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KENYA

FY 2010 Implementation Plan

U.S. Government Working Document

The Feed the Future (FTF) FY 2010 implementation plans are working documents outlining U.S. government planning for the first year of the Global Hunger and Food Security Initiative. These plans represent a transition towards the development of multiyear strategies and are targeted at investments that lay the foundation for a new country-level and coordinated approach with a diversity of partners. Multiyear strategies are under development that will span development and diplomatic actions across multiple USG agencies.

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Table of Contents

1. INTRODUCTION	7
2. FY 2010 OBJECTIVES	9
3. TARGET GROUPS BY LOCATION AND INCOME	12
4. CORE INVESTMENT AREAS.....	14
5. FY 2010 RESULTS/ INDICATORS/TARGETS	34
6. KEY ISSUES AND ANALYTICAL ACTIVITIES LOOKING TOWARD FY 2011	36
7. PARTNERSHIP PLAN	39
8. FY 2010 CAPACITY-BUILDING PLAN	44
9. MANAGEMENT PLAN.....	45

Abbreviations and Acronyms

ACTESA	Agriculture, Competitiveness and Trade in Eastern and Southern Africa
ACTN	African Conservation Tillage Network
AfDB	African Development Bank
AFR/SD	Africa Bureau's Office of Sustainable Development - USAID
AFSI	Agriculture and Food Security Initiative
AFSTA	African Seed Trade Association
AGCI	African Global Competitiveness Initiative
AGMARK	Agricultural Market Development Trust of CNFA, Inc
AGRA	Alliance for a Green Revolution in Africa
AKFM	Association of Kenya Feed Manufacturers
ALRMP	Arid Lands Resource Management Project
AMFI	Association of Microfinance Institutions
AMPATH	Academic Model Providing Access To Health Care
APHIA	AIDS, Population and Health Integrated Assistance
APHIS	Animal Plant Health Inspection Service - USDA
ARD	Agriculture and Rural Development
ASALs	Arid and Semi Arid Lands
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
ASCU	Agricultural Sector Coordination Unit
ASDS	Agricultural Sector Development Strategy
BDS	Business Development Services
CAADP	Comprehensive Africa Agriculture Development Program
CBK	Central Bank of Kenya
CBOs	Community Based Organizations
CC	Climate Change
CGA	Cereal Growers Association
CGE	Computable General Equilibrium
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CJTF-HOA	Combined Joint Task Force – Horn of Africa
COMESA	Common Market for Eastern and Southern Africa
COMPETE	Competitiveness and Trade Expansion program
CRSPs	Collaborative Research Support Programs
CSOs	Civil Society Organizations
DANIDA	Danish International Development Agency
DCA	Development Credit Authority
DFID	Department for International Development - UK
DHMT	District Health Management Teams
DLDP	Drylands Livestock Development Program
DMI	Drought Management Initiative
E/NRM	Environment/Natural Resource Management
EA	East Africa
EAC	East African Community Grain Council
EAGC	Eastern Africa Grain Council
EC	European Commission
EG	Economic Growth
EGAT	Economic Growth, Agriculture and Trade - USAID
EMACK	Education for Marginalized Children in Kenya Program

ESADA	East and Southern Africa Dairy Association
ESF	Economic Support Fund
EU	European Union
FAO	Food and Agriculture Organization
FAS	Foreign Agricultural Service - USDA
FBOs	Faith Based Organizations
FCS	Foreign Commercial Service
FEWSNET	Famine Early Warning Systems Network
FFP	Food for Peace
FIRM	Financial Inclusion for Rural Microenterprise
FPEAK	Fresh Produce Exporters Association of Kenya
FSN	Foreign Service National
FY	Fiscal Year
GATE	Greater Access to Trade Expansion
GCC	Global Climate Change
GDA	Global Development Alliance
GDP	Gross Domestic Product
GFSR	Global Food Security Response
GHFSI	Global Hunger and Food Security Initiative
GHG	Green House Gas
GJD	Governing Justly and Democratically
GOK	Government of Kenya
GTZ	German Technical Cooperation
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
HCBC	Home Community Based Care
HSCC	Health Sector Coordination Committee
HSNP	Hunger Safety Net Program
IDRC	International Development Research Centre
IEHA	Initiative to End Hunger in Africa
IFAD	International Fund for Agricultural Development
IFDC	International Fertilizer Development Center
IFPRI	International Food Policy Research Institute
ILRI	International Livestock Research Institute
IP	Implementation Plan
IPAR	Institute for Policy Analysis and Research
IPR	Intellectual Property Rights
IQC	Indefinite Quantity Contracts
JICA	Japan International Cooperation Agency
JICC	Joint Inter Agency Coordination Committee
JKUAT	Jomo Kenyatta University for Agriculture and Technology
KABOP	Kenya Agricultural Biotechnology Outreach Program
KABRP	Kenya Agricultural Biotechnology Research Program
KACE	Kenya Agricultural Commodity Exchange
KARF	Kenya Access to Rural Finance
KARI	Kenya Agricultural Research Institute
KDB	Kenya Dairy Board
KDHS	Kenya Demographic and Health Survey
KDMD	Knowledge Driven Microenterprise Development
KDPA	Kenya Dairy Processors Association
KDSCP	Kenya Dairy Sector Competitiveness Program

