>Government of Kenya</td>
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<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<tr>
<td>ICC</td>
<td>Inter-Ministerial Coordination Committee</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IPM</td>
<td>Integrated Pest Management</td>
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<td>JASR</td>
<td>Joint Agricultural Sector Review</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>JPO</td>
<td>Junior Professional Officer</td>
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<tr>
<td>KAPAP</td>
<td>Kenya Agricultural and Agribusiness Productivity Programme</td>
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<td>KeRRA</td>
<td>Kenya Rural Roads Authority</td>
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<td>KJAS</td>
<td>Kenya Joint Assistance Strategy</td>
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<td>KWSP</td>
<td>Kenya Water and Sanitation Programme</td>
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<td>LDC</td>
<td>Locational Development Committee</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MFI</td>
<td>Micro Finance Institution</td>
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<td>MoA</td>
<td>Ministry of Agriculture</td>
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<td>MoCDM</td>
<td>Ministry of Cooperative Development &amp; Marketing</td>
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<td>MoFD</td>
<td>Ministry of Fisheries Development</td>
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<tr>
<td>MoLD</td>
<td>Ministry of Livestock Development</td>
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<td>MoLFD</td>
<td>Ministry of Livestock &amp; Fisheries Development</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>MTIP</td>
<td>Medium Term Investment Plan</td>
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<tr>
<td>MTP</td>
<td>Medium Term Plan</td>
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<tr>
<td>NAAIAP</td>
<td>National Accelerated Agricultural Input Access Programme</td>
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<tr>
<td>NALEP</td>
<td>National Agriculture and Livestock Extension Programme</td>
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<tr>
<td>NARS</td>
<td>National Agricultural Research Systems</td>
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<td>NASEP</td>
<td>National Agricultural Sector Extension Policy (Implementation Framework)</td>
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<td>NEMA</td>
<td>National Environmental Management Authority</td>
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<td>NEPAD</td>
<td>New Partnership for Africa Development</td>
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<td>NESC</td>
<td>National Economic and Social Council</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NMK</td>
<td>Njaa Marufuku Kenya</td>
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<td>NRMP</td>
<td>Natural Resource Management Programme</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>PPP</td>
<td>Private Public Partnership</td>
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<td>PSC</td>
<td>Programme Steering Committee</td>
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<td>PSDA</td>
<td>Private Sector Development in Agriculture</td>
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<td>PSP</td>
<td>Private Service Provider</td>
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<td>PSU</td>
<td>Programme Support Unit</td>
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<td>RDE</td>
<td>Royal Danish Embassy (Embassy of Denmark) in Nairobi</td>
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<tr>
<td>Sacco</td>
<td>Saving and Credit Cooperation Society</td>
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<td>SC</td>
<td>Steering Committee</td>
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<tr>
<td>Sida</td>
<td>Swedish International Cooperation Development Agency</td>
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<tr>
<td>SME</td>
<td>Small- and Medium-Sized Enterprise</td>
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<td>SNV</td>
<td>Netherlands Development Organisation</td>
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<tr>
<td>SRA</td>
<td>Strategy for Revitalizing Agriculture</td>
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<td>SWAp</td>
<td>Sector-wide Approach</td>
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<tr>
<td>ToR</td>
<td>Terms of Reference</td>
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<td>TAS</td>
<td>Technical Advisory Service</td>
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<td>TWG</td>
<td>Thematic Working Group</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WFP</td>
<td>World Food Programme</td>
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The Agricultural Sector Programme Support (ASPS) came to an end in June 2010. The programme was launched in 2005 and was planned to have two to three phases over 10-15 years. As part of the Kenya Joint Assistance Strategy (KJAS) it was decided in 2007 that Danida’s support to the agricultural sector should be phased out after the first phase of ASPS.

The ASPS partners have decided to undertake an assessment of the lessons learned from the Programme as part of the completion procedures. The primary objective of the assessment is to contribute to the improvement of future programmes within the agriculture sector, and Danida’s new Natural Resource Management Programme (NRMP) and the next phase of the Business Sector Programme Support (BSPS II), which will both continue support to some of the activities from ASPS.

There is general agreement that the ASPS programme objective and design has been relevant and most component outputs have met – and some even surpassed – the targets. The decision to close ASPS and not continue with a second and third phase is therefore unfortunate, as objectives and activities are still considered valid and relevant. The early closure of ASPS also prevents stakeholders from benefitting fully from the experiences gained during implementation.

The positive performance of ASPS has been achieved despite numerous unforeseen external events. The numbers of sector ministries as well as the number of ASPS target districts have increased significantly during the implementation period. Similarly, the sector has been severely affected by the drought in 2008 and 2009, the global financial crisis and the post-election turmoil.

The management of ASPS has been functional at both component and programme level. The ASPS Programme Steering Committee (PSC) has avoided “micro-managing” and has demonstrated the necessary flexibility when required. However, the PSC has not been providing strategic and technical guidance on implementation and coordination between components vis-à-vis the Component Steering Committees. Likewise, the Component Steering Committees have mostly been forums for reporting on progress and approval of work plans.

The PSU has been important for ASPS, and the programme would probably not have been able to achieve the same results without it. The PSU helped to kick-start the programme and has contributed to the programme’s flexibility, effectiveness and close alignment to GoK systems. But it is also recognised that a PSU is not a sustainable setup and other setups should be considered in the future.
There has been a considerable degree of trust amongst the ASPS partners. The national partners have used their decision-making authority and the Embassy has not interfered or been unnecessarily involved in programme implementation except on issues related to disbursements, accounting and auditing. Occasionally, the Programme Steering Unit (PSU) could have used the Embassy to push for “unpopular” or controversial decisions. The Embassy could also have been more active in promoting synergies with other donor programmes in the Agricultural Donor Coordination Group as well as encouraging others to continue ASPS activities after the first phase.

ASPS’s financial management has worked well. Disbursements from the Embassy to the components based on satisfactory financial reports have been made without delays. Especially for a private sector initiative like the Agricultural Business Development (ABD) component direct funding without delays has been crucial to its operations. The active participation of the PSU has been a requirement for using Government of Kenya (GoK) systems as done by the Decentralized Agricultural Sector Support (DASS) component.

ASPS has not been successful in terms of achieving synergies across the components despite clear intentions in the programme design and good opportunities during programme implementation. Instead ASPS has turned into a 3-in-1 programme, where each component has been focused on delivering on individual component targets. The PSU has made some efforts in trying to promote synergies through the monthly management meetings. The monthly meetings have been appreciated across the components, but the meetings have mostly had an informative agenda and have not increased actual programme coordination.

Technical assistance has been much appreciated by the national partners and the advisers have contributed to create confidence in the partnership between GoK, institutions and donors. The advisers have often been used as an entry point for the Embassy in the day-to-day implementation.

ASPS’s support to capacity development has been considerable. While stakeholders assess the capacity development activities to have been relevant and necessary, thorough needs assessments to identify the actual capacity gaps have not been made. Capacity development has accordingly been focused on increasing individual skills and has not been part of the institutional development processes.

Cross cutting issues have been addressed on an ad hoc basis. DASS and ABD have reported progress on promotion of gender quality and environmental sustainability and sex-disaggregated data have been incorporated in monitoring and evaluation systems. However, except for the use of sex-disaggregated data, cross cutting issues have not been mainstreamed during implementation and promotion of cross cutting issues has been mostly done when appropriate.

The Agricultural Sector Coordination Unit (ASCU) had a slow start, but has since contributed positively to the introduction and coordination of a Sector-Wide Approach (SWAp). Coordination has been difficult, but SWAp can work if there is commitment among stakeholders.

The multi-sectoral set-up used by DASS has proven to be functional provided there are clear work plans and budgets detailed to sub-activity level, which are constantly reviewed, reported and audited. District Agricultural Officers (DAOs) are relevant coordinators in a district managed “agricultural/multi-sectoral” programme. Experiences with multi-sectoral approaches could rightly be shared with other programmes and projects with a focus on extension services.

Experiences from ABD show that Small- and Medium-Sized Enterprises (SMEs) provide very relevant entry points when supporting agri-business development. SMEs have strong incentives to ensure that farmers are familiarized with productive methods and that they use correct inputs as this ensures that the output is consistent in quantity and good in quality thus attaining a higher selling price.

Experiences from ASPS clearly show that the importance of support to irrigation in Arid and Semi-Arid Lands (ASALs) cannot be underestimated. Water is the priority need in these areas as droughts recur with regular intervals throughout Kenya, while affecting ASALs most severely. Small community based water projects are needed in large numbers to secure water for domestic use, for livestock and agricultural production. A national irrigation policy is being developed, which will be another important contribution.

There are many lessons to be learned from ASPS and a number of the most significant are presented in this report. Of particular interest for future programmes are the following recommendations:

**Recommendation 1**

**Adopt a long-term sector perspective**

Five years is not long enough to implement complex and reform-oriented programmes. Comprehensive sector programmes should adopt and adhere to a long-term perspective in order to maintain the implementation momentum and fully benefit from experience. All experience shows that start-ups of new programmes take time and that implementation typically picks up pace towards the end of the programme period.
Recommendation 2
Include an exit strategy in programme design
Programme exit strategies help to ensure that interventions and achievements are sustained after programme closure. Possibilities to continue activities without donor support or as part of other donor supported programmes should be considered as early as possible as part of programme completion. This is particularly important if programmes are phased out earlier than expected.

Recommendation 3
Provide technical guidance through existing national forums
There are good reasons to utilize the technical expertise in existing national technical forums for the strategic guidance of sector programmes. This would first of all contribute to greater alignment to national policies and strategies, but also provide avenues for increasing donor harmonization. Steering committees are not necessarily the most relevant forums for strategic and technical guidance and should concentrate on monitoring progress and overall financial management.

Recommendation 4
Promote programme coherence systematically
Synergies do not occur by themselves and it is important to actively promote cooperation between components. This can be done by a strong PSU or – as planned in the NRMP – in a thematic stakeholder forum thus ensuring a consistent focus on pushing and supporting cooperation between programme partners. Incentives, such as programme synergy performance indicators, could be applied as encouragement, and cooperation between components should be monitored and evaluated.

Recommendation 5
Mainstream cross cutting issues
Clear and operational procedures for mainstreaming cross cutting issues should be developed during the design phase. Priority screenings of outputs and performance monitoring giving specific attention to gender equality, democracy and human rights, and environmental sustainability can strengthen the attentiveness to cross cutting issues throughout implementation. Promotion of gender equality, democracy and human rights, and environmental sustainability are too often addressed on an ad hoc basis.

Recommendation 6
Focus on outcomes
Attention should be given to actual sustainable outcomes of activities when performance is measured. Outcomes are not easy to assess in the short term, but as a minimum monitoring and evaluation (M&E) of output performance should be linked to expected outcomes, and – as programme implementation progresses – outcome monitoring should be included in M&E procedures. Implementation and performance tend to be very focused on achieving outputs, which however do not necessarily reveal or influence behavioural change.

Recommendation 7
Incentive-based programme implementation
Incentives are important for motivation as well as in terms of promoting specific issues and ensuring performance during programme implementation. Log frames and output targets are appropriate means to ensure performance as achieving targets provides an incentive as such, but other measures such as budget adjustments based on component output performance should also be considered. Incentives should however not be in the form of allowances, workshops, capacity development abroad and the like.

Recommendation 8
Ensure innovative and sustainable technical assistance
It is important that technical advisors have clear ToR and performance contracts based on addressing actual institutional needs, adding value and ensuring sustainability. Advisors are not donor safeguard measures nor should they be gap fillers.

Recommendation 9
Result-oriented capacity development with focus on institutional development
Thorough capacity needs assessments should be carried out early in the programme period, and a capacity development strategy focusing on increasing institutional performance should be developed. “Learning-by-doing” is one of the most effective approaches to capacity development, as it ensures relevance, ownership and sustainability.

Recommendation 10
Outsource programme support units
The functions of PSUs are important and help to ensure smooth programme implementation. But PSUs are not sustainable. Instead the primary programme support activities should be outsourced to external – if possible – local consultancy firms. Outsourcing could include programme start-up, M&E, and implementation of capacity development plans.
INTRODUCTION

As part of the ASPS programme completion procedures the ASPS partners have decided to undertake a lessons learned assessment. Lessons learned are generalizations that abstract from the actual experiences to broader situations. The objective of this lessons learned report is accordingly to contribute to the improvement of future programmes by summarizing experiences from the ASPS programme. The lessons learned from ASPS are the result of contributions from and interviews with the involved ASPS stakeholders.
1.1. BACKGROUND TO THE STUDY

This report summarises the lessons learned from the Agricultural Sector Programme Support (ASPS). The ASPS was launched in 2005 and came to an end in June 2010. The programme was initially planned to last 10-15 years, but as part of the Kenya Joint Assistance Strategy (KJAS) it was agreed in 2007 that Danida support to the agricultural sector should be phased out after the first phase of ASPS. Danida will instead concentrate on Natural Resource Management in Kenya, which will also include elements of the Danida supported Environment Programme Support (EPS) in Kenya and Kenyan Water and Sanitation Programme (KWSP).

As part of the programme completion procedures of ASPS, the Embassy of Denmark in Nairobi (RDE) has agreed with ASPS partners to undertake an assessment of the lessons learned deriving from the Programme. The primary objective of the study is to contribute to the improvement of future programmes by documenting positive and less positive experiences from the implementation of ASPS. This includes both future programmes in the agricultural sector as well as the new Natural Resource Management Programme (NRMP) and the next phase of the Business Sector Programme Support (BSPS II), which will both incorporate some of the activities from the Agricultural Business Development (ABD) component. Furthermore, the study will also provide accountability in the sense that it avails information about the programme to stakeholders and the general public.

1.2. APPROACH TO LESSONS LEARNED

There are many different approaches to lessons learned studies. A common feature about these studies is however, that they are all concerned with stakeholders’ experiences (positive and negative) from working on a project or programme. Furthermore, lessons learned studies are typically examining “the wider picture” of experiences from programmes instead of providing a very detailed and/or technical examination. A commonly used definition of lessons learned can be found over the page.

1 OECD Development Assistance Committee (2002): Glossary of Key Terms in Evaluation and Results Based Management.
OECD Definition of Lessons Learned

“Generalizations based on evaluation experiences with projects, programmes, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weakness in preparation, design, and implementation that affect performance, outcome, and impact.”

It is important to underline that lessons learned studies are not reviews or evaluations, even though there may be some similarities and overlaps. However, reviews and evaluations tend to be more concerned with assessing the performance of activities and operational aspects, such as measuring the fulfilment of objectives, efficiency and effectiveness as well as impact. Lessons learned, on the other hand, summarize the positive and negative experiences from the activities and attempt to explain why and how the project or programme achieved or failed to achieve its objectives and only to a lesser extent what was achieved.

“It is always helpful to learn from your mistakes, because then your mistakes seem worthwhile” is a common adage. It is of course a statement with modifications, but it still holds some truth for programmes like ASPS. Obviously, there are many lessons to be learned from successes too, and they must also be captured by a study like this. Nevertheless, quite often lessons learned assessments focus on how unexpected challenges were addressed. Why did they arise and how were they overcome?

Whereas there may sometimes be obvious external circumstances that have affected the achievements, the experiences of the involved stakeholders are generally the best way to explain why achievements were or were not made. Lessons learned studies are thus tapping into the pool of “silent knowledge” to ensure that experiences are shared with other stakeholders, thereby encouraging duplication of successes and avoidance of failures in the future.

The ASPS lessons learned study is based on an inclusive and participatory approach, where the stakeholders as much as possible have contributed with their experiences regarding the programme’s achievements and challenges. It is not the intention to conduct an external assessment of the programme. Rather, all the findings in this report originate from stakeholders who for longer or shorter periods have been involved in the implementation of ASPS and therefore are able to draw attention to the internal and external circumstances that have affected the programme’s achievements both positively and negatively.

Representatives from the Programme’s three components, the Programme Support Unit (PSU), and from the Embassy have all contributed with narratives from their respective points of view. Concurrent with this, a number of interviews were carried out with the intention of summarising experiences on a few selected thematic issues of a more general nature.

1.3. OUTLINE OF THE REPORT

The report will initially provide a description of the agricultural sector in Kenya (chapter 2). This section gives an introduction to the importance of the sector and presents the main policies and strategies as well as outlining some of the major challenges the sector is facing.

Chapter 3 gives an overview of the ASPS, including the background for the intervention, the programme purpose, objectives, expected results and management setup. The chapter also provides a snapshot of ASPS’s primary achievements and financial status. Furthermore, on the basis of contributions from the stakeholders some general experiences and assessments of the programme are presented.

Chapters 4, 5, and 6 deal with the experiences from – and to some extent the performance of – each of the components during the implementation of ASPS.

Finally, in chapter 7 the findings from the previous chapters are summarized and on that basis some general recommendations deriving from the ASPS are presented in chapter 8.
Agriculture is considered the most important sector in Kenya’s economy. The agricultural sector is however also very diverse and complex, as the agro-ecological conditions vary considerably and there are many stakeholders. Agricultural production is heavily influenced by weather conditions, which is reflected in the contraction in sector performance during recent years. The agricultural sector is high on the political agenda in Kenya and a sector-wide approach is in place. The sector receives considerable donor support and despite good coordination, donor engagement in the sector is sometimes overlapping.
2.1. KENYA’S AGRICULTURAL SECTOR

Kenya covers a very diverse agro-ecological area, as geology, altitudes, temperatures and not least rainfall have significant variations. The most fertile areas account for only 16% of landmass, primarily in Central Province. The remaining 84% - referred to as arid and semi-arid lands (ASALs) – is characterized by erratic rains and less favourable agro-ecological conditions. 74% of the Kenyan population lives in ASALs.

Agriculture is the most important economic sector in Kenya and contributes 24% of GDP directly and another 27% indirectly. The sector’s indirect contribution is primarily achieved through linkages with manufacturing, distribution and service related sectors. One third of Kenya’s agricultural production is exported, which corresponds to 65% of the country’s total export. The sector accounts for 48% of total formal employment, and more than 5 million smallholder farmers are engaged in various agricultural related activities.

In terms of agricultural production, land is generally under-exploited and this is particularly the case for ASALs. For example there is an estimated 24 million hectares that is suitable for livestock production, but only 50% is being utilized. Furthermore, approximately 9.2 million hectares have the potential for crop production if irrigated. ASALs accordingly have significant potential to contribute further to sector productivity and income creation for farmers if supported and utilized properly.

The agricultural sector was much affected by the forming of the Grand Coalition in 2008, which led to the establishment of a total of 42 ministries. The agricultural sector currently involves the participation of (and cooperation between) ten ministries: In comparison, the sector only consisted of three ministries, when ASPS was launched in 2005, namely the Ministry of Agriculture (MoA), the Ministry of Livestock and Fisheries Development (MoLFD) and the Ministry of Cooperative Development & Marketing (MoCDM).

In addition, the number of gazetted districts has increased considerably during the last few years. This has had an obvious influence on the administrative and implementing systems at the local level.

The agricultural sector is very influenced by externalities, including weather conditions and global economic and financial developments. This has especially been the case over the past 2-3 years, when Kenya has experienced severe drought combined with the global financial and economical downturn.

The agricultural sector was further affected very negatively by the 2008 post-election violence, which saw considerable destruction of crops and infrastructure as well as displacement of people. Accordingly, the growth rates of the agricultural sector have declined steadily from 7.0% in 2005 to a 5.1% contraction in 2008.

The entire agricultural sector has – for a number of reasons – not performed according to expectations during the ASPS programme period.

2.2. NATIONAL POLICY FRAMEWORK

The significance of the Kenyan agricultural sector is reflected in numerous national strategies and policies. The Economic Recovery Strategy for Wealth and Employment Creation (ERS) 2003-2007 was introduced in 2002 by the then newly elected government. As one of ten objectives, the ERS aimed at “raising incomes of small-holder farmers” thus explicitly recognising agriculture as one of the drivers for economic growth and job creation.

As part of the ERS, the GoK in 2003 launched the ambitious and comprehensive Strategy for Revitalizing Agriculture (SRA) 2004-2014 with the intention to “transform Kenya’s agriculture into a profitable, commercially oriented and internationally and regionally competitive economic activity that provides high quality gainful employment to Kenyans”. SRA identified six strategic areas with associated outputs and interventions. The strategic areas included 1) Streamlining agricultural policy framework, 2) Creating an enabling environment for the private sector, 3) Improving delivery of support services, 4) Promoting marketing, agro-processing and trade, 5) Mainstreaming agricultural development issues in other sectors, and 6) Strengthening institutional implementation and
monitoring frameworks. SRA’s sector growth target was adopted from ERS, which envisaged a growth in all major sectors of 3.1% annually to reach 5% in 2007. This target was achieved for both SRA and ERS, but the performance of the sector has declined since then.

While the expected duration of SRA was 10 years, the introduction of Kenya’s “Vision 2030” in 2007 replacing the ERS meant that SRA needed to be revised according to the new national development strategy. SRA is consequently due to be replaced by the Agricultural Sector Development Strategy (ASDS). Compared to SRA’s policy-oriented focus, ASDS adopts a slightly more technical approach. ASDS furthermore introduces a much more ambitious growth target of 7% over the next five years, and pursues a sector-wide approach involving joint planning, development and implementation of policies and strategies. However, ASDS to a very large extent builds on achievements, challenges and experiences from SRA, and the identified strategic areas in ASDS are complementary with SRA’s strategic areas. The current framework is therefore characterized by continuity despite the rather turbulent political and administrative developments in recent years.

2.3. DONOR COORDINATION IN THE AGRICULTURAL SECTOR

Recognising the importance of agriculture in poverty reduction, donors in Kenya have traditionally had a profound interest in supporting the agricultural sector. In addition to Danida’s engagement, major bi-lateral and multi-lateral donors include Finland, Germany (GTZ), Italy, Japan (JICA), Sweden (Sida), USA (USAID), the World Bank, the African Development Bank, the European Commission, FAO, IFAD, WFP and UNDP. Donors meet regularly at monthly meetings of the Agricultural Donor Coordination Group to coordinate and harmonise their efforts, and generally they enjoy a good and constructive relationship with GoK.

The Joint Agricultural Sector Review (JASR) from 2010 however notes that while donors seemingly have a profound interest in coordinating and harmonising their interventions, in practice a considerable number of donor projects and programmes are overlapping (some even appear to compete), especially at the local level. On the positive side, the lack of harmonisation is recognised within the donor group and donors are addressing the issue, which will hopefully lead to better coordination and synergy between development projects and programmes in the longer run.

2.4. JOINT AGRICULTURAL SECTOR REVIEW

The Joint Agricultural Sector Review (JASR) was undertaken at the start of 2010. The primary findings from the Review indicate that even though agriculture is a multifaceted sector with a high degree of activities and many stakeholders, the SWAp coordinated by the Agricultural Sector Coordination Unit (ASCU) does indeed work. However, the ASCU is encouraged to adopt a more realistic approach to goals and intended outputs to ensure a more consistent performance. It is also recommended that the sector address the need for a reliable and solid M&E system and that reliable and harmonized data is produced. In the opinion of the Review, the ASCU must be strengthened in terms of professional staff and its role and mandate should be further clarified. The Technical Working Groups (TWGs) are commended for their constructive contribution to the operations of the Sector-wide Approach (SWAp). The strong support from the ASCU to the TWGs should therefore be continued.

The involvement of the private sector is emphasized in the Review, and it is recommended that a plan is developed in order to address a revitalised and intensified collaboration between the private and the public sector in addressing the goals of the ASDS and Vision 2030.

5 At the time of writing, the ASDS has not yet been formally launched, but in effect the strategy has been operational since 2009.
INTRODUCTION TO ASPS

ASPS came to an end in June 2010 but was initially intended to continue for another 5-10 years. Only ABD will continue to receive Danida support through BSPS II and NRMP. The programme objective and design has been relevant and hopefully the lessons learned will be carried forward to ongoing and future programmes. Good performance across the three components has ensured that most output targets have been achieved – and some surpassed. ASPS has been unsuccessful in achieving synergies between the components despite some attempts by the PSU. Significant support to capacity development has been provided, but capacity development has mostly been *ad hoc* and not strategic activities, aimed at increasing institutional development and performance. Technical assistance has been appreciated and has been a useful link between the Embassy and national partners.
3.1. DESIGN AND APPRAISAL OF ASPS

ASPS was launched in July 2005. The decision to develop ASPS was a result of Government-to-Government consultations between Kenya and Denmark in May 2003, when agreement was reached that Danida’s support to agriculture in Kenya should be a long-term intervention (10-15 years) of which ASPS would constitute the first phase.

Danida support to the agricultural sector in Kenya had since 1999 been concentrated in Kitui, Taita Taveta, Makueni and Kwale districts, and it was agreed that ASPS should build on experiences and lessons learned from the coordinated implementation of the Agricultural Support Project, the Micro Enterprise Development Project and the Micro Finance Institution Initiative, which would all come to an end in mid-2005.

The first steps towards designing ASPS were taken in October/November 2003 with a review of the ongoing projects followed by an identification mission. In January 2004, a draft concept paper was discussed at a workshop with 60 key stakeholders from the public and private sector. The workshop agreed that the Programme should include three components:

1. Agricultural Policy Support Facility (APSF);
2. Agricultural Business Development (ABD); and

Stakeholders also agreed that the APSF support should form part of a common donor support facility. The final concept note was presented to the Government of Kenya (GoK) in February 2003 and to the Danida Programme Committee in March 2004.

A first formulation and feasibility assessment mission of the Programme and the ABD and DASS components took place in April 2004, focusing on agricultural development in semi-arid areas, national ownership and programme management. Danida carried out a pre-appraisal of the programme in June 2004 to assess the suitability of the Programme’s strategy, its geographical focus, the components, and the proposed management structures and flow of funds. A second formulation mission took place in July 2004. During a workshop, stakeholders agreed on outputs, strategies and implementing structures for the Programme as a whole, and specifically for the ABD and DASS components.

The component description for the APSF, which was to be undertaken with other donors, was delayed to allow for the establishment of a more robust framework for the operationalisation of the Kenyan Strategy for Revitalizing Agriculture (SRA). Towards the end of 2004, the GoK established the cross-ministerial Agricultural Sector Coordination Unit (ASCU) to spearhead coordination of the implementation of SRA. GoK provided most staff for the new unit, while Danida, GTZ and Sida provided financial support to its operations through a basket fund modality. Furthermore, Danida, GTZ and USAID have also provided technical assistance through existing programmes.

A functional analysis in June 2006 and a “Way Forward” review in November 2006, helped to clarify the roles and responsibilities of ASCU and recommended considerable investment in human resources and better institutionalisation of ASCU’s cross-sectoral mandate. This led to a jointly designed Programme Document by
GoK and Danida, GTZ, Sida and the EU. Danida’s Technical Advisory Service (TAS) conducted a desk appraisal in June 2007, and the programme component was officially launched in July 2007.

3.2. OBJECTIVES OF ASPS

ASPS was designed as a pro-poor poverty-oriented development programme and is closely aligned to government strategies. This is reflected in the development objective, which is equivalent to the immediate (primary) objective of the SRA.

ASPS Development Objective

“To revitalise growth of the agricultural sector by providing a conducive policy and institutional environment to increase agricultural productivity promoting investment and encouraging private sector involvement in agricultural enterprises and agribusiness.”

ASPS’s immediate objective is: “Increased sustainable income of female and male smallholder farmers and agri-based micro and small entrepreneurs in ASPS supported semi-arid districts”, and it is foreseen that 80,000 smallholder farmers (50% female farmers) in the ASPS target districts have increased their income by at least 30 percent by mid-2010.

The three components of ASPS were designed to facilitate the transition of the agricultural sector where the private sector becomes the vehicle for economic growth and the public sector establishes a conducive environment for this development.

The Agricultural Policy Support Facility (APSF) supports Government through ASCU in establishing the national framework for the sector and for future support through a Sector Wide Approach (SWAp). The Agricultural Business Development Facility (ABD) and the Decentralised Agricultural Support Structures (DASS) components have a district level focus to enhance synergy between private sector development and decentralised support structures in the form of agricultural advisory services, rural infrastructure and democratic planning processes. Furthermore, it has been the intention that experiences from ABD and DASS should be channelled into the national dialogue.

3.3. MANAGEMENT SETUP

ASPS is managed by a Programme Steering Committee (PSC), which is chaired by the Permanent Secretary for the Ministry of Agriculture (MoA). The PSC is responsible for overall programme implementation in accordance with the programme document. The mandate of the ASPS PSC includes the approval of annual work plans and budgets, overall monitoring of programme activities and outputs,
and monitoring of auditing procedures and results. The PSC furthermore guides the DASS SC and the ABD Board to ensure that synergy between the Programme components is achieved and optimised. The PSC also endorses recommendations made in Annual Sector Review Aides Memoire. An Audit Sub-committee consisting of the Embassy’s Chief Financial Officer and the Ministry’s Financial Officer monitors the financial performance of the Programme.

The ASPS PSC has avoided “micro-managing” and has demonstrated the necessary flexibility when required. For example the PSC approved a “business-as-usual” approach when DASS/ABD target districts were split up following the gazetting of new districts in the ASPS target areas. This ensured smooth implementation despite administrative hiccups.

The DASS SC and the ABD Board ensure that DASS and ABD are implemented, outputs achieved and funds managed efficiently and effectively. A private sector stakeholder chairs the ABD Board, while the DASS SC is co-chaired by MoA and MoLD. To enhance coordination between ABD and DASS, a member of the DASS SC is also a member of the ABD Board. Both setups have worked well, even though some adjustments could have strengthened management.

3.4. PROGRAMME SUPPORT UNIT

The Programme Support Unit (PSU) forms the secretariat of the PSC. The PSU’s tasks include monitoring and reporting on programme and component achievements according to plans and expenditures; general monitoring and evaluation; human resource development; and research at programme level. Furthermore, the PSU is responsible for facilitating the harmonisation of ASPS with programmes supported by other donors and ensuring that lessons learned from ASPS components are documented and channelled into the national policy dialogue.

The ASPS PSU is staffed by people from different ministries (multi-sectoral approach): The National Programme Coordinator is seconded from the Ministry of State for Planning, National Development and Vision 2030; an Accountant seconded from the Ministry of Finance (MoF); a Danida Financial Adviser; a District Accountant and an Accountant at central level, both employed by Danida (AinA funds); as well as an ASPS Transport Officer, a Secretary and two Drivers all employed by Danida (AinA funds). Additionally, the Ministry of Agriculture has assigned an IT specialist (almost on full time) to support the PSU, and MoF has assigned a procurement specialist to assist the PSU in all government procurement.

ASPS could not have done without the PSU. Especially during the early days of ASPS, the PSU was instrumental in kick-starting the programme. The PSU has continued to contribute to the implementation of ASPS. DASS has benefitted from the support of the PSU. The PSU has helped to ensure flexibility and effectiveness in implementation and is one of the primary reasons for ASPS’s close alignment to GoK financial systems. The ASPS Procurement Committee has inter alia been using government rules and benefitted from the active involvement of a representative from the Ministry of Finance’s Procurement Unit.

The focus of the PSU changed when it became clear that ASPS would not continue after the first phase. For example there were initially plans to roll out a comprehensive capacity development package in the districts in order to strengthen the gradual devolution. However, this never materialized as the long-term time frame for ASPS was changed. Capacity development at district level has subsequently been more focused on immediate needs such as trainings in computer literacy and proficiency, which have nevertheless provided positive results and behavioural change. A number of GoK employees at district level have also been sent on courses in Denmark through the Danida Fellowship Centre (DFC).

Some of the main problems experienced have been related to reporting requirements, as donors and GoK do not use similar reporting systems. This leads to the establishment of parallel systems in order to meet donor requirements.

Furthermore, GoK processes are sometimes very slow and bureaucratic and hence can slow down implementation. During ASPS, GoK changed its funds flow system to the districts, which improved movement of funds. Funds are now sent to districts through parent ministries as opposed to earlier when they came from the Treasury. This change of procedure has actually made funds flow faster.

On the more practical level, salary discrepancies between programme staff employed by Danida and seconded GoK staff has sometimes been a challenge. The salary gap between the two is significant, which can be a source of de-motivation for government staff. The same goes for the divergence between GoK allowances and Danida allowances. Furthermore, despite the capacity development function of a PSU, a PSU will inevitably leave a gap behind when programmes come to a close. Therefore, while the PSU has been necessary for ASPS, there is also recognition amongst the ASPS partners that PSUs are not a durable solution, as they are parallel structures to government systems.
3.5. ANNUAL JOINT REVIEWS

Three reviews have been carried out during the programme period. They took the form of assessments of progress and recommendations so as to adjust support in light of changes in the programme context, sector developments and effectiveness. All recommendations have been documented in Review Aides Memoire, which have been endorsed by the PSC.

The assessments by the involved stakeholders of the annual joint reviews are positive across the programme. The reviews are especially appreciated for their GoK-Danida joint approach, which has ensured ownership and has contributed to increasing the reviews’ legitimacy and impact. It is the impression that the review teams’ recommendations in the Review Aides Memoire have for the most part been very constructive and relevant for the programme, and they have accordingly to a large degree helped management purposes to make programme and component adjustments during programme implementation.

The first annual review report from February 2007 assesses the first 18 months of programme implementation with a specific focus on the recommendations made by the Inception Review Mission in February 2006. The report noted that programme activities had caught up, especially towards the end of 2006 and, except for APSF, good progress in reaching output targets was observed. However, the review recommended that the PSU addressed the lack of cooperation between the components and that the M&E system for ASPS was finalised immediately.

The Mid-Term Review in May 2008 was carried out following the decision by Danida to phase out of the agricultural sector. The review therefore emphasised that a clear phasing-out strategy should be developed for a number of activities, as it was not considered likely that all activities would continue through support from other sector programmes. It was the opinion of the review team that parts of ABD would be suitable for BSPS II, and that some activities under DASS could continue in the next phase of the Environment Programme Support (EPS). While ABD will continue in some form under BSPS II and NRMP, it was decided in March 2009 not to continue Danida support to DASS.

The last ASPS Joint Review was conducted in April 2009 approximately one year before the expected closure of ASPS. Besides looking at the progress achieved since the Mid-Term Review, the 2009 Review focused on activities that could be supported by the next phase of BSPS as well as the programme activities that should be phased out with regard to future Danida support.

The Review recommended that support to DASS and PSU was extended for six months thereby allowing a full year of implementation and ensuring adequate time for the programme completion procedure. It was furthermore recommended that ABD should be transferred in full to BSPS II. Discussions about the exact future design of ABD are currently ongoing, while it was decided by the Embassy in July 2009 not to extend the support to DASS and PSU for another six months. This decision was received by DASS and PSU with some disappointment, as it was believed to influence the effective implementation and closure of activities.

3.6. PROGRAMME SYNERGY

Coordination across the components has been weak and the intention to pursue synergies has not materialized. The design of ASPS was very focused on promoting synergies, but neither the PSU nor the PSC have been successful in ensuring that this actually happened.

ABD was originally envisaged as the second step of an integrated commercialization process. The intention was that DASS should support farmers to become semi-commercial, and that ABD should then take over and provide support aimed at full commercializing. The combined aim was to increase the cost-effective outreach of agricultural advisory services as well as ensuring that these services were driven by farmer demand, which in turn would promote farmer business orientation.

This combined strategy facilitating synergy between the components in developing agricultural services has only been partly successful. The aim of DASS in the strategy is to support public extension services in developing farmer led advisory services at community level. The aim of ABD is on the other hand to support development of private sector service delivery of professional advisory services and other agricultural services, from private sector agents to farmers with a commercial agricultural outlook, which enables them to pay for such services.

Whereas these interventions have been relevant and successful in terms of achieving their own individual targets, they have not been implemented in a coherent manner thus failing to benefit from synergies between the components. Interestingly, the market fairs

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1 It has meanwhile been decided to phase out EPS in June 2010, but most EPS activities will continue in the new NRMP.
conducted by DASS have also provided a useful platform for ABD in order to promote ABD services. This has not been a coordinated effort, but has nevertheless been beneficial for both parties.

Furthermore, it was originally the intention that experiences from ABD and DASS should inform the national level and there have been a number of opportunities to promote this, e.g. through the monthly ASPS management meetings or through ASCU’s Thematic Working Groups (TWGs). Nevertheless, despite the mostly positive experiences from ABD and DASS they have only to a very limited extent and on an ad hoc basis informed the national level.

The different characteristics of the components are mentioned as part of the explanation. ASCU has been perceived as more prominent compared to the other components due to its national focus. Meanwhile, ADB has gradually developed a strong private sector identity and has considered itself as different compared to the “government components”. Finally, DASS has been very focused on phasing out and delivering on its own outputs thus (more or less unintentionally) abstaining from pursuing synergies with the other ASPS components.

3.7. TECHNICAL ASSISTANCE

The ASPS Institutional Analysis for Technical Assistance is rather wide in its scope. Technical assistance provided through ASPS has accordingly been focused on “areas where international expertise can assist national partners in establishing change processes”. The areas identified in the Programme Document include:

- Strengthening of decentralized and transparent planning systems;
- Testing and further developing demand driven agricultural advisory services;
- Supporting the transition of government institutions in agriculture, from implementers to facilitators of private sector development;
- Facilitating state actors and non-state actors engagement in the national policy dialogue;
- Supporting private sector development;
- Supporting transparent and effective financial management and accountability of the programme.

There have been four advisers and one Junior Professional Officer (JPO) connected to ASPS: One Policy Adviser (ASCU, 2005-2008), one Senior Adviser (DASS), one JPO (DASS, 2005-2008), one Financial Management Adviser (PSU), and one Senior Agri-Business Specialist (ABD). The DASS Senior Adviser and the Financial Management Adviser have both been reporting to the National Programme Coordinator. The ASCU Adviser reported to the Director of ASCU, whereas the Senior Agri-Specialist, who has had responsibility for the management of ABD, has been reporting to the ABD Board. The technical assistance has been appreciated by the national partners and in line with the Danida guidelines for technical assistance; the advisers have contributed to create confidence in the partnership between GoK, institutions and donors.

From the Embassy’s point of view, the advisers have also delivered on their ToR. The advisers have helped to ensure a good and constructive dialogue and have often been used as an entry point for the Embassy in day-to-day implementation.

However, the advisers’ responsibilities towards the Embassy have been somewhat unclear, as they have been reporting to national partners, while being formally employed by Danida. This arrangement has some in-built problems, and while it has not resulted in loyalty conflicts during the implementation of ASPS, the arrangement needs further study. Using advisers as a hub for communication between the Embassy and national partners should also be reconsidered.

3.8. CAPACITY DEVELOPMENT

ASPS has supported capacity development considerably and staff from the respective components have been trained in large numbers. In total, K.Sh. 35,498,467 was spent on ASPS capacity development activities.

Capacity development activities are appreciated for their contribution to the development of individual skills as well as for the activities’ effect on motivation of programme staff.

There have been some attempts to conduct needs assessments of the institutional capacity gaps, but most activities have been planned on an ad hoc basis. Courses offered by the Danida Fellowship Centre are posted regularly and have been sent to national partners, and while they have been good and relevant courses, this practise is not demand driven.

There have been no actual procedures in place within the components to ensure that the trainings were specifically aimed at increasing institutional development and performance. However, ABD has had great success with using courses as inputs to adopt-
ing and implementing a new operational strategy, thereby ensuring that the capacity development was translated into institutional development.

3.9. PROGRAMME SUSTAINABILITY

It is a shared opinion across the Programme that the ASPS objectives and interventions have been – and still are – relevant to the Kenyan context. ASPS has not experienced any serious issues preventing effective implementation of the Programme, and the Programme’s design and flexibility have helped to mitigate unforeseen events.

The fact that ASPS is now coming to an end is therefore regrettable, as the Programme's objectives and means are still considered appropriate. A second and third phase of ASPS would have allowed the partners to fully gain from the experiences made during the first phase of the Programme.

Following the decision to close ASPS, there has not been enough focus on promoting the programme to other donors. An exit strategy, which proactively promoted the continuation of the programme activities, would have been appropriate. Its absence leaves some uncertainty about the future of ASPS activities.

ASCU’s experiences with promoting and coordinating a Sector-Wide Approach (SWAp) within a very complex sector with many stakeholders can serve as an example to other sectors. The basket fund supporting ASCU is likely to continue in some form. The component had a delayed and slow start, but has nevertheless managed to ensure that the agricultural sector is now coordinating its efforts and speaks with one voice. The recent Donor Partnership Forum, where donors met with ministers from the 10 sector ministries is a sign that SWAp can be functional in the Kenyan context.

Following the decision to phase out ASPS, DASS went from being a component with a strong piloting element to a “phasing-out component”, but still the component managed to achieve most of the output targets. The component’s exit strategy has however primarily been focused on closing down the activities in a smooth manner. Not much attention has been given to “selling” the component to other donors. Efforts to cooperate with the Sida supported National Agriculture and Livestock Extension Programme (NALEP) have not borne fruit. It is the view of several ASPS stakeholders that NALEP, which has a more clear-cut focus on providing extension services, could benefit from DASS’s experiences with a multi-sectoral approach.

ABD will continue in some form as part of the BSPS II and NRMP, which will ensure that the good results and relevant lessons learned regarding agri-business development will be carried forward.
LESSONS LEARNED FROM THE AGRICULTURAL POLICY SUPPORT FACILITY COMPONENT

APSF has been implemented through support to ASCU. Sector coordination and development of a SWAp has been a challenge due to the complexity of the agricultural sector, but ASCU has nevertheless achieved a great deal. The structures in place can definitely be utilized further in the future provided that there continues to be the necessary commitment amongst the stakeholders in the sector.
4.1. DESCRIPTION OF ASCU

The component description for the Agricultural Policy Support Facility (APSF) was delayed to allow for the establishment of a more robust framework for the implementation of the Strategy for Revitalizing Agriculture (SRA). Towards the end of 2004, the cross-ministerial Agricultural Sector Coordination Unit (ASCU) was established to lead coordination of the implementation of SRA. GoK provided most staff for the new unit, while Danida, GTZ and Sida provided financial support to its operations through a basket fund. Danida, GTZ and USAID furthermore provided technical assistance through their existing programmes.

Following a functional analysis in mid-2006 and a review in late-2006, the role and responsibility of ASCU was clarified, and a jointly designed programme document was developed involving GoK, Danida, GTZ and Sida. The component was subsequently officially launched in July 2007.

The Agricultural Sector Coordination Unit (ASCU) is an inter-ministerial, inter-stakeholder coordination unit, which was established to address agricultural sector challenges towards the aspirations of the Economic Recovery Strategy (ERS). The sector ministries realized that there was need to form a secretariat that would address cross-sectoral and cross-ministerial aspects of common interest towards the reforms of the sector and its revitalization. To address the agenda of the SRA, six fast track interventions were identified, which were:

- Review and harmonization of the legal, regulatory and institutional framework;
- Restructuring and privatization of the non-core functions of parastatals and ministries;
- Improvement and delivery of research, extension and advisory support services;
- Improvement of access to quality inputs and financial services;
- Improvement of access to both domestic and external markets;
- Formulation of food and nutrition security programmes.

To address these areas, ASCU formed Thematic Working Groups (TWGs) based on ERS’s fast-track interventions, through which expertise from both the private and public sectors would be drawn in the spirit of Private Public Partnerships (PPP) to drive the reform process. ASCU has continued to work through TWGs.

The mandate of ASCU at its inception was to coordinate the implementation of the SRA as well as drive the reform agenda in the
sector. This mandate has been transferred and expanded with the introduction of the ASDS as the development blueprint for the agricultural sector. The ASDS is expected to be launched by the end of June 2010. Therefore, ASCU continues to strengthen and facilitate the development of the SWAp in collaboration with development partners and the private sector. However, ASCU does not implement programmes, which are the mandate of sector ministries. The role of ASCU is further realized in the sector-wide monitoring and evaluation (M&E) process in which it is now consultatively formulating.

ASPS has been supporting ASCU to deliver its mandate. In addressing the fast-track areas, the ASCU component was delivered in four output areas. These were:

- Essential agricultural sector reforms implemented;
- Capacity of public and private sector to deliver service improved;
- Sector-wide approaches in public expenditure and ODA adopted;
- ASCU’s capacity to drive policy reforms enhanced.

4.2. MAIN ACHIEVEMENTS OF ASCU

The late start of APSF affected the roll out of the component. However, since the launch of the component in July 2007, there has been gradual progress. ASCU has accordingly been active in coordinating a SWAp in the agricultural sector, and while there are still many challenges ahead, a continued focus and commitment amongst the stakeholders in the sector will hopefully ensure that these are addressed.

4.2.1. SECTOR COORDINATION

The SWAp has been very slowly but effectively accepted and adapted by the various stakeholders and as a result of ASCU’s efforts, the Technical Committees (TCs) and the Inter-Ministerial Coordination Committee (ICC) are now in place. The sector has made improvements in approaching issues of common interest together and in working in a more coordinated manner.

The sector ministries now work closely in preparation of Medium Term Expenditure Framework (MTEF) budgets, in design and development of joint development strategies and in forging a common approach to issues like environmental conservation and economic stimulus activities. The highest level of ministerial consultations with development partners has meetings whenever there is a common agenda and reviews progress from the previous deliberations.

4.2.2. HARMONIZATION OF LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK

The agricultural sector is governed by over 130 pieces of legislation that require harmonization. The sector further has more than 34 parastatals, some with mandates that overlap or conflict with each other. All these require review and harmonization as well as consolidation. The process was initiated by ASCU and completed in April 2010. The drafts have since been forwarded for further action by the ICC and on to the Cabinet for approval. Instead of the single statute that had been anticipated in the SRA, five bills have been developed for debate in Parliament and eventual enactment into law. Although the process is not complete, it can be concluded that it has gone well.

4.2.3. RESEARCH, EXTENSION AND ADVISORY SUPPORT SERVICES

Progress has been achieved on the development of research, extension and advisory services. The agricultural sector has finalized the review of the National Agriculture Research Systems (NARS) Policy, which is soon to be taken to cabinet for approval. The policy is geared at streamlining the entire research function of the agricultural sector by establishing mechanisms of harmonizing the operations, financing and coordination of the various research institutions, universities and international research organizations in the country in delivering demand driven, adaptive research that responds to farmers’ needs.

The role of the private sector in research is also recognized and embraced in the proposed research dispensation. Besides research, the sector embarked and completed the National Agricultural Sector Extension Policy (NASEP). The pluralistic and demand driven approaches in the NASEP policy indicate a paradigm shift from the way extension is currently carried out in the country.

4.2.4. IMPROVEMENT OF ACCESS TO INPUTS AND FINANCIAL SERVICES

The SRA and the Vision 2030 identified the lack of access to quality farm inputs and financial services as major hindrances to the success of the agricultural sector. Fertilizer price reduction is accordingly a flagship project, which the sector, through the Ministry of Agriculture (MoA), has been addressing.
Efforts towards availing agricultural inputs and credit to farmers have been made and are bearing fruit. MoA has initiated measures like the National Accelerated Agricultural Inputs Access Programme (NAAIAP), which is geared at enabling poor and vulnerable farmers to access free inputs for one acre one season and graduate into regular users later on. Other measures at accessing inputs include the Njaa Marufuku Kenya (NMK) programme and fertilizer subsidies.

There have also been efforts to increase access to credit, including Kilimo Biashara, a collaborative effort between the GoK, Equity Bank and the International Fund for Agriculture Development (IFAD) through Alliance for Green Revolution in Africa (AGRA), which has started bearing fruit.

ASCU, through the TWG on input access and financial services has been developing strategies and coordinating efforts aimed at achieving this goal. Progress and impact have been made on the ground although not quantified.

### 4.2.5. Improvement of market access

Preparatory work has been undertaken to enhance agri-business and value addition in the agricultural sector. This has been through efforts by the TWG on the fast-track area in consultation with relevant stakeholders. A competitiveness forum was conducted recently in which issues of agri-business were discussed. An agri-business policy is being formulated to guide investments and prosperity in the sub-sector.

The National Economic and Social Council (NESC) has shown great interest in the agri-business development and especially the value chain approach in which they have identified nine value chains for development towards economic growth of the agricultural sector.

### 4.2.6. Food and nutrition security programmes

ASCU formed the TWG on food and nutrition security to address issues in this sensitive sub-sector. The TWG formulated a policy and strategy for addressing the food situation in the country. This has since been passed to cabinet for approval. The implementation of some aspects of the policy is already going on, although a proper roll out of the implementation strategy is expected to have a greater impact on the target groups.

### 4.2.7. Preparation of sector development strategies and plans

Besides the fast-track areas identified in the SRA, ASCU has been coordinating the preparation of sector development strategies and plans as well as other cross-cutting issues in the agricultural sector. These include:

1. The ASDS was prepared by aligning it to the SRA and the Vision 2030 and involving all the key stakeholders in the sector. The document has been edited, finalized and approved by all the sector ministries in preparation for the official launch expected before the end of the current financial year.

2. The preparation of the Agricultural Sector Medium Term Plan (MTP) for the period 2008 to 2012 in line with the Vision 2030’s first MTP was finalized with the necessary budget and implementation matrices for the sector. The MTP has since been edited and rolled out by the GoK for implementation.

3. The agricultural sector further embarked on preparation of the Medium Term Investment Plan (MTIP) for the period 2010-2015. The MTIP aims at focusing the investment potential of the sector development programmes by prioritization and allocation of resources to investments with high impact and its focus on returns. The MTIP is in its final stages and will be launched together with the ASDS.

4. The Comprehensive Africa Agriculture Development Programme (CAADP) is a Pan-African agriculture development agenda that aims at spurring agricultural growth in order to stimulate the rest of the economies in the region. It has four main pillars on which agricultural development is hinged. African countries are supposed to implement the CAADP agenda in their countries and Kenya will implement CAADP through the ASDS. However, the New Partnership for Africa Development (NEPAD) requires that countries implementing the CAADP also sign a commitment to the effect, which is called the CAADP compact. Kenya has not yet signed the compact but has prepared it as part of the launch of the ASDS.

5. The development of the sector-wide Monitoring and Evaluation (M&E) framework is being spearheaded by ASCU. The M&E mechanism, once formulated, will be used both by sector ministries and the private sector.

6. A Joint Sector Review of SRA has been conducted for the agricultural sector. The findings indicate the success, failures and lessons learned from the implementation of SRA.
7. Sensitization of stakeholders on the Cooperative Societies Act. After senior officers of the Ministry of Cooperative Development and Marketing (MoCDM) were sensitized on the aspects of the Act in the previous year, it is expected that other categories of officers and stakeholders will be sensitized during the current financial year.

8. The Agricultural Sector Communication Strategy was polished and is expected to put more emphasis on sector-wide communication in an effort to support the NASEP policy rollout. The draft communication strategy is complete and awaiting approval by relevant authorities.

9. Support towards the establishment of Livestock Disease Free Zones continued from the level left in the previous financial year. Financial support to the MoLD was accorded.

10. Private sector associations have been supported and their capacity enhanced in several ways including human and material support in terms of facilities. This however has not been continuing and several associations have expressed disappointment that it stopped just when they were starting to establish a strong base.

11. The Innovation Fund had a mixed start, as there was not full agreement on its purpose. The Fund will however continue with a revised strategy due to the low absorptive capacity of the fund by target groups. The criteria for qualification have accordingly been revised.

12. Demand Driven Extension Service Course. The first training on this was conducted in September/October 2009. The second course was conducted in February 2010 by DASS. The courses were collaboratively organized between ASCU for the Agricultural Sector and Danida. Both courses were successful.

13. Agricultural Development Fund. This was a proposed grant fund that would stimulate agricultural development by plugging a financing gap between the funds normally allocated to the sector at 4-5% towards the targeted 10% of national budgets as per the Maputo Declaration. The fund proposes a grant fund of about 2.5% of the national budget. The concept document was prepared and circulated to the sector ministries to endorse.

ASCU has also been involved in the development of a number of policies for the agricultural sector. Some have already been submitted to and approved by cabinet; some have been signed into law, while others are at various stages of formulation.

4.3. FINANCIAL MANAGEMENT

ASCU receives funding from the GoK and development partners. The development partners’ funding mechanism functions in two ways: through a basket fund and directly through the Ministry of Finance (MoF). The development partners who fund ASCU through the basket are Danida, GTZ and Sida. ASCU also received parallel funding from the EU, World Bank and USAID. EU funds are received directly through the MoF and USAID funds through the MoA.

Danida has supported ASCU with a total of K.Shs. 190 million from 2007-2010, while GoK has contributed K.Shs. 65 million and other donors K.Shs. 238 million during the same period. In total ASCU has received K.Shs. 492 million since the component was launched in July 2007.

By the end of May 2010, expenditure stands at K.Shs. 456 million, which equals 92.7 per cent of the total budget. The expenditure rate has gradually increased from only 6.5 per cent in 2007/2008 to 39.2 per cent in 2008/2009 reaching an expected 47.0 per cent in 2009/2010.¹ 95.3 per cent of the allocated Danida funds have been utilized.

The contribution of government funds has not been without difficulty. The establishment of a SWAp was premised on a collaborative venture between GoK and development partners for which a MoU between the parties was signed. However, besides payment of salaries for government officers attached to ASCU, which was considered the contribution of GoK in kind, there have been difficulties allocating commensurate amounts of funds to the operations of ASCU as expected. Efforts have been redoubled at ensuring this is done and a more positive outlook is expected in the future.

4.4. CHALLENGES DURING IMPLEMENTATION

There have been a number of challenges during the implementation of the APSF/ASCU component. ASCU was formed in 2005, but its actual operations were bogged down by teething problems like unstable staff establishment for a good part of the first three formative years. This has since been addressed although there is still a shortage of technical staff.

¹ Figures for 2009/2010 are provisional as final reports are not yet available.
Sector coordination has been rather difficult, especially with the establishment of 42 ministries in the coalition government of which ten deal directly with the agricultural sector. To coordinate the ten ministries and bring them to cordial working relations was not easy at first, but ASCU has gradually managed to get all the sector ministries on board.

4.4.1. Lack of data
The lack of data has been a big challenge in the planning and evaluation of programmes and projects in the sector. The data available on production is mostly estimated and contradicts facts depending on where it is generated. Except for the export market for which reliable data is available from both the Kenya Revenue Authority and the Central Bureau of Statistics, data on local production and markets is either unavailable or at best estimated and hence misleading.

ASCU is intending to establish a referral centre for database and communication within the sector. This will hopefully avail a validated and reliable database for agricultural sector planning purposes.

4.4.2. Lack of an M&E system
Although ministries carry out M&E on an individual basis, they lack the requisite indicators and proper monitoring tools. Therefore, both data and indicators used have remained the preserve of individual ministries and some are nothing more than field visits and a recording of progress reports.

To establish a reliable M&E process, ASCU has embarked on implementing a joint sector M&E system. This is currently in the second phase of design and is expected to be operational by the next calendar year.

4.4.3. Overlaps of interventions
Although ASCU was established to harmonize and coordinate the reform agenda of the agricultural sector, overlaps still exist in some operations. This is partly caused by the fact that strategies developed to address the overlaps have not been implemented yet. For example, there have been overlaps on extension services with various donor projects purporting to carry out the service through various and different programmes, which tend to confuse farmers.
The World Bank funded Kenya Agricultural and Agribusiness Productivity Programme (KAPAP), Sida sponsored National Agriculture and Livestock Extension Programme (NALEP), the GTZ sponsored PSDA, the DASS component of ASPS and SNV of the Netherlands all carry out extension service in agriculture and agribusiness. This leads to duplication of efforts and confusion of farmers, which the NASEP will hopefully address.

4.4.4. INVOLVEMENT OF THE PRIVATE SECTOR

Private sector participation has been recorded as sub-optimal. For example, although the thematic working groups are supposed to be headed by private sector stakeholders, this is not so for all of them and the participation of the private sector in the agricultural sector has been noted to be decreasing over time instead of increasing, which must be addressed before the sector becomes government dominated again as this would defeat the logic of PPP.

4.5. LESSONS LEARNED

The experiences deriving from the implementation of ASCU are many. The mandate and functioning of ASCU has developed due to events that were not foreseen when the component was designed. Nevertheless, coordination of the arguably large and diverse agricultural sector has gradually managed to pick up pace and deliver results.

4.5.1. SECTOR-WIDE APPROACH

SWAp is a rather new concept in the Kenyan context and a lot of awareness raising and sensitization needs to be done. However, the approach is fast gaining currency within the development sphere as a recognized way to ensure aid effectiveness.

In Kenya, the approach has not only been adopted in the agricultural sector alone, but has made the mode of sharing of the national budget among the sectors. Therefore, though beset by a number of teething problems, SWAp is the way of the future. It is positive that the agricultural sector has embraced SWAp and other sectors could probably learn from ASCU’s experience. As reported in the Joint Sector Review:

- There is strong commitment from most, if not all, stakeholders to jointly contribute to achieving the goals set out in the SRA and now the ASDS in addressing the Vision 2030.
- The central functions that have been set up to plan, support and coordinate the sector work well although still with weaknesses.
- Development partners are positive and contribute quite generously to sector activities.
- There is strong political support to the sector in recognition of its role in addressing the aspirations of Vision 2030.
- Qualified and dedicated people contribute to the work at ASCU, in the TWGs and among donor groups, GoK ministries and departments and the private sector.
- There is a growing sense of sector coherence and common purpose, which manifests itself in, among other areas, the sector biennial conference.

4.5.2. SECTOR COORDINATION IS COMPLEX

The agricultural sector in Kenya is uniquely varied and complex with multiple stakeholders in public and private sectors as well as development partners. This makes it larger than any comparable country in Africa. Sector coordination is a challenge when it is between equal partners who are entirely independent of one another. The feeling is that “we can do without them so why should they bother us”.

The large number of ministries in the sector created by the Coalition Government has had a significant influence on operations of the sector, which poses additional challenges. The continued sub-division of districts from an earlier 71 to the current 258 is another huge challenge especially to ASCU, which has been rolling out “District Coordination Units” (DCUs). This makes it difficult to cope and a reassessment of strategy on devolved structures has become necessary which has also slowed the process to “wait and see” what level of stabilization will be achieved.

The major lesson that ASCU has learnt from the process is that it requires time, tolerance or resilience and a lot of persistence amidst conflicting interests. The learning phase for ASCU is over and the requisite experience gained. It is now time to move forward, improve coordination in addressing challenges and implement reforms.
LESSONS LEARNED FROM THE AGRICULTURAL BUSINESS DEVELOPMENT COMPONENT

ABD is the only part of ASPS that will continue receiving support from Danida. ABD has achieved better than anticipated results on several of the component outputs. Among the experiences deriving from ABD, the triangulated approach to agri-business development should be emphasised. The combined focus on farmers, SMEs and financial institutions in order to create linkages through service providers has proven very relevant. In that respect, SMEs provide an appropriate entry point as SMEs are drivers ensuring that farmers are responding to actual market demands.
5.1. DESCRIPTION OF ABD

The Agricultural Business Development (ABD) component was designed to promote economic growth, employment creation and poverty alleviation through effective advisory services for primary and secondary agricultural production and processing, development of appropriate financial services, ensuring access to market information, and promotion of effective market linkages. The overall strategy is to support smallholder farmers that hold the potential to become more business-oriented and economically active in developing commercial farm enterprises and to link these to Micro and Small Enterprises (MSE) and financial services. The component geographically covers the same districts as DASS1.

The development objective of the component, which is also the immediate objective of the ASPS Programme, is "increased sustainable income of female and male smallholder farmers and agri-based micro and small entrepreneurs in ASPS supported semi-arid districts". The immediate objective is to support 18,000 business-oriented smallholder farmers and 650 viable agri-based MSEs.

The component was designed around three overall strategic considerations. Firstly, smallholder farmers are traditionally poorly organised, which contributes to low farm production and income. ABD accordingly supports empowering of farmer groups and associations in order for them to make a positive and sustainable contribution to the transition process from subsistence farming to business oriented farming.

Secondly, market linkages in the agricultural sector are weak, which contributes to poor access to markets, high transaction costs and low value addition to farm produce. To mitigate this, the component supports agri-based MSEs in linking smallholder business-oriented farmers with the market as well as promoting the process of commercialising smallholder farming by establishing effective business systems and linking the farmers and their organisations to consumers.

Finally, ABD addresses the inadequacy of rural financial services, which contributes to low investments in agricultural production and in agri-based MSEs. This entails appropriate rural financial services through the development of loan schemes established for agricultural production credits as well as for asset financing for the MSE agri-based enterprises, which are furthermore supported with technical assistance and training.

The Micro Enterprise Support Programme Trust (MESPT) is the fund manager for the component as well as the institutional host for the ABD management. As Fund Manager, MESPT undertakes wholesale lending to financial retailers (SACCOs, MFIs, FSAs, Farmers’ Associations, banks etc.) on behalf of ABD using their standard

1 These are Mwingi, Kyuso, Kitui, Mutomo, Makueni, and Kibwezi in Eastern Province and Taita Taveta, Kwale, Kinango, Kaloleni, Kilifi and Malindi in Coast Province.
loan promotion, processing and appraisal procedures and systems as well as monitoring and evaluation procedures. The cooperation between ABD and MESPT has been fairly good and constructive, but there is room for improvement when it comes to creating synergies between smallholder loans and the market.

The component is implemented as a private sector initiative outside Government structures. It does however, harmonise and align its interventions with GoK policies and strategies and to the extent possible links the component activities to existing GoK structures. Nevertheless, from 2009 onwards ABD budgets and work plans have been drawn up according to the calendar year and not the GoK financial year (July-June) as otherwise stipulated by ASPS. One reason for this is to align with MESPT and the private sector as well as RDE.

During the programme period, ABD has strengthened its in-house capacity within a number of areas. Initially, it was the assumption that services related to research and analysis, business planning, loan monitoring and evaluation, management and organisational development, support to production, processing and packaging technology etc., should be outsourced to external consultants. However, ABD has gradually internalized a number of these services through capacity development activities. This has resulted in the increased motivation of ABD staff and ownership of the tasks for example, business plan development and client contact.

5.2. MAIN ACHIEVEMENTS OF ABD

ABD has done better than was anticipated when the component was designed. Despite a number of externalities affecting the implementation directly or indirectly, including drought, the post-election turmoil, and an increase in the number of target districts, most of the targets set out in the component document have been achieved and several have even been surpassed. At the end of 2009, the output performance is more than satisfactory and good lessons have been learned.

5.2.1. FARM ENTERPRISE DEVELOPMENT

The number of business-oriented farmers supported is well above the target of 9,000. As of end December 2009, 37,303 farmers had been served, which exceeds the target by 414%. The farmers receive support both as individuals and as farmer groups. The support is typically concerned with capacity development, product certification, support to development of business plans, loan monitoring, market identification and linkage support.

The achievements under this output can, to a large extent, be described as successful. One reason for this is the ABD presence in districts where close contact to farmers can be realised. The other contributing factors include:

- Working through a pool of private local service providers;
- Providing market support thus creating the pull for production;
- Focusing on individual farmers although using farmers groups as entry points;
- Complementing technical training of farmers with business skills;
- Specialized support e.g. certification to enable farmers to access niche markets.

“Farming is business” is ABD’s message in Makueni District. Julius Ndemange joined other mango farmers working with ABD in 2006. He had just 100 mango trees that earned him about K.Shs. 40,000 per year. Following opportunity seminars by ABD and support to commercialization of smallholder production, Julius has increased his tree count to 600. In 2009, he earned K.Shs. 357,000 mainly resulting from improved quality management. Despite experiencing significant drought during the year this is about K.Shs. 600 per tree per year.

He has seized opportunities with his on-farm nursery for the sale of seedlings thus capitalizing on the drought in 2009 that saw a substantial number of mango trees dry up. He acquired 4,000 rootstocks from KARI Thika at a cost of K.Shs. 20,000 and retailing at K.Shs. 40 each. Demand for seedlings is high, with one leading local mango buyer paying K.Shs. 120,000 for 3,000 seedlings in one single deal.

As he has in the mango market, Julius scouts other opportunities and has rapidly diversified. In 2009, he won a seed production contract from KARI for beans and cowpeas. The two crops, earned him K.Shs. 40,500 and K.Shs. 43,200 respectively. He anticipates about K.Shs. 250,000 in the 2010 season.

Julius has invested the returns into a computer bureau for his daughter in Mombasa worth about K.Shs. 200,000 and increased his shares in the Kalamba Financial Services Association. Julius has indeed discovered the secret of farming is business!
5.2.2. MSE Agri-business development

Even though a positive trend can be identified, the number of MSEs/SMEs supported is behind schedule. By the end of 2009, in total 303 MSEs/SMEs had been assisted towards increasing their growth and the development of their businesses as well as in establishing links to smallholder farmers and markets (target: 500).

A further 1,118 private service providers (PSPs) had been supported within various areas (target: 650) and some of these have developed into SMEs. The numbers related to support to MSEs/SMEs and PSPs might accordingly have a different actual distribution. ABD plans a further analysis of the numbers, as some PSPs are now SMEs.

Support to MSEs/SMEs typically takes the form of technical assistance, marketing, export, development of business plans, accounting and financing, certification and financing through MESPT and other partners. Support to PSPs has been very successful. PSPs are normally able to attain a solid income from selling services to smallholder farmers.

5.2.3. Rural financial services

ABD/MESPT are working in partnership with financial retailers that provide loans to smallholder farmers in the target districts. These include financial intermediaries (SACCOs, FSAs, MFIs, and Farmers Associations), which provide lending for business-oriented smallholder farmers and MSEs.

In total, as of 31 December 2009, 78 loans had been appraised, approved, and wholly or partly distributed. The loans represent a total of K.Shs. 340 million disbursed. The size of the loans whether issued to first time borrowers or repeat borrowers are determined on a case to case basis, taking the track record and business plan solidity into consideration. 17,543 individuals had received new loans and replacements from financial intermediaries by the end of 2009, which stands against the target of 18,500 (96%). Direct capacity building support to eleven MFIs has been carried out with success.

According to an assessment of MESPT in April 2009, its performance is considered satisfactory; applicants are in general appreciative and the loan repayment rate is 98%-99%. The repayment rate is to a large extent due to the fact that ABD district staff are involved in loan appraisal and monitoring.

5.2.4. Crosscutting issues

All annual and semi-annual ABD reports include description of progress in relation to promoting environmental sustainability and gender equality, and all reporting includes sex-disaggregated data. No specific attention is given to the promotion of human rights and democracy.

Environmental issues are given a high priority whenever a value chain or SME is being supported under ABD. Environmental issues are accordingly addressed in relation to SME investments, ABD training of IPM service providers, and in relation to approval of loans e.g. NEMA approval. Furthermore, Environmental Impact Assessments are always carried out in relation to investments in infrastructure. Environmental Assessments are also a standard requirement in SME business plans.

Gender equality is integrated into all the activities such as training of service providers and selection of the farmers into groups. ABD interventions are generally meeting the needs of both men and...
women, but this is to a large extent dependent on the traditional division of labour between men and women in the various value chains or districts. Accordingly, in Kwale the percentage of women who have benefitted from ABD activities is almost 80%, whereas only 24% of the beneficiaries in Makueni-Machakos are women.

5.3. FINANCIAL MANAGEMENT AND STATUS

As of 31 May 2010, ABD had used K.Sh. 694 million of the total budget of 720 million (96.4 per cent). The expenditure rate has been relatively stable, i.e. 14.0 per cent in 2005/2006, 23.8 per cent in 2006/2007, 18.5 per cent in 2007/2008, 22.1 per cent in 2008/2009 and 18.2 per cent of the total budget in 2009/2010. During the same period ABD’s loan fund has created an income to MESPT of more than KES 40 million.

The Embassy has disbursed funds quarterly to the ABD Component account, under the ABD Management based on satisfactory financial reports for the penultimate quarter. The ABD budgeting and funds flow processes are illustrated below:

One of the reasons for ABD’s achievement is the direct funding from the Embassy, which has always come without delays. As a private sector initiative this is important. On the other hand ABD has run a cost efficient operation and has made efforts to provide solid budgets, which in some cases have been nearly 100% on target.

5.4. CHALLENGES AND LESSONS LEARNED

ABD has been successful in adopting a triangulated approach to agri-business development. The approach involves a strategic focus on farmers, SMEs and financial institutions and aims at creating linkages between the three by supporting service providers. As such, the component has managed to implement the three outputs in a coherent and synergetic way, which is an important explanation of the positive achievements. A number of lessons can be learned from this approach and the most prominent are presented below.

5.4.1. SMEs as the entry point

ABD’s triangulated approach to agri-business development includes three primary beneficiaries, namely farmers, SMEs and financial institutions. What has been an important lesson from implementing

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1 Figures for 2009/2010 are provisional as final reports are not yet available.
this approach is that SMEs provide a very good entry point. SMEs have strong incentives to ensure that smallholder farmers are familiarized with productive farming methods and that they use correct farming inputs as this ensures that the produce is stable in quantity and good in quality thus attaining a higher selling price.

Farmers tend to consider price the most important parameter when buying seeds and quite often this is reflected in the produce. Several examples of poor harvest or poor quality of crops have been reported as a result of the use of poor and uncertified seeds. By linking farmers to SMEs, the use of quality seeds is often made a requirement since the SMEs know that crops can only be sold or receive a higher price if quality seeds are used. The SMEs therefore push for improved methods and farming inputs, which in the end results in higher prices and income for the individual farmer.

5.4.2. Strategic approach to capacity development

ABD’s orientation towards SMEs as the most relevant entry point to agri-business development has been further supported by capacity development trainings offered by Springfield Centre for Business in Development. Courses in “Making Markets Work for Enterprises in Africa” have had a great impact on the strategic focus of ABD interventions. This is called the M4P approach, which consists of 4 pillars: Market Survey, Systemic Market Change, SME and Producers.

The courses and implementation have underpinned a gradual re-orientation in ABD intervention logic and have helped to achieve a consistent approach to agri-business development, which has further increased the output performance of ABD.

5.4.3. Financing must complement value chains

The use of Value Chain Analysis as a way to categorize generic value adding during the processing of commodities is key to ABD. The intention is to analyse the chain of production thereby identifying untapped potential along the value chain and possible ways to upgrade the chain.

One of the important aspects of introducing value chains is to ensure that appropriate financing is made available to the stakeholders. Combined with training, this offers a complete package for farmers and/or SMEs.

5.4.4. Private ownership provides incentives

There is strong evidence deriving from ABD that the private sector approach and especially the extension of small loans spur sustainable entrepreneurship in local communities. At community level, ABD experienced some challenges in the beginning of the programme, as there were signs of rising donor dependency in the communities. The need for support activities was apparent, but many farmers had become used to getting services and farm inputs for free. Incentives to enter into obligating relations with financial institutions were lacking.

One lesson learned is that if an institution provides good support, farmers and SMEs are more than happy to pay for the service e.g. linking to financial institutions and ensuring financing. Another lesson learned is that where ABD takes responsibility in an MoU between farmers and SMEs (to honour an agreement) the success rate is good.
There are many good lessons to be learned from DASS. The component has achieved most targets set out in the Programme Document and several have been surpassed. DASS’s multi-sectoral approach to delivering extension services has especially contributed to this, and other programmes and projects could very well build on this approach. Furthermore, the experiences from DASS clearly demonstrates that farming communities are indeed relevant entry points for programmes operating in ASALs. This includes the new NRMP.
6.1. DESCRIPTION OF DASS

The Decentralized Agricultural Support Structures component supports agricultural development in twelve programme districts, which are similar to ABD’s target areas. DASS is geared towards enhancement of the delivery of public sector services, primarily agricultural advisory services and rural infrastructure. The immediate objective of DASS is to establish an effective support to smallholder farmer development through inter alia public sector services at district level and below. By the end of the programme period, it is anticipated that 80% of male and female smallholder farmers in ASPS target locations will appreciate that the services provided have improved and have helped them to develop viable economic businesses.

One of the main entry points of DASS is the strengthening and enhancement of planning procedures such that the needs of smallholder farmers are well represented and integrated into coordinated district plans. The component facilitates the transformation of public extension services to become facilitators of privately provided extension services. DASS furthermore complements government and community resources in implementing prioritised rural infrastructure improvements that contribute to agricultural development and support capacity building in district and sub-district level institutions.

The DASS Core Management Team includes the DASS Coordinator, the DASS Adviser, the liaison officer from MoLD and the two provincial DASS advisers. This setup has been a well functioning management unit producing regular monthly DASS work plans and progress reports and being able to address immediate challenges experienced in the district implementation model.

On the district level primary coordination has been between DAO and DASS liaison officers, and the ASPS finance team in the provinces has worked closely with provincial DASS advisors. DASS has however not been very active in engaging the provincial level of administration. This would probably be necessary if the programme were to continue since the districts have become too small and insignificant for meaningful coordination. Activities related to infrastructure would especially be dependent on larger administrative units.

The DASS component was meant to pilot different extension approaches and models aimed at exploiting opportunities for improved sustainable extension services with a view to developing these services further in the planned second and third phases of ASPS. As it became clear that ASPS would not continue after the first phase, the focus shifted from piloting new extension services to phasing out the component and programme. However, the attention on piloting and communicating with others was not lost and DASS continued delivering on its outputs.

Like the other components, DASS was intended to be a long-term support to the agricultural sector. The shortened programme period therefore had a big impact on the implementation of the component. First of all, attention became more focused on completing the planned activities in a timely and sustainable manner. The establishment of proper sector wide operational mechanisms at district level took time, which affected the activity level during the first two years. The following years were expected to be full implementation years but became phasing out years. This resulted in increased workload at all levels of the implementation structure.

Furthermore, the opportunity to pursue synergies through cooperation with other components was weakened, as it was not considered appropriate to roll out new initiatives or invest in the development of joint approaches. The process related to NASEP could have been an obvious entry point for cooperation between DASS and ASCU, but DASS was never actually consulted or involved in the process and is not represented in the ASCU thematic working group (TWG) on research and extension.

DASS has at times been held back due to a lack of inter-ministerial cooperation, which has prevented exploiting some obvious the-
matic and operational linkages with the Extension Departments in MoA and MoLD. A stronger link to the Extension Departments was wanted by some but not prioritized by all. This was unfortunate since DASS could probably have achieved even more had these linkages been exploited. The ASPS/DASS relationship with both departments improved over the programme period, and MoLD has also been represented at the monthly ASPS and DASS management meetings through the deputed MoLD Liaison Officer.

The creation of new districts has continued throughout the programme period and the latest count in June 2009 indicated that out of the seven original districts identified in the programme documents there are now as many as 33. Therefore considerable amounts of guidance, backstopping and capacity building from the DASS central level and Finance Team have been necessary in order for the districts to successfully implement and report on their work plans and budgets.

6.2. MAIN ACHIEVEMENTS OF DASS

The ASPS/DASS Programme Documents were prepared based on the ERS/SRA policy frameworks and poverty reduction strategy. DASS district funding has accordingly had a strong poverty reduction focus in all activities, its target groups being small and marginal farmers.

DASS has achieved a lot on delivering the component outputs. This has been done despite the severe consequences of the serious and prolonged drought during 2008 and 2009, which had obvious effects on crop and livestock production in Eastern and Coast Provinces. The development objective of DASS to increase the income of smallholder farmers and agri-based micro and small-scale entrepreneurs in the programme districts was hampered – estimates indicate that production of crops and livestock may even have declined in some districts. Nevertheless, farmers with increased irrigation capacity (new or rehabilitated) reported increased production and income, which points to DASS’s achievements in providing irrigation and to the importance of water in ASALs. In the long run some income increase can be expected as a result of training and better-organised groups as well as improved rural infrastructure.

6.2.1. AGRICULTURAL ADVISORY SERVICES

Training of Community Level Workers (CLWs) and Farming Trainers (FTs) has improved the linkage and communication between farmers and public/private extension. The formation of new farmer groups and extensive training in “Farming as a Business” (FaaB) has increased contact to and communication with extension services. There are many examples, both in crops and livestock, where farmers and farmer groups have changed their approach and started to produce for the market in a more commercial way.

The number of smallholder farmers who have received support from DASS for the production of viable agricultural enterprises has surpassed the target of 60,000. Approximately 15,000 farmers have received direct support through training in farmer groups. Indirectly, an estimated 21,000 farmers have been supported by CLWs and FTs and at least 50,000 farmers have received advice through information features on local radio and by visiting Agricultural and Livestock Information Desks (ALIDs).

Many CLWs have been able to start businesses on a limited scale based on the various skills they have learned and now mastered to a variable degree. A comprehensive CLW curriculum has been developed for a number of skills and is being used in the district trainings.

**Farming as a Business – the story of Fundisa Orphan Crops Group**

The Fundisa Orphan Crops Group was registered in November 2007. Prior to this, divisional staff from the DAO’s office in Malindi trained the Farmer Group. The FaaB training covered issues on farm layout and plans, identification and prioritizing the best enterprises, market access and calculation of projected income statements and gross margins.

The Fundisa group chose cassava as their main activity, because they were used to growing this crop and because the extension staff could provide them with new and mosaic virus resistant varieties from the nearby research station. Cuttings of the different new varieties were planted in a one-acre plot on the Chairman’s farm and later distributed among members.

In June 2009 the Chairman has expanded to growing 4 acres of different new varieties and the same is the case for most group members. During the drought, the price of food went up. Cassava proved to be a secure crop under these conditions, and the Group was able to harvest a fair crop and sell at a high price, not only to the nearby market in Gongoni, but also to individuals as far as 10-15 km away.

Neighbouring farmers are interested in buying fresh cuttings from the new varieties to plant in their own fields. This has become a steady and good income for group members and cassava is paying well. Calculations show that a one-acre investment of K.Shs. 13,420 in one year can achieve a selling price of K.Shs. 59,000.
6.2.2. **Rural Infrastructure**

The road spot improvement projects, following the “Roads 2000” approach based on local labour and participatory interventions have generally been very successful. They have led to direct visible improvements and benefits for the surrounding communities.

Through 95 individual roads contracts/projects, a total of 1,047 kilometres of feeder roads have been spot improved and have been included in Kenya Rural Roads Authority’s (KeRRA) annual maintenance schedule (target: 470 kilometres).

Road spot improvement has allowed easier farmer access to markets and input supplies, increased commodity prices and thereby indirectly supported income opportunities. Furthermore, community involvement in road spot improvement activities has enhanced ownership and enabled communities to link the realized benefits in terms of improved farm gate prices to the improved road network.

The original list of prioritized minor roads ought to have been reviewed and revised midway through the Programme in a participatory process involving the relevant Location Development Committees (LDCs). There is obviously a great deal of interest from local leaders and politicians in improving the local roads network, and therefore strictly following well documented priority lists is important when funds are limited.

124 small-scale water structures for subsurface water storage for livestock drinking water have been completed and are functioning (target: 30 projects). These especially support meat goat enterprises, which are essential in ASALs. 1,516 Ha of smallholder land has been put under irrigation through new and rehabilitated irrigation schemes (target: 1,000 Ha). DASS has mainly been financing structures to improve water abstraction and reduce conveyance losses thereby increasing efficiency and productivity.

Furthermore 28 projects aimed at improving local markets, auction rings and slaughter sites have helped to heighten the quality of the produce being handled there as well as contributing to ensuring competitive prices to farmers (target: ten projects). Improved surveillance of livestock diseases is one specific outcome of the improvements and it is now important that increased revenue collection by local authorities is used to maintain the facilities in future.

6.2.3. **Public Service Delivery**

Improved and transparent delivery of services has been achieved through training of district and divisional staff. By end 2009, a total of 866 district and divisional staff have received training in Faab, bottom up planning processes and computer proficiency (target: 200 people). Furthermore, 100 Locational Development Committees

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**Irrigation is Crucial – the Kakoneni example**

About 40 km west of Malindi a great celebration was held on 19 March 2010 to mark the achievements the farmers there had made over the past six months due to an irrigation scheme. And it was indeed something to celebrate.

A year earlier, in April 2009, the Review Mission visited the irrigation scheme. The area was identified as a potential irrigation area in 1995, and the farmers now realized that something was actually happening. The Irrigation Department together with the DAO laid out plans to provide water to approximately 80 acres of these very dry and very fertile soils.

The Review Team encouraged the farmers’ group to continue working together and reminded them that irrigation is not an easy business – it can take years to learn the skills. The DAO’s office, supported by DASS and ABD, held workshops for all stakeholders in June 2009 and came up with an ambitious action plan with a clear aim: “There must be water in the pipes by 1 September 2009!” Farmers gave it a real go on the in-field works, and with only a small delay water started flowing into the pipe system in late September.

At the same time the Provincial and District agricultural administration gave the Kakoneni Farmers Irrigation Group a new challenge. They became one of the projects under the “Rapid Results Initiative”, an extension tool designed to fast track production and enhance food security in the province. And again the group was up to the task! Barely 6 months from the day when water started trickling into the first plot, it was very visible that here were great results.

There are now 60 farmers participating, 39 women and 21 men, and though the potential is 77 acres so far only 20 acres are under regular irrigation. Still, 20 farmers have a contract to grow ABE chillies and others grow tomatoes, okra, sweet pepper, bananas or maize.

A farmer, Madam Kache Kenga, has experienced how her life really changed when water came to her half-acre plot. She is one of the most successful chilli producers in the group, and in February 2010 she recorded a gross income of K.Shs. 16,000. A serious income for someone who all her life has been a subsistence farmer. She is now able to employ 3 casuals to assist in picking African Bird’s Eye chillies for export.
(LDCs) have been reached and trained in bottom up training procedures, proposal writing and funds sourcing (target: 100 LDCs).

FaaB is only a beginning and needs continuous follow-up to the same groups by qualified public or private Extension Officers in order to support the groups to organize informal Farmers’ Associations or registered cooperatives. The concept of farming as a business is easily adopted by groups, which have been trained on basic agronomic practices of selected enterprises, e.g. former farmer field schools as opposed to dealing with newly formed groups. This is a long term and continuous process.

As regards to the appointment of NGOs to oversee and monitor service delivery, only five districts managed to recruit an NGO, and only in Malindi and Kilifi districts did the NGOs perform satisfactorily as a link and feedback mechanism to the local community and administration (target: seven NGOs).

6.2.4. Market information
DASS has supported annual district producer fairs to promote and encourage linkages between the farming community, traders and business people. The fairs give farmers and farmer groups an opportunity to display their produce and seek information on prices and market opportunities, and traders to present their farm inputs and products.

This very popular and relevant activity could well continue for years to come as a joint event with costs shared between the Farmers Forum and the local business community, possibly supported by both public and private extension services.

A total of 46 district producer fairs have been conducted with an aim to enhance the facilitation of market access and linkages and in total 16 producer fairs were held in 2009/2010 (target: 14 producer fairs annually). Sixteen district Agricultural and Livestock Information Desks (ALIDs) and 57 divisional ALIDs have been created and are now fully functional (target: 40 ALIDs). The target was altered by the creation of new districts in 2008.

ALIDs have been supported in all districts and divisions where DASS is working, and Extension Officers have been trained in communication skills and material development at the Agricultural Information Resource Centre (AIRC). The ALIDs have proved they can be vital points of information on all subjects relevant to rural communities at large. Well managed, they can provide up to date relevant information material and answer immediate questions from farmers on agricultural and livestock issues of current interest.

6.2.5. Cross cutting issues
Environmental issues have been integral parts of the basic FaaB course and the Business Planning Sensitisation course given to divisional agricultural and livestock officers. Curricula for training of Community Level Workers in Soil and Water Conservation Skills and Pasture and Fodder Conservation Skills have been developed and environmental plans have been incorporated in DASS supported infrastructure projects.

Issues related to governance have been addressed indirectly by DASS through the strengthening of bottom-up planning processes in the areas of intervention in order to give farmers a greater say in development planning in their communities.

There has been a deliberate attempt to have a gender balance in planning workshops, trainings etc. although this has not always been fully possible due to the fact that female agricultural officers are thin on the ground. Gender issues have been included in the basic FaaB course and the Business Planning Sensitisation course given to divisional agricultural and livestock officers.

Similarly, HIV/Aids issues were discussed during the basic FaaB course and the Business Planning Sensitisation course, and HIV/AIDS awareness has been incorporated in the farmer-training curriculum on FaaB. Pamphlets on HIV/Aids issues have been made available at the ALIDs in the districts and divisions.

6.3. Financial Management and Status
The total DASS budget since the programme was launched in 2005 is K.Shs. 1,307 million, of which K.Shs. 1,143 million had been spent by end May 2010 (87.5 per cent). Of the total expenditure, K.Shs. 954 million was Danida funds and K.Shs. 190 million was GoK counterpart funding, which mainly covers operating expenses i.e. fuel, vehicle maintenance and allowances.

The expenditure rate under DASS was rather poor during the first two financial years (2.4 per cent in 2005/2006 and 12.3 per cent in 2006/2007). However, expenditures have picked up speed since with 22.3 per cent spend in 2007/2008, 28.4 per cent spend in 2008/2009 and expected 22.0 per cent in 2009/2010.

1 The Danida budget was revised following the Mid-Term Review in May 2008, which recommended a reallocation to the DASS component from unallocated funds. The increased DASS budget has been used on improvement of rural infrastructure and courses in “demand driven agricultural advisory services”.

2 Figures for 2009/2010 are provisional as final reports are not yet available.
It is expected that DASS will be able to spend all the allocated funds before the programme ends in June 2010. The majority of the unspent funds have been approved for projects under the infrastructure component, and implementation of infrastructure projects are normally picking up speed towards the end of the financial year.

The accounting procedures of DASS have generally been well functioning and few major problems have been experienced. The flow of funds is illustrated in the diagram below:

DASS implementation through GoK systems has worked well – especially due to the active participation of the accounts section under the PSU. Good and constructive working relationships with the district accountants are key if the DASS setup is to be functional.

The most significant challenge faced by using government systems has been regular delays in disbursement at district level. The process from request to disbursement in districts has typically taken 2-3 months, primarily due to slow processing in government offices. Consistent follow-up is therefore a requirement. The delays have however usually not affected implementation of activities in districts.

At district level funds have been managed by District Agricultural Officers (DAOs), but there has at times been some competition between the involved sector departments, who have been attempting to get their own budgets. The DAO has nevertheless been the right and relevant coordinator at district level, which has also ensured that DASS maintained its agricultural identity and focus.

6.4. CHALLENGES AND LESSONS LEARNED

DASS has generally been successful in achieving the component targets. There have been a number of obstacles during the implementation but in most cases pragmatic and relevant solutions have been identified and implemented.

Below some of the major lessons deriving from the implementation of DASS are presented. There are however more lessons to be learned from DASS. Further elaboration of DASS’s effects and approaches can be found in the effect study conducted by Tegemeo Institute of Agricultural Policy and Development.3

6.4.1. Multi-sectoral approach

From an overall component point of view, the DASS concept of placing funds in the districts to be administered in a multi-sectoral set-up has proven to be a very effective implementation model. And it can function provided there are very clear work plans and budgets detailed to sub-activity level, which are constantly reviewed, reported upon and audited. The DAO can play the role of coordinator in a district managed “agricultural/multi-sectoral” programme. It is important that the DAO has clear operational guidelines, and each sector/stakeholder should know their budgets and responsibilities as well as the general component rules and procedures.

Similarly, stakeholders must have the requisite capacity to facilitate smooth implementation of their responsibilities. During the programme period a number of new districts were carved out of the old districts and some have had limited staff capacity. In particular the water and irrigation offices have lacked technical expertise and there is an acute shortage of staff in the Department of Social Services.

The Sida supported NALEP, which has a more explicit focus on providing extension services, could probably benefit from DASS’s good experiences with a multi-sectoral approach.

6.4.2. Water is the priority need

"Improved irrigation is critical to increasing agricultural productivity. In this regard, incentives will be provided for farmers to invest in energy- and water efficient irrigation systems and technologies”

If there is one major lesson learned from working in ASALs it is that water is the priority need in the areas. During the years 2008-2009 the ASALs where DASS has been operating experienced serious and prolonged drought, which recur regularly throughout Kenya. Small community based water projects, in particular sand dams, sub-surface weirs in riverbeds, and shallow wells are needed in large numbers to secure water for domestic use, for livestock and agricultural production.

The priority of the DASS component was initially on community based small water structures to secure water for livestock, but during a period with serious drought any available water will be used for all necessary purposes. There are many examples in DASS supported districts where successful sand dams have greatly reduced the walking distance to a reliable water source.

6.4.3. Involvement of farming communities

There are many programmes ongoing and planned that will address natural resource management issues in the ASALs. It is important that they always directly involve the farming communities and the local extension services since agriculture and livestock production and NRMP must work hand-in-hand.

It has also been noticed that in many programmes the support to local communities will be available through various project funds and foundations. Such support, technical and financial, will not necessarily be offered on site but will have to be applied for and sourced through formal and often rather complex application procedures. In most cases the local communities will need a guiding hand and some assistance to be able to formulate and present such applications.

The courses on “Project Proposal Writing and Sourcing of Funds”, which DASS offered to around 200 District Social Development Assistants and District Agricultural Extension Officers/District Livestock Extension Officers should be further developed and capacity at division level and below should be strengthened to make sure the right target groups are reached.

It is the DASS experience that officers from the Social, Agricultural and Livestock Departments are those who reach furthest in the field and are best placed to assist the rural and farming communities.

6.4.4. Joint ventures between government and counties

The DASS model of a 50/50 joint venture between Central Government (MoA) and Local Authorities (County Councils) has been a real challenge, but it can work if there is a very clear and signed MoU on each individual project.

The approach was used in relation to the improvement of local markets, auction rings, slaughter slabs and the like. It has increased business potential and brought traders closer to the farmers and opened opportunities for more local trade. This approach to joint local/central authority implementation is now being copied by other programmes and is one of the valuable lessons to be carried forward.

6.4.5. Community Level Workers

Private service delivery has proven to be a challenge and might not be durable in the short term. The training of CLWs has resulted in improved knowledge and skills, and it was envisaged that CLWs would be able to sell their services in the local communities. How-
ever, whereas delivery of actual concrete skills can be sold, “advisory services” have been difficult to sell to farmers.

CLWs have not been fully appreciated as partners in the extension/advisory systems. For CLWs to be successful in the longer perspective, they should have good networks and institutionalized associations and be accepted, guided and supported by the general extension services staff.

There must be clear guidelines for what they can offer and how far they can go in advising fellow farmers. To maintain quality of work they should also be offered regular follow-up training by the public extension system in the skills they practice.

6.4.6. Involvement of radio stations

Extension through local radio programmes is popular and effective and could very well be scaled up or used in other contexts. Each District/Region should have at least two officers (MoA and MoLD) trained in radio programme production, and charged with the responsibility of continuously bringing updated reports and recordings from the field as well as agricultural news updates.

To ensure timely release of fresh information to the clientele a first editing of the recordings should be done by the trained radio officers and procedures for release to the local media should be anchored at the district agriculture and livestock offices. AIRC with its radio production unit is well placed to train and support the local radio officers and should be the link to national MoA/MoLD offices.

In most cases local radio stations are keen to air such news for free. Radio recordings, in particular farmer interviews, have proven to be an attractive audio-element in some ALIDs. The connection between radio and ALIDs officers should be further explored.
The results achieved through ASPS indicate that the programme generally has been successful. There has been good output performance across the components, but it is still too early to assess the actual impact of these efforts. The different approaches adopted by the components have faced a number of challenges, but positive lessons can be reported. Some of the major experiences and lessons from ASPS are presented below.
7.1. INTRODUCTION

ASPS’s objectives and design have been relevant and most outputs have met – some even surpassed – their targets. The decision to close ASPS and not continue with a second and third phase is unfortunate as objectives and activities are still considered valid and relevant. The early closure of ASPS also prevents us from benefitting fully from the experiences gained during implementation.

One of the intentions behind DASS was to promote and pilot new approaches to decentralized extension services during the first phase of ASPS and implement them on a larger scale in the following phases. When it became clear that ASPS would be closed after the first phase much of the attention was turned towards a smooth completion of the component activities. Accordingly the focus assumed a slightly different objective than intended, focusing on closure instead of piloting. Good lessons can nevertheless be drawn from DASS.

The support to ASCU was only officially launched in 2007 and actual implementation of the component was delayed as staffing of the unit took some time. It was not until 2008 that ASCU started delivering on its objectives. However, ASCU has achieved good results during the relatively short implementation period, and other sectors are now looking towards the agricultural sector as regards to development, implementation and coordination of SWAp. Other sectors could learn from ASCU’s approach to sector coordination.

Only ABD is expected to continue as part of NRMP and BSPS II and thus benefit from the primarily positive experiences gained during ASPS. The exact future setup and objective of ABD is still to be decided, but the lessons learned will provide a useful platform.

7.2. PROGRAMME MANAGEMENT

ASPS has not experienced any serious issues preventing effective implementation of the programme. The management of ASPS has been functional at both component and programme level. The ASPS Programme Steering Committee (PSC) has avoided “micro-managing” and has demonstrated the necessary flexibility when required. For example the PSC approved a “business-as-usual” approach when DASS/ABD target districts were split up following the gazetting of new districts. This ensured smooth implementation despite administrative hiccups.

However, the PSC has not been providing technical and strategic guidance on implementation and coordination between components vis-à-vis the Component Steering Committees. Likewise, the
Component Steering Committees have not adequately been addressing issues of technical and strategic importance.

The ABD Advisory Board, which adheres to a private sector approach and setup has worked well, but a leaner Board working on professional terms would probably have been more effective. Experiences from similar setups in other Danida supported agricultural programmes have shown that a Board consisting of six members who receive a token fee based on their attendance at meetings increases the effectiveness.

7.3. THE PROGRAMME SUPPORT UNIT

ASPS could probably not have achieved the same results without the PSU. Nonetheless, the PSU helped to kick-start the programme and has contributed to the programme’s flexibility, effectiveness and close alignment to GoK systems.

But it is also recognised that a PSU is not a sustainable setup and other setups should be considered in the future. One option is to outsource the key programme support activities, such as programme start-up, M&E, and implementation of capacity development activities. This would ensure that stakeholders have access to the necessary backstopping support. It would furthermore contribute to increasing performance-oriented programme support as well as benefitting from and strengthening local consultancy firms’ expertise.

7.4. FINANCIAL MANAGEMENT

The contribution of government funds to ASCU has entailed some difficulties. The establishment of a sector-wide approach was premised on a collaborative venture between the GoK and donors for which a memorandum of understanding between the two parties was signed. However, besides payment of salaries for the Government officers attached to ASCU, which was considered the contribution of GoK in kind, the latter has had difficulties in allocating commensurate funds to the operations of ASCU. Efforts have been redoubled to ensure this is done and a more positive outlook is expected in the future.

The ASPS financial management has worked well. Disbursements from the Embassy to the components based on satisfactory financial reports have been made without delays. Especially for a private sector initiative like ABD direct funding without delays has been crucial to its operations.

DASS financial management using government systems has been functioning well despite some challenges. The active participation of the PSU has been a requirement for the DASS approach to work. Good and constructive working relationships with the district accountants are furthermore a precondition if the setup is to be functional.

7.5. CHALLENGES AND LESSONS LEARNED

7.5.1 Programme coherence

ASPS has not been successful in terms of achieving synergies across the components despite clear intentions in the programme design and numerous opportunities during programme implementation. Instead ASPS has turned into a 3-in-1 programme, where each component has been focused on delivering on individual component targets.

The limited programme coherence is partly explained by the components’ different characteristics. ASCU has to some degree been seen as having a higher status compared to the components, which is explained by ASCU’s national approach. Similarly, ABD has developed a strong private sector identity and has thus seen itself as different from the “government components”. In terms of DASS, the decision to close ASPS after the first phase partly explains its detachment from the other components, as the decision more or less unintentionally made DASS management turn its attention “inwards”.

The PSU has made some efforts to coordinate activities through monthly management meetings. The monthly meetings have been appreciated across the components, but the meetings have mostly had an informative agenda and have not increased actual programme coordination, which has also been the case for the PSC. The need for coordination between the components has been a recurring issue in Review Aides Memoire, which however note some progress during implementation.

7.5.2 Partnership

There has been a considerable degree of trust amongst the ASPS partners. The components have used their decision-making authority, and the Embassy has not been interfering or involved unnecessarily in programme implementation, with the exception of on issues related to disbursements, accounting and auditing.

Occasionally, the PSU could have used the Embassy to push for “unpopular” or controversial decisions, but the Embassy has de-
7. Experiences from the Agricultural Sector Programme Support

7.5.3 Technical assistance

Technical assistance has been much appreciated by the national partners and the advisers have contributed to creating confidence in the partnership between the GoK, institutions and donors as well as supporting and managing effective implementation of the programme.

The advisers have helped to ensure a good and constructive dialogue and have often been used as an entry point for the Embassy in the day-to-day implementation. The performance of the advisers has not been measured in performance contracts.

The advisers’ responsibilities towards the Embassy have been somewhat unclear as they have been reporting to their Kenyan partners, while being formally employed by Danida.

7.5.4 Capacity development

The ASPS support to capacity development has been considerable. While stakeholders assess the capacity development activities to have been relevant and necessary, no thorough needs assessments have been made to identify the actual capacity gaps. Capacity development activities are nevertheless appreciated for their contribution to the development of individual skills as well as for the activities’ effect on the motivation of programme staff.

There have not been actual procedures in place within the components to ensure that the trainings were specifically aimed at increasing institutional development and performance.

ABD has had success with using courses as inputs to adopting and implementing a new operational strategy, thereby ensuring that the capacity development was translated into institutional development.

7.5.5 Cross cutting issues

Cross cutting issues have been addressed on an ad hoc basis. While DASS and ABD have reported progress on the promotion of gender quality and environmental sustainability, cross cutting issues have not been mainstreamed during implementation. However, sex-disaggregated data have been incorporated in monitoring and evaluation systems.
The implementation of ASPS nevertheless has achieved results in terms of targeting male and female beneficiaries equally, but this has mostly been due to the traditional division of labour on a local level, and only partly due to targeted interventions. Specific efforts to address the underlying structural causes leading to and sustaining gender inequality have not been made. Admittedly, the Programme Document is rather vague on addressing structural gender inequality, which might explain the lack of attention to the issue.

Human Rights and Democratisation has been addressed indirectly through strengthening of bottom-up planning processes, and there has been a focus on the involvement of farmers in development planning in the local communities.

Environmental sustainability has been addressed through courses provided by ABD and DASS, and ABD has incorporated Environmental Impact Assessments as a standard requirement in SME business plans. Likewise, DASS has incorporated environment plans in all DASS supported infrastructure projects.

7.5.6 The sector-wide approach can work
The SWAp coordinated by ASCU has proven to work well. Agriculture is a very complex sector with many stakeholders and coordination is a challenge. However, the sector coordination setup developed by ASCU has ensured that the agricultural sector is now coordinating its efforts and speaks with one voice.

Sector ministers and ambassadors representing donors in the sector signed a Code of Conduct in April 2009, which seeks to establish a framework of principles to guide the cooperation between GoK and donors. The Code of Conduct will serve as guidance for the partners in their efforts to implement the ASDS. Furthermore, the recent Donor Partnership Forum, where donors met with ministers from the ten sector ministries shows that SWAp can be functional in a Kenyan context. Political will and commitment amongst stakeholders is a precondition for implementing SWAp.

7.5.7 Irrigation is a priority need
Experiences from ASPS clearly show that the importance of support to irrigation in ASALs cannot be underestimated. Water is the priority need in the areas as droughts recur with regular intervals throughout Kenya while affecting ASALs most severely. Small community based water projects are needed in large numbers to secure water for domestic use, for livestock and for agricultural production. Although the Government is working towards finalizing its draft national irrigation policy, concerted efforts are also required in strengthening coordination at the national level.

There are many programmes ongoing and there are planned programmes and projects that will address natural resource management issues in the ASALs. It is important that such interventions always directly involve the farming communities and the local extension services since agriculture and livestock production and NRMP must work hand-in-hand.

7.5.8 Multi stakeholder approach
The multi-sectoral set-up used by DASS can function provided there are clear work plans and budgets detailed to sub-activity level and constantly reviewed, reported upon and audited. District Agricultural Officers (DAOs) are relevant coordinators in a district managed “agricultural-multi-sectoral” programme, but they must have clear operational guidelines and enjoy good relationships with District Commissioners. The multi-sectoral programme approach can only function if everyone is involved in all stages of work plans and budget formulation, communicate well and strictly follow the rules.

A multi-sectoral approach does however have some limitations depending on the sector or intervention. For example, experiences from ASPS show that water and irrigation offices often lack the required technical expertise and that there is an acute shortage of staff in the Department of Social Services.

7.5.9 SMEs as entry points
SMEs provide very relevant entry points when supporting agribusiness development. SMEs have strong incentives to ensure that smallholder farmers are familiarized with productive farming methods and that they use correct farming inputs as this ensures that the produce is stable in quantity and good in quality thus attaining a higher selling price.

By linking farmers to SMEs, the use of quality seeds is often made a requirement since the buyer knows that crops can only be sold or receive a higher price if quality seeds are used. The buyer therefore pushes for improved methods and farming inputs, which in the end result in higher prices and income for the individual farmer.
8. RECOMMENDATIONS FOR FUTURE PROGRAMMES

The ASPS has achieved good results and performance has been satisfactory. This report has summarized some of the main experiences, which have contributed to or hindered successful implementation and the achievement of results. Based on the lessons learned assessment, some recommendations of particular interest for ongoing and future programmes are highlighted below. It is not an exhaustive list of recommendations and further reflection and analysis might reveal additional ones.
Recommendation 1
Adopt a long-term sector perspective

Five years is not long enough to implement complex and reform-oriented programmes. Comprehensive sector programmes should adopt and adhere to a long-term perspective in order to maintain the implementation momentum and fully benefit from experience. All experience shows that start-ups of new programmes take time and that implementation typically picks up pace towards the end of the programme period.

Recommendation 2
Include an exit strategy in programme design

Programme exit strategies help to ensure that interventions and achievements are sustained after programme closure. Possibilities to continue activities without donor support or as part of other donor supported programmes should be considered as early as possible as part of programme completion. This is particularly important if programmes are phased out earlier than expected.

Recommendation 3
Provide technical guidance through existing national forums

There are good reasons to utilize the technical expertise in existing national technical forums for strategic guidance of sector programmes. This would first of all contribute to greater alignment to national policies and strategies, but also provide avenues for increasing donor harmonization. Steering committees are not necessarily the most relevant forums for strategic and technical guidance and should concentrate on monitoring progress and overall financial management.

Recommendation 4
Promote programme coherence systematically

Synergies do not occur by themselves and it is important to actively promote cooperation between components. This can be done by a strong PSU or – as planned in the NRMP – in a thematic stakeholder forum thus ensuring a consistent focus on pushing and support-
ing cooperation between programme partners. Incentives, such as programme synergy performance indicators, could be applied as encouragement and cooperation between components should be monitored and evaluated.

**Recommendation 5**
**Mainstream cross cutting issues**
Clear and operational procedures for mainstreaming cross cutting issues should be developed during the design phase. Priority screenings of outputs and performance monitoring giving specific attention to gender equality, democracy and human rights, and environmental sustainability can strengthen the attentiveness to cross cutting issues throughout implementation. Promotion of gender equality, democracy and human rights, and environmental sustainability are too often addressed on an *ad hoc* basis.

**Recommendation 6**
**Focus on outcomes**
Attention should be given to actual sustainable outcomes of activities when performance is measured. Outcomes are not easy to assess in the short term, but as a minimum monitoring and evaluation of output performance should be linked to expected outcomes, and – as programme implementation progresses – outcome monitoring should be included in M&E procedures. Implementation and performance tend to be very focused on achieving outputs, which however do not necessarily reveal or influence behavioural change.

**Recommendation 7**
**Incentive-based programme implementation**
Incentives are important for motivation as well as in terms of promoting specific issues and ensuring performance during programme implementation. Log frames and output targets are appropriate means to ensure performance as achieving targets provides an incentive as such, but other measures such as budget adjustments based on component output performance should also be considered. Incentives should however not be in the form of allowances, workshops, capacity development abroad and the like.

**Recommendation 8**
**Ensure innovative and sustainable Technical Assistance**
It is important that technical advisors have clear ToR and performance contracts based on addressing actual institutional needs, adding value and ensuring sustainability. Advisers are not donor safeguard measures nor should they be gap fillers.

**Recommendation 9**
**Result-oriented capacity development with focus on institutional development**
Thorough capacity needs assessments should be carried out early in the programme period, and a capacity development strategy focusing on increasing institutional performance should be developed. “Learning-by-doing” is one of the most effective approaches to capacity development, as it ensures relevance, ownership and sustainability.

**Recommendation 10**
**Outsource programme support units**
The functions of PSUs are important and help to ensure smooth programme implementation. But PSUs are not sustainable. Instead the primary programme support activities should be outsourced to external – if possible – local consultancy firms. Outsourcing could include programme start-up, M&E, and implementation of capacity development plans.
### ASPS Budget and Expenditure (000 K.Shs.)

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Source: ASPS PSU
Note: Actual figures for 2009/2010 are provisional as the final reports are not yet available