

1KEN06104- Agribusiness II

Reporting Agency: United Nations Development Programme (UNDP)

Country: Kenya

FINAL PROGRESS REPORT

No. and title: Project 1KEN 06104 Project ID 00061018 -Agribusiness II

Reporting period: January- December 2009.

I. PURPOSE

This report aims at assessing the progress of the Agribusiness Programme phase II against planned results for the period January-December 2009. The Agri-business II programme contributes to the long-term national outcome of development and implementation of strategies for employment creation and enhancing social security through improved food production (CPAP 2004- 2008 Paragraph 46). Broadly the programme aimed at supporting the Kenya Government's Economic Recovery Strategy (ERS) and the new Strategy for Revitalizing Agriculture (SRA). The main aim of the SRA strategy is for the country to achieve the objective of eliminating food insecurity and substantially reduce the number of people suffering from hunger, famine or starvation- a key commitment under Goal I of the millennium development goals compact.

Specifically, the programme aimed at addressing the impediments to agricultural performance, with particular reference to enhanced productivity through provision of affordable machinery and the latest production techniques. To achieve this outcome, the project focused on three immediate objectives: 1) Farmer groups organized and sensitized; 2) Modern and affordable land preparation and extension service provision implemented; 3) Project management Unit operationalized.

The activities undertaken to produce the outputs include: a) providing awareness of the project aims and objectives to district agriculture officers in four districts: (Kitale, Molo, Lanet, and Garissa) and presentation of the project to District Development Committees; b) Organizing farmer groups in the target districts for implementation of the activities; c) Developing a demand driven approach for the provision of extension services; d) Supplying of 50 tractors to the selected locations; e) Recruitment of an international chief technical advisor; f) Establishment and running of the project office and recruitment of project assistant (UNV). Inputs required to produce the outputs include personnel, equipment, farmer trainings and workshops to validate and disseminate the developed systems and methods.

Implementing Partners:

The project is the result of a partnership between the Government of Italy, UNDP and the Government of Kenya. The Italian Development Corporation office and UNDP gave financial and technical support while Agricultural Development Corporation implemented it on behalf of the Ministry of Agriculture.

II. RESOURCES

OUTPUT	DONOR		AMOUNT
	Government of Italy	UNDP	
Sensitizing and Organizing farmers	16,280	29,700.17	45,980
Modern and affordable land preparation and extension service provision implemented;.	1,301,026,33	6,154.53	1,307,180
Project management Unit operationalized	229,155.02		229,155.02
Total	1,546,462	35,854.70	1,582,316.70

Tractors and machinery

The summary of tractors, implements and facilities which were acquired for the entire project is shown table 2 below:

Table 2: The Project's assets

Item	No. available	Donor	No
Tractors	98	Government of Italy	98
Ploughs	77	ADC	52
		UNDP	25
Harrows	13	ADC	11
		UNDP	2
Planters	7	ADC	5
		UNDP	2
Boom sprayers	2	ADC	2
Seed drill	1	UNDP	1
Air seeder	1	UNDP	1
Tractor drawn trailers	4	ADC	4
Forage chopper	2	ADC	1
		UNDP	1
Welding Machines	5	UNDP	5

III. RESULTS

Sensitizing and Organizing farmers

Initially the project aimed to serve mainly small scale farmers in four districts which did not have much access to mechanized farm operations. Thus, the project team visited the target districts to introduce the objectives and implementation strategies to District Agricultural officers (DAOs) and District Development Committees (DDCs) who welcomed the initiative with great

enthusiasm. This was followed by launching of phase I of the project by the President of Kenya, His Excellency Hon. Mai Kibaki at State house Nairobi.



Agribusiness project being launched at state house by the president.

In the first year of implementation, the target was to serve 500 small scale farmers, using 50 tractors. However, the response from farmers was quite good and over 2500 farmers were served. In fact the output would have been better were it not for machinery capacity constraints.

With the support of DAOs, the project team managed to get farmers organized in clusters to enable the project management to plan and render services more effectively and efficiently.

The success of Agribusiness phase I encouraged the donors to provide further financial support which led to the purchase of 48 tractors and a wide range of implements under agribusiness phase II. The second phase was launched by the Prime Minister of Kenya, Right Hon. Raila Odinga in Kitale and Bondo.

Increasing Productivity

During the period, the project provided good quality service to a total of 13,040 farmers in target districts. The farmers benefited from improved weed control, better plant population and timely planting as the agribusiness operators used improved techniques in rendering the services. Farmers in the neighborhood became aware of higher standards of service and begun to demand better services from other contractors. In other areas, farmers who were using oxen or hand labor managed to access mechanized services which improved the quality and speed in their operations. This enhanced productivity of resources at the disposal of the beneficiaries.

Increasing food production

In 2009, Kenya went through a devastating drought. Consequently, many people became vulnerable to hunger and social insecurity as their livelihood was destroyed by the bad weather. The government initiated economic stimulus programmes to create employment and produce food under irrigation. The project made immense contribution in providing technical and mechanization services at Tana Delta where a total of 2500 acres of maize was planted and

sprayed with herbicides. In addition, the project expanded cropping area in Garissa, Trans Mara, Laikipia, Lanet, Bondo, Siaya, and Rongo.

Diversifying Farmer's Income

Agribusiness has made it possible for many small scale farmers to have access to equipment for making silage and hay. In 2009, the project made 43, 672 bales of hay and 771 tons of silage. This has obviously enhanced the capability of many small scale dairy farmers to produce more milk. In Kenya the dairy sub-sector is rapidly growing with small scale producers contributing over 80 percent of milk. Thus, the expanded range of services offered by the project has assisted the farmers to diversify and improve their income.



Mechanized silage making



Hay making

In Trans Mara, the project has enabled many farmers to venture into crop enterprises thereby diversifying their sources of income. In West Pokot and Baringo, the project has helped farmers to revive cotton production schemes which are meant to create employment and improve farmers' income. In Wei Wei, the project has supported food production through Wei Wei irrigation scheme and Wei wei women group

Reducing food insecurity

The project provided great support to the Government's effort to resettle persons who were affected by post-election violence in 2008. A total of 7,040 small scale farmers who were affected by the violence received support. The initiative went a long way to reduce food insecurity among the victims of the violence.

Providing affordable services

The project has been running effectively and efficiently. Thus, it has been able to offer services at very competitive contract rates. In the target areas of operation, the prevailing contract rates have since been adjusted downwards as contractors try to remain competitive.

The contract rates offered by the project are based on the cost of offering the service and the need for the project to be self-sustaining. The project has so far generated 1.57 million USD from the operations.

Implementation Challenges

1. Inadequate transport facilities for supervision of field operations by the manager and his team as the motor vehicles and motorcycles which were procured had not been delivered by the end of the period.
2. Initially, high downtime was experienced due to lack of tools for repairing equipment which broke down in the field.
3. Initially lack of hay and silage making equipment led to underutilization of tractors. The delivery of tractors without enough implements in phase II limited the utilization of the tractors to about 50% for a period of nine months.
4. Low level of interest by micro-finance institutions in organizing farmer groups.

Lessons Learned

The project has been implemented successfully by Agricultural Development Corporation (ADC) on behalf of the Government of Kenya. In phase one and two, the project made it possible for many small scale farmers to access affordable good quality agricultural mechanisation services in different parts of the country. Since the project was launched in 2006 the demand for the services, especially in areas that hitherto had been disadvantaged, is very high. A total of 13, 040 small scale farmers have so far benefited from the project and the performance is expected to rise in the next season following the acquisition of more implements and facilities. Additionally the project has succeeded in putting farmers in clusters. The arrangement has enhanced effectiveness and efficiency in provision of services that are necessary to raise agricultural productivity, food security, farm incomes and generation of employment in the project areas.

The implementing agent has also succeeded in establishing systems and mechanisms for providing the services in a way that the project will sustain organic growth in future.

IV.THE FUTURE PLAN

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- Agricultural Development Corporation would establish a business Unit within the Corporation which would continue providing the services to farmers. While the existing farmers' groups would be encouraged to strengthen their relationships in order to continue benefiting from the project, efforts will be made to expand and increase farmer groups.
- Efforts will be made to acquire more transport and communication facilities to enhance the effectiveness and efficiency in supervision and supply of required materials.
- The management would give great attention to prudent utilization of resources that will be generated from the business. This will ensure that the machines are repaired where necessary and replacement of old machinery is done in time.

V. FINANCIAL IMPLEMENTATION

Project 1Ken06104-Agribusiness Phase II
Annual Financial Report
For the Year ending 31
December 2009

		Amount in USD
Project Title:	Agribusiness II	
Project Number:	00061018	
Contributions:		
Balance B/F 2007 as per the Cost Sharing Apportionment		0.00
Funds received Government of Italy as per the CSA		1,546,832.00
Total		
Contribution:		1,546,832.00
Disbursement 2008:		
Programme Cost:		
Supplies, Commodities, Equipment & Transport		963,368.00
Personnel (Staff, Consultants and Travel)		151,813.02
Sundry		441.21
Facilities and Administration		77,342.00
Total Programme Cost as per the attached CDR		1,192,964.23
		1,192,964.23
Balance C/F from 2008		353,867.74
Balance B/F to 2009		353,867.74
Disbursements 2009 :		
Supplies, Commodities, Equipment & Transport		337,658.33
Personnel (Staff, Consultants and Travel)		1,503.93
Travels and Daily Subsistence Allowance		5,043.74
Sundry		8,936.93
Realized Loss		354.19
GMS		
Total Disbursement as per the Combined Delivery Report:		353,497.12
		353,497.12
Available Fund Balance		370.60

Please note that all financial information described above is provisional until a certified financial statement has been issued by the UNDP Controller's Office

Signed: _____ Designation: _____
 Tomoko Nishimoto

Date: _____