KEBS	Kenya Bureau of Standards
KEPHIS	Kenya Plant Health Inspectorate Services
KFC	Kenya Flower Council
KFSSG	Kenya Food Security Steering Group
KHC	Kenya Horticultural Council
KHCP	Kenya Horticulture Competitiveness Program
KHDP	Kenya Horticultural Development Program
KIPPRA	Kenya Institute for Public Policy Research Analysis
KLMC	Kenya Livestock Marketing Council
KMDP	Kenya Maize Development Program
LES	Locally Engaged Staff
LRSP	Land Reform Support Program
LTPR	Land Tenure and Property Rights
MCHIP	Maternal and Child Health Integrated Program
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MIS	Management Information System
MNKOAL	Ministry for Development of Northern Kenya and Other Arid Lands
MOMS	Ministry of Medical Services
MOPHS	Ministry of Public Health and Sanitation
MSP	Mission Strategic Plan
MSU	Michigan State University
MT	Metric Ton
MTIP	Medium Term Investment Plan
NEPDP	North Eastern Pastoral Development Program
NGOs	Non-governmental Organizations
NHSSP II	Government of Kenya Second National Health Sector Strategic Plan
NRM	Natural Resource Management
NRT	Northern Rangeland Trust
NHP	Nutrition and HIV Program
OPH	Office of Population and Health – USAID/Kenya
PD&L	Program Design and Learning
PEPFAR	Presidential Emergency Plan For AIDS Relief
P4P	Purchase for Progress (of WFP)
PASA	Participating Agency Service Agreement
PBS-K	Program for Bio-safety Systems-Kenya
PHMT	Provincial Health Management Teams
PL 480	Public Law 480
PRRO	Protracted Relief and Recovery Operation
PSC	Personal Service Contractor
PVO	Private Voluntary Organization
R&D	Research and Development
RELPA	Regional Enhanced Livelihoods in Pastoral Areas
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
SFSA	Support for Food Security Activities
SIDA	Swedish International Development Agency
SLM	Sustainable Land Management
SME	Small and Medium Enterprises
SMIP	Strengthening Managing for Impact
SNV	Netherlands Development Organization

SPS	Sanitary and Phytosanitary Standards
SRA	Strategy for Revitalizing Agriculture
STAK	Seed Trade Association of Kenya
TAPRA	Tegemeo Agricultural Policy Research and Analysis Project
TCN	Third Country National
TSBF	Tropical Soil Biology and Fertility Program
TWGs	Thematic Working Groups
UN/OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UON	University of Nairobi
USAID	United States Agency for International Development
USAID/EA	United States Agency for International Development/East Africa
USAID/W	United States Agency for International Development/Washington
USD	United States Dollars
USDA	United States Department of Agriculture
USDH	United States Direct Hire
USG	United States Government
WASH	Water, Sanitation and Hygiene
WB	World Bank
WEF	Women Enterprise Fund
WHO	World Health Organization
WFP	World Food Program
WRS	Water Receipt System
YEF	Youth Enterprise Fund

I. INTRODUCTION

Kenya can become the showcase for the Global Hunger and Food Security Initiative (GHFSI). With the right kind of investments and interventions, and a committed national government, Kenya has the potential to become food secure, contribute to regional agricultural and economic development, and achieve the targets of the Millennium Development Goal

Kenya's relatively high per capita income level hides 50% of the population living in poverty, and it has one of the highest population growth rates in the world.

(MDG) to reduce poverty and improve nutrition. The stark contrasts of Kenya's economic, political, social and ecological landscape make for an unusually compelling combination of opportunities and challenges for the GHFSI.¹ Kenya's

relatively high per capita income level hides the fact that 50% of the population lives in poverty that it has one of the highest population growth rates in the world. One in three Kenyan children is stunted, reflecting chronic under nutrition that permanently impairs development and increases morbidity and mortality. High food-producing areas generate abundant surpluses, yet 2-4 million people receive food aid each year. With the recent drought this has surged to crisis level with 10 million people needing humanitarian assistance.

Kenya's land base is predominately semi-arid and arid, and the amount and seasonality of rainfall are becoming less predictable. Still, most farmers practice rain-fed agriculture on small plots, and crop agriculture is expanding into more marginalized zones. The private sector is extremely dynamic, but blockages in key links of the value chain inhibit growth.

Despite these contradictions, key investments in Kenya's agriculture can unlock limitless

potential for internationally competitive agricultural enterprises, align value chains to improve access by the poor to markets, and build sustainable business models—from farm-level productivity to policy reforms improving the efficiency of regional trade.

Kenya's role as the regional hub for trade and a driver of economic growth endows it with a strategic position vital to the East Africa region. The health of the Kenyan economy plays a significant role in determining the health of the regional economies. Kenya's agricultural growth has a ripple effect throughout the region that can create positive spillover investments through the GHFSI. As home to the headquarters and regional centers of multiple international organizations and foundations that deal with agriculture and rural development, Kenya provides particular opportunities for multilateral and public-private partnerships. This implementation plan (IP) builds on this rich array of agricultural programs and relationships among Kenyan, African regional, and international non-governmental and governmental organizations.

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Kenya has a solid agricultural base that drives much of the economy. At the macro level, Kenya registered growth rates of between 5% and 7% from 2004 to 2007. However, the post-election conflict of 2008, the global economic downturn, and the impact of three consecutive poor harvests have temporarily eaten away at this progress.

Kenya currently faces chronic and growing food insecurity as a result of a number of factors including erratic weather, a degrading land base, corruption, a lack of security, the slow pace of infrastructural development, the high cost of energy, ongoing political instability, and periodic shocks such as the 2008 post-election crisis. Other challenges include rapid population

¹ For the purposes of this plan, the term "Global Hunger and Food Security Initiative" (GHFSI) is used to refer to the newly developing initiative, Feed the Future.

growth, increasing youth unemployment and vulnerability, and increasing urbanization.

Kenya's ability to achieve food security is inherently linked to progress on its broad-based political reform agenda, including the critical fight against corruption, which overarches all of Kenya's fundamental problems.

In addition, climate change has the potential to cause additional and very large economic costs. Though these costs are uncertain, aggregate models indicate additional net economic losses could be equivalent to almost 3% of GDP each year by 2030². Costs include potential threats to coastal zones (sea-level rise), health burdens, energy demand, infrastructure, water resources, agriculture and loss of ecosystem services.

The importance of preparing for a future with a changing climate cannot be over-emphasized. While it is difficult to predict all effects with confidence, there are general trends that cannot be denied. In short, "there is a need to prepare robust strategies for the future, rather than using uncertainty as a reason for inaction"³.

Notwithstanding these significant challenges, positive agricultural and economic growth patterns can be restored with both immediate and longer-term implementation of the overarching reform agenda. The priorities of this agenda, as articulated in the Agriculture Sector Development Strategy (ASDS), and the Comprehensive African Agricultural Development (CAADP) Compact— both of which are expected to be launched in 2010— include consistent market-led agricultural sector policies and investment priorities. A five-year Medium-Term Investment Plan (MTIP) aligned with ASDS and CAADP is being prepared and will be the subject of consultations in the coming months.

The USG approach to agricultural development in Kenya is articulated in the USAID/Kenya (the

Mission) Agriculture and Food Security Initiative (AFSI). AFSI allows the Mission to make major contributions to Kenya's agricultural sector development under ASDS/CAADP and the GHFSI. It will significantly scale up successful agricultural value chain programs, initiate new value chains of key commodities, and improve the productivity and resiliency of the natural resource base, while forming a number of new strategic partnerships. This will shape Kenya's response to its food security challenges and catalyze sustainable uptake in productivity-enhancing technologies.

The Government of Kenya's (GOK) Vision 2030 and the second National Health Sector Strategic Plan (NHSSP II) 1994 – 2010 recognize malnutrition as a major contributor of the country's poor child health status. However, a concrete strategy on how to address this challenge needs to be spelled out. The Child Survival and Development strategy (2008 – 2015) further analyzes the challenges compounding malnutrition in Kenya as related to inadequate child-feeding practices. This strategy has renewed commitment to key components of child survival including strengthening health systems and community efforts, and developing policies in support of appropriate child-feeding practices. The Ministry of Health has adopted the WHO consensus statement on HIV and infant feeding, and the integrated guidelines on the management of acute malnutrition have been developed to increase coverage and access to services.

Other opportunities for improving nutrition will benefit from the National Food and Nutrition Policy and strategy which, when approved, will drive the nutritional agenda in Kenya with strengthened coordination structures, and provide a clear framework for better integrated and government-led nutritional interventions. The Policy envisages a secretariat to be based in the Office of the Prime Minister. This secretariat will be established and initially coordinated and operationalized under the auspices of the Technical Working Group on Food Security and Nutrition within the Agricultural Sector Coordination Unit (ASCU). The Technical Working Group will work closely

² "Economics of Climate Change in Kenya", Stockholm Environment Institute, Project Report - 2009.

³ Ibid.

with the secretariat in the advocacy, implementation, and monitoring and evaluation of food security and nutritional activities in the country with ASCU assuming an overall coordination role.

The Mission will encourage the political leadership to advance and implement policies and reforms (political, agricultural, trade-related) consistent with GHFSI principles, and firmly believes that the Kenyan people, 70% of whom are engaged in the agriculture sector, stand to benefit from US engagement in this area. With a more consistent demonstration of political will to enact reforms, the GOK can do much more to advance sustainable food security in Kenya.

Overall, the GHFSI comes at an opportune time to work on a comprehensive, country-led, multi-donor plan and contribute to the Kenyan investment framework. The country faces challenges inherent in a changing global climatic environment and in getting back on the pre-2008 growth track. The GHFSI addresses these challenges.

2. FY 2010 OBJECTIVES

2.1 COUNTRY-LED COMPREHENSIVE STRATEGY

2.1.1 Consultative Process

An iterative consultative and analytical process has been underway for more than two years, leading to the near-finalization of Kenya's 2010-2020 Agricultural Sector Development Strategy and CAADP Compact. The USG through USAID is a member of the Agriculture and Rural Development (ARD) Donors Group that meets monthly. This group interacts regularly with the agricultural ministries and participates in coordination meetings for implementing the current Strategy for Revitalizing Agriculture (SRA) and in design of the new ASDS.

The agricultural ministries and donors agreed to jointly support an inter-ministerial Agricultural

Sector Coordination Unit (ASCU) charged with reforming policy and ensuring that ministerial activities are compliant with the SRA/ASDS and now CAADP principles. Donors include World Bank, DFID, SIDA, EC, JICA, GTZ, DANIDA, Netherlands, Finland, AfDB, IFAD, FAO, and WFP.

The ARD donors group and the GOK agriculture ministries' Code of Conduct commits all signatories to good governance, to "alignment and harmonization in order to reduce the burden of multiple procedures, reinforcing recipient government ownership and strengthening institutional development, pursuant to the Paris Declaration on Aid Effectiveness...". The Code of Conduct codifies the principles of engagement between donors and the GOK into a food security development plan that is owned by the host country and development partners. The international consensus on addressing food security, captured in "L'Aquila Joint Statement on Global Food Security," and the role of CAADP has been discussed and agreed to in principle at donor-GOK meetings

2.1.2 Status of CAADP

The Government of Kenya's new 2010-2020 Agricultural Sector Development Strategy states the following targets for 2014:

- A 25% reduction of poverty to achieve the MDGs;
- A 30% reduction of food insecurity to surpass the MDG target;
- An increase in the contribution of agriculture to GDP by more than Ksh 80 billion per year as set out in the vision 2030;
- Divesting in all state corporations dealing with production, processing and marketing that can be done better by the private sector; and
- Reforming and streamlining agricultural service institutions such as research, extension, and regulatory, to be most effective and efficient.

Kenya has articulated a plan for the implementation of consistent, market-led agricultural sector policies and investment priorities under the Agricultural Sector Development Strategy (ASDS) and the CAADP Compact. The CAADP process and alignment of the ASDS with CAADP principles has been fully endorsed by the GOK, as reiterated by President Mwai Kibaki at African Union and COMESA meetings.

A 2005 assessment conducted by the Ministry of Planning and National Development on the needs and costs to achieve the MDGs established that the hunger eradication goal will require a GOK investment of \$2.2 billion. Efforts are required to improve soil fertility, water harvesting and utilization, extension services, rural roads and energy, schools and preschool feeding programs, agricultural research, and capacity building over ten years. Detailed stocktaking exercises for the agricultural and livestock sub-sectors have been completed and have informed the ASDS and CAADP Compact. A five-year Medium-Term Investment Plan (MTIP) aligned with ASDS and CAADP is being drafted and will be the subject of much consultation in the coming months. The ASDS/CAADP Compact forms the foundation for Kenya's GHFSI. Signing of Kenya's CAADP Compact is expected to be in mid-2010.

2.2 AFRICAN CAPACITY BUILDING

To benefit from increased funding Kenya needs to rapidly expand human and institutional capacity. The common agenda will stem from the 2010-2020 Agricultural Sector Development Strategy and associated Medium-Term Investment Plan and the CAADP Compact. The inter-ministerial Agricultural Sector Coordination Unit will play an important

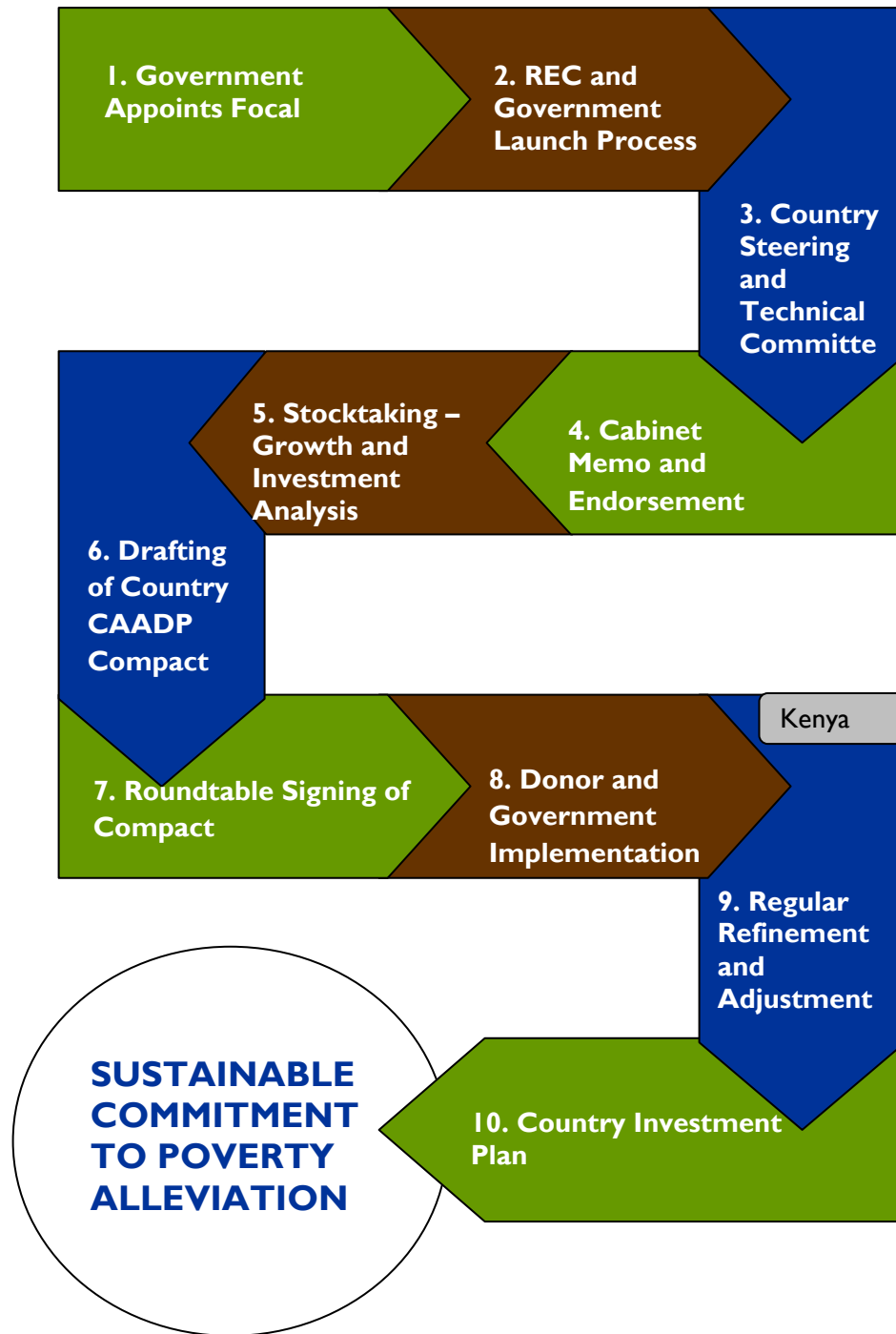
role in prioritization, working closely with the government, donors, the private sector, and other development partners through Thematic Working Groups.

In 2010, the USG will undertake a human capacity needs assessment of a diverse group of partner organizations, including agricultural ministries, agricultural research organizations, regulatory institutions, parastatals, producer and marketing associations, universities and parliamentarians, among others. This assessment will provide a basis for building skills in various areas. The Mission will collaborate with USAID/EA and the Africa Bureau to assess priority human capacity needs and identify a partner to coordinate capacity building and training programs to allow a ramp-up of agricultural and food security programs. In the health sector, there is need to build the capacity of health care workers at all levels to implement nutrition protocols that govern detection and management of malnutrition. The Mission will identify specific needs in key areas such as early warning systems, monitoring and evaluation, nutrition and other aspects of food security-related data collection and harmonization, in order to maximize the impact of the Initiative.

2.3 INVEST IN PRIORITY ACTIONS

It is anticipated that the 2010-2015 Medium-Term Investment Plan (MTIP) associated with the ASDS and CAADP Compact will provide a pragmatic basis for discussion of priority investments within the agricultural sector in the coming year. The MTIP will provide a foundation for planning and prioritizing investments towards GHFSI objectives. The nascent agricultural sector-wide monitoring and evaluation framework will provide a platform for monitoring and implementation

Figure 1: The CAADP Process



3. TARGET GROUPS BY LOCATION AND INCOME

Despite the impressive gains in economic growth prior to the 2008 political crisis, poverty remains a major challenge, with strong regional disparities. Kenya's 2005/6 population was projected to comprise 35.5 million, of which 16.7 million were poor and 84 percent lived in rural areas. This population is expected to grow to around 63 million by 2030 and to 85 million by 2050⁴. With very strong urbanization trends, the percentage of urban population is predicted to rise to 33% by 2030 and to almost 50% by 2050⁵. The Kenyan poverty profile also reveals strong regional disparities in poverty distribution. The lowest incidence of rural poverty was in Central Province (30.3%), followed by Nyanza (47.9%), Rift Valley (49.7%), Eastern (51%), Western (53.2%), Coast (69.7%), and North Eastern Province (74.0%). Inequality in Kenya remains high.

Tegemeo Institute and FAO studies have shown that female-headed households—and in particular those headed by widows and single mothers—have lower income and are often ranked among the poor and vulnerable; a factor likely associated with their limited land tenure and property rights. It is estimated that women represent only 1% of registered land title holders, of which joint titles are 5-6% (VWB, 2006).

According to findings of the 2008 Kenya Demographic and Health (KHDS) Survey, 35% of Kenyan children are stunted, while 14% are severely stunted. Stunting is the result of prolonged failure to receive adequate nutrition and is also affected by recurrent or chronic illness. The survey further indicates that prevalence of stunting is very high in areas where availability of and access to diversified

food are severely constrained.⁶ Wasting has also seen an increase from 2003 to 2008-9 as a consequence of the economic crisis and food insecurity in the recent past. Wasting represents a more acute nutritional deficiency and is typically the result of recent illness, especially diarrhea, and/or rapid deterioration in food supplies. KDHS 2008 -9 reported a wasting level of 7%, a 1.4% increase from 2003. It is highest in the 6-to-8-month age bracket (the weaning period). Wasting is markedly higher in North Eastern Province (20%) and lowest in Western Kenya (2%).

Under the Initiative to End Hunger in Africa (IEHA), maize, dairy, and horticulture value chain development programs were implemented in areas where poverty rates are between 30-50%. Under the GHFSI, programs will continue to work in medium-to high-potential areas, where growth can most easily be achieved, for example, the high-potential zones of Rift Valley, Western, Nyanza, and the Western and Central Highland Zone. Additionally, programs will be scaled up in the Arid and Semi-Arid Lands (ASAL) because populations there are poor and chronically food insecure, and because these areas comprise 80% of Kenya's land base and water catchment areas. Thus, they are the areas where the negative effects of climate change will play out to the greatest geographic extent and where ecosystem degradation must be tackled if we are to achieve food security impact at national scale.

Through this Initiative, the Mission will explore options for investment in nutrition, cutting across its health, education, governance and economic growth portfolios. Such investment will enable the Mission to reach more underserved populations and ensure sustained linkages of malnourished populations to food security and livelihood support.

⁴ UN World Population Prospects, 2008, <http://esa.un.org/unpp/>.

⁵ UN World Urbanization Prospects, 2007 <http://esa.un.org/unup/>.

⁶ Stunting rate per 2008 KDHS findings - Eastern Province (42%), Coast (39%), Rift Valley (36%), Northeastern Province (35%), Western province (34%).

Women will form a core target group for AFSI because of their critical role in food production in Kenya. It is estimated that 40% of Kenya's smallholder households are managed by women (Kimenye, 1999) attributed mainly to rapid rural-to-urban migration by men in search of employment. Women are active at every point in the food chain and are often responsible for protecting the safety and wholesomeness of food in their households. Rural women in particular are responsible for 80% of paid and unpaid labor in food production including staple crops, which provide up to 90% of the food intake of the rural poor (FAO, 2003). Their contribution to secondary crop production such as legumes, fruits, vegetables, wild roots and tubers, is even greater. Grown mainly in home gardens, these crops provide essential nutrients and are often the only food available during the lean seasons or when the main harvest fails.

In the livestock sector, women are the primary managers of small livestock such as poultry, sheep and goats, often the main source of protein in both pastoral and non-pastoral areas. Women also own 47% of small and medium enterprises (SMEs) in Kenya and work as wage laborers in a range of small, medium and large production and processing plants. They contribute important income that helps support household food security.

Over 67% of the under- and unemployed in Kenya are young girls and boys between 15-30 years of age. AFSI will target youth to harness Kenya's young productive labor force in food production and agriculture-based enterprise in order to reduce high levels of unemployment among youth in Kenya.

Women and youth face severe constraints in access to and control over household income. Prevailing social beliefs and perceptions about the role of young people and women in the household and in the economy reduce opportunities to enhance their economic participation as farmers, clients of goods and services, and managers of lead firms. Practices that require ownership of land or livestock to participate in agricultural institutions, such as

producer associations, exclude women and youth from accessing inputs, credit, and technology.

AFSI resources will be strategically applied to strengthen livelihoods and food-security interventions within the priority geographic zones where Natural Resource Management (NRM) projects are focused (the Laikipia Plateau pastoral arid and semi-arid lands, the Mau Forest Ecosystem, and the Aberdare Forest Ecosystem). Together, these investments will reduce rural household vulnerability to climate change and improve the resiliency of farming systems.

USG programs will design interventions that target the very poor, since many of them live in areas of moderate and high-potential agro-ecological zones (parts of Nyanza Province) where access to assets is a primary constraint. The rich spatial data developed by ReSAKSS⁷ and Tegemeo⁸, showing poverty incidences and income levels by district against project locations can target both high-potential and poverty-dense areas where other approaches to poverty reduction through improving agricultural productivity can be applied.

ReSAKSS maps of crops zones show distinct areas of millet, sorghum, and cassava production. As AFSI programs add these and other new staple crops, especially drought-resistant crops, they will expand their geographic coverage into more marginal agricultural areas of higher poverty rates.

In every geographic zone noted above, all Mission GHFSI interventions will be developed to support appropriate investments that reduce rural household vulnerability to climate change and improve the resiliency of farming systems. We will undertake analyses of climate risk and vulnerability associated with the core

⁷ Mapping USAID Investments in Kenya, 2008 and Status and Trends of Monitoring and Evaluation Indicators for the Initiative to End Hunger in Africa (IEHA): Kenya and Uganda (developed with ILRI).

⁸ Monitoring and Evaluation for USAID Indicators for SO7 and IEHA, November 2008.

investment areas (see Section 4) as the first step in our climate-sensitive approach. This will be followed by selecting from an array of adaptation and/or mitigation interventions and building them into implementation plans.

One of the major challenges will be to develop linkages between growth areas and the poor and very poor. High transport costs and other constraints to market access are linkage obstacles. Analytical work will be required to develop sound interventions in this area

4. CORE INVESTMENT AREAS

The objective of the AFSI is to “*increase agricultural growth and expand staple food supplies in Africa.*” To achieve agricultural growth and increase supplies of food staples, the Mission will improve competitiveness of agricultural enterprises, redress equity issues for vulnerable groups, build sustainability in environmental management, and promote good governance in value chains. Building on current program successes, ongoing and new activities will converge in FY 2010 core investment areas, addressing the AFSI pillars and investment areas. A conceptual framework for value chain linkages is provided in Figure 2.

To help Kenya achieve agricultural growth and meet the needs of the very poor for food security under the ASDS and GHFSI USAID/Kenya will:

- Advance the competitiveness of staple-food value chains to produce food needed by a fast-growing urban population;
- Improve access to food for the poor and very poor through investments in geographically marginal and low-density areas, as well as other areas where the very poor are concentrated. Investments in these areas will be integrated with health and other portfolios to:
 - Prevent and manage malnutrition among the vulnerable groups;

- Promote an enabling policy environment;
- Build human capacity to implement programs that can improve nutrition; and
- Build linkages between the opportunities generated by growth-oriented value chains and the economic activities of the very poor.⁹
- Support women and families by increasing their access to incomes and nutritional foods through equal participation in agricultural production, processing and marketing; and
- Ensure that an ecological perspective is brought to agricultural policies, development plans, and farming systems so that biological sustainability, soil and moisture conservation, and sustainable land and water resource management are integral parts of our value chain programs. This supports broad guidelines for the agriculture sector found in Kenya’s “Climate Change Response Strategy (draft, Nov. 2009)”.

Through investments in staple-food value chains, the Mission and its partners will improve agricultural productivity, foster sound policies to support growth, ensure maintenance of the natural resource base and support mitigation of climate change to build sustainable agriculture, and ensure that women benefit from agricultural growth. As part of their intrinsic market-based approach, all Mission value chain programs will be coordinated closely with USAID/EA programs in promoting private-sector-led market and trade development and regional integration and investment.

At the same time, to ensure access to food in lower potential areas, the USG through the Mission and partners will make markets work better for the poor and for women by investing

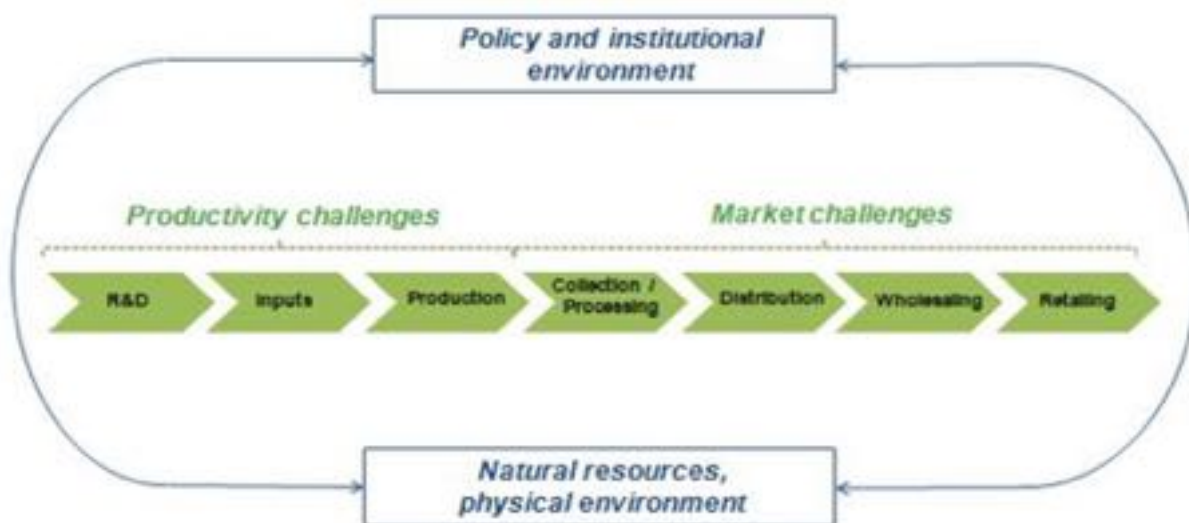
⁹ By developing a graduation model by which the poor can move up the income ladder, link to larger farms able to aggregate small volumes, and access other output and input markets.

in affordable inputs, delivery of services adapted to their needs, and development of better market linkages. This will allow the very poor and women to participate in rural growth.

Focusing on two of the three main components of food security—availability, and access—activities will contribute to improved nutritional status at the household level. In particular, two new value chain programs in staple food crops

and livestock development will enhance production of diversified and highly nutritious food crops in marginal agricultural and pastoral areas with high malnutrition rates. The Mission and partners will take proactive steps to link the very poor, women and youth, to USAID growth and poverty reduction activities.

Figure 2: AFSI Value Chain Conceptual Framework



4.1 CORE AREAS

During FY 2010, using FY 2009 funding, the Initiative will focus on five core investment areas that provide a platform for supporting the full range of investment areas in the GHFSI:

- Staple food value chain development, including livestock and livestock products;
- Rural finance;
- Policy analysis, advocacy and capacity-building;
- Agricultural research and technology transfer, and
- Water and sanitation.

These investment areas include improving competitiveness, redressing inequities, fostering good governance, accelerating integration of women and youth in rural growth, promoting environmental sustainability and reducing vulnerability, and improving resiliency in the face of climate change. The activities will be complementary through their integrated value chains and joint geographic interventions.

4.1.1 Staple Food Value Chain Development

Current and Potential USG and Development Partners: These include USDA/APHIS, USDA/FAS, USAID/EA, FCS, STATE/ECON, Peace Corps, ASCU/GOK, DFID, EU, FAO, IFAD, JICA, World Bank,

KARI, KEBS, KDB, KEPHIS, EAGC, Kenya Livestock Marketing Council, UNICEF, WFP, Gates Foundation, Rockefeller Foundation, AGRA.

MDG I: This investment focuses on improving agricultural productivity through value-added techniques, market linkages, diversification, and off farm income generation. Farmers will be linked to input and output markets through private agribusiness. Encouraging households to diversify into drought tolerant and nutritious staple food crops will address food insecurity and poverty. Studies have shown that income diversification is a key driver out of poverty. (World Bank, *Kenya Poverty and Inequality Assessment*, June 2008.) All value chain programs will increase the volume and value of agricultural output by linking farmers to processors and diversified consumer markets.

Building on and expanding existing activities: Under AFSI, the Mission will continue to strengthen the private sector to better integrate smallholder farmers and livestock producers into local and regional staple food markets. The Mission has a robust approach to value chain-based agricultural programs. These include by design market development, finance and other business service facilitation, natural resource management, farmer-friendly policy, organizational capacity building, integration of gender in agricultural value chains, and economic empowerment of women. USAID maize, dairy and horticulture value-chain activities have made significant progress in increasing agricultural productivity and rural incomes over the past seven years. Working with over 600,000 farmers (in 2009, 50.3% of whom were women), USAID programs have demonstrated the potential of investing in agriculture while promoting equity.

Two early areas being targeted are: 1) expanding smallholder farmer participation in structured grain markets, allowing greater use of the nascent grain warehouse receipts system for maize and staple food crops; and 2) addressing key market and trade constraints, including animal health sanitary issues, within livestock value chains. This includes small

livestock over which women have greater income control.

USAID/Kenya will increase agricultural productivity among smallholders and very poor producers, including livestock herders, with a particular focus on poor women. Building on the work of the Kenya Maize Development Program (KMDP), the USAID new Staple Food Crops Program will scale up work to improve smallholder access to and use of quality inputs provided by private businesses.

In the dairy sector, the Kenya Dairy Sector Competitiveness Program (KDSCP) will expand its efforts to increase productivity of milk per cow per day (especially from smallholders, women and youth), and reduce costs by increasing the number of farmers using improved technology. The program will also improve quality of milk in the informal milk chain, an area dominated by the very poor and women.

In addition to scaling-up input utilization to enhance productivity, the Mission will emphasize ecological sustainability and climate risk reduction in all AFSI-supported farming systems. This will be accomplished through sustainable agronomic practices such as conservation tillage, mulching and composting, improved water resource management, residue management and erosion control, introduction of vermiculture as an organic soil amendment, integrated pest management, reduced burning, agro-forestry and leguminous fodder crops, and the promotion of drought-tolerant crops.

To promote active complementarities among the AFSI and environmental/natural resource management (E/NRM) programs, AFSI will direct implementing partners in horticulture, dairy, staple food crops, and livestock to build synergies with the E/NRM activities. For example, this may be accomplished by focusing climate change awareness messages and hands-on training in best adaptation practices toward the same rural households or agricultural producer groups targeted under GHFSI.

The GHFSI will enable the Mission to diversify crop and production regions to include “orphan” crops (sorghum, millet, groundnuts, pigeon pea, other pulses, and roots and tubers) in medium- and low-potential areas. USAID will continue to align its considerable emergency food aid resources with WFP improved water resource management and other infrastructure enhancement in arid and semi-arid areas via food-for-assets interventions under the WFP Protracted Relief and Recovery Operation.

Within horticulture, the Mission programs will continue to increase use of improved productivity measures, diversify crops, and improve farm management practices. An engendered value chain approach to assessing market opportunities in new horticulture crops will be strongly encouraged under the new Kenya Horticulture Competitiveness Program (KHCP) to be launched in 2010. The program will look for opportunities to facilitate increasing the production and marketing of indigenous and other high-nutrition horticultural crops—for which women often have greater control over income—as well as promoting new market opportunities for value addition, including bio-fortified food products. The program will also expand its collaboration with health programs within and outside the Mission to increase incomes within HIV/AIDS-affected communities, and promote crops that enhance adequate nutrition among the target communities and encourage poor women, girls and boys into more remunerative segments of value chains.

To further sound market-based policies for agriculture, the Mission value chain programs will undertake interventions to improve the institutional, policy and regulatory environment. They will continue to collaborate with USAID/EA programs such as COMPETE and the USAID/East Africa pastoral livestock and livelihoods activities, to promote policy initiatives and institutional structures that foster more and efficient marketing and trade of food crops and livestock. This includes harmonized commodity standards and inspection systems in the region.

This collaboration will be furthered through expansion of the Eastern Africa Grain Council’s Grain Warehouse Receipts System and the strengthening of regional markets for livestock. The Mission will continue to engage with the Kenya Food Security Steering Group to improve early warning systems and build capacity to better integrate data and methodologies with the WFP G/EWS and FAO FAOSTAT systems.

Through the Initiative, the Mission will also support the WFP pilot program Purchase for Progress (P4P) in Kenya. P4P is an innovative initiative of WFP which was launched in collaboration with other stakeholders, including the Gates Foundation and USDA, which aims at promoting productivity and marketing through targeted procurement of assorted food commodities from smallholder farmers for relief purposes. Efforts are being made to link the P4P with the Mission maize and staple food crops programs and the Eastern Africa Grain Council Warehouse Receipts System to stimulate market development by encouraging competition and transparency.

Recognizing the extensive contributions of women to USAID/Kenya activities, value chain programs target women as producers, managers, employers, micro-entrepreneurs and wage workers. Tegemeo’s 2008 biennial survey established that between 2006 and 2008 female-headed households recorded a higher increase in income (19.4%) than male-headed households (13.9%) out of the overall 14% increase in incomes among targeted households. Through the Greater Access to Trade Expansion (GATE) gender project, the Mission has further strengthened its ability to integrate gender into agricultural program activities, including value chain analysis, programmatic training activities and monitoring and evaluation. Through GATE-facilitated gender and value chain capacity-building activities, implementing partners assessed and identified critical gender constraints in their programs. For the Kenya Maize Development Program (KMDP), gender

integration¹⁰ has included workshops for farmer couples in *Farming as a Family Business* and the design of training materials to mainstream gender messages and concerns. In the dairy sector, KDSCP has integrated gender into its monitoring and evaluation system¹¹ and designed activities and gender

The USAID Kenya Horticultural Development Program has more than 30 women's groups as partners.

mainstreaming strategies to address gender disparities. The USAID Kenya Horticultural Development Program has more than 30 women's groups as partners, including women-owned and managed companies and non-profit NGOs and three women-owned implementing partners.

In 2009, women comprised 50.3% of farmers benefiting from USAID agricultural productivity, private-sector competitiveness and economic opportunity programs, with benefits including training, technical assistance, technology adoption and market development. This represents an increase from 37% in 2008.

Under AFSI, the Mission will further support gender- and youth-responsive value chain capacity-building to enable all Economic Growth partners to mainstream strategies that promote incentives for positive behavior change along the value chain in ways that create sustainable, family-friendly enterprises and contribute productively to food security and economic competitiveness.

¹⁰ M&E data show that more than 50% of those trained under FaaFB were women, and women's participation in various leadership positions in communities rose from 10 percent in 2005 to 41 percent in 2008.

¹¹ KDSCP has undertaken a baseline study incorporating sex- and age-disaggregated data on all relevant activities, including variables such as: roles/division of labor; access to and control over cattle and benefits; membership in milk bulking/cooling businesses and management committees; dairy incomes; technology and other trainings; and scale of businesses owned.

Efforts will be made to strengthen the feedback loop between the household and research institutions, such as the Kenya Agricultural Research Institute (KARI) and public and private input promotion firms. This will inform gender-equitable technology dissemination and adoption.

Kenyan agriculture is still highly labor intensive and largely unattractive to youth in rural areas. Their migration from rural to urban centers has direct impacts on agricultural productivity and food security. A cross-sectoral youth assessment commissioned by USAID in 2009 found that over 67% of the under- and unemployed in Kenya are young girls and boys between 15-30 years of age. The assessment identified microenterprises (off-farm and on-farm) as potential employment growth sectors, currently employing 74% of Kenya's overall population.

The Mission will step up support to youth as part of the AFSI objective to accelerate participation of the very poor and disenfranchised in rural growth. AFSI support will be complemented by the Mission's new cross-sectoral youth development program, "Yes, Youth Can!", a program focused on areas of the country most affected by Kenya's 2008 post-election violence and its aftermath. To date, all USAID value chain projects have worked with youth groups, training them in entrepreneurship and business skills, and linking them to enterprise and employment opportunities.

Value chain finance provides an excellent opportunity to enhance productivity and trade within value chains. For example, the USAID Kenya Access to Rural Finance (KARF) project has undertaken in-depth value chain finance studies in the tree crop, dairy and fish value chains, and has also developed a financial product to support structured cross-border grain trade Through KARF, USAID works with local banks to implement some of the financial products recommended by these studies.

New or modified FY2010 activities: New activities in value chain development will need

to generate growth and foster diversification to enhance food security and mitigate risks of the very poor. Research shows that poverty reduction is not possible without economic growth. In the case of value chains, opportunities must be fostered to pull up the poor by linking them to rural growth. Tegemeo household survey data shows that most IEHA-funded activities are in areas where rural poverty is 30-50%. Under AFSI, the Mission will expand coverage in high poverty zones, including activities with pastoralists and value-chain projects in staple food crops, dairy, and horticulture. Innovative approaches will be promoted under all programs to facilitate more equitable access to markets and incentivize adoption of improved inputs and appropriate production practices.

The Mission will expand into new staple-food value chains such as sorghum, millet, cassava, yellow sweet potatoes, beans and other pulses, through a new Staple Food Crops Program. New crops will be selected based on characteristics such as drought tolerance, nutritional value, importance to food security, and suitability for marginal agricultural areas, where many of the very poor reside and where women popularly grow and control these crops. The program will contribute to risk mitigation through crop diversification in highly food-insecure marginal agricultural areas, enabling scarce food aid resources to focus more on unpredictable natural disasters. This should ultimately contribute to reducing the caseload of people requiring food rations under Kenya's longstanding drought emergency.

To enhance climate resiliency and reduce vulnerability at the household level, GHFSI will support adaptive responses to climate change through indirect investments.¹² Investments would be made in agronomic practices such as:

- Conservation tillage;
- Mulching and composting;
- Improved water resource management;
- Residue management and erosion control;
- Introduction of vermiculture as an organic soil amendment;
- Integrated pest management;
- Reduced burning, agro-forestry; and
- Leguminous fodder crops.

The Mission's new Drylands Livestock Development Program and Kenya Horticulture Competitiveness Program will be launched in FY 2010.

Accelerating the participation of the very poor in rural growth will build on the Mission's work with youth and women-headed households and deepen both geographic and technical scope with new investments. Activities will create a bridge by which women, youth, and the very poor can transition into market activities. The challenge will be to create a ladder out of poverty rather than to create dependence. New value chain efforts to address the needs of the very poor will include:

- Expanding value chain activities into pastoral areas through the new livestock project;
- Fostering a diversification of crops and livestock to address food consumption needs while managing production risks, including those caused by climate change;
- Piloting interventions such as farmer seed multiplication of open-pollinated varieties to increase seed availability and provide income;
- Focusing on nutritionally important staple foods and small livestock mostly managed by women;

¹² 'Indirect' investments do not come from climate change pillar funding but they have the explicit objective of reducing vulnerability of human or natural systems to the impacts of climate change and climate-related risks. The impacts of these

investments are monitored using one or more USAID climate change indicators.

- Tracking changes in livelihoods, determining causes of changes, and developing approaches to protect assets through the Famine Early Warning Systems Network (FEWS NET);
- Establishing high-value gardens and other opportunities for increasing and diversifying sources of income;
- Educating youth in schools about nutrition and about agriculture as a profitable profession;
- Assisting the very poor in HIV/AIDS-affected family farms to increase incomes;
- Developing innovative value chain products that can expand financial service access to poor smallholder farmers and/or pastoralists in rural areas;
- Developing livestock products for nutrition and emergency food/local purchase programs such as the WFP Purchase For Progress (P4P);
- Improving the quality of milk in the informal sector, thereby contributing to nutritional and economic gain for the very poor, women and youth who dominate the informal milk trade;
- Working in conjunction with the USAID Office of Population and Health in promoting production of crops of high nutritional value among women and youth groups, and in protecting women's rights to land, including those affected by HIV/AIDS; and
- Investigating opportunities for integrating Peace Corps volunteers in implementation of smallholder agriculture and/or pastoral livestock production activities.

4.1.2 Rural Finance

Current/Potential USG/Development

Partners: USAID/Office of Development Credit, DFID, SNV/Netherlands, UNDP, World Bank/IFC, IFAD, Gates Foundation, Association of Microfinance Institutions (AMFI), Central Bank of Kenya (CBK).

MDG I: This core investment will focus on a new rural and agricultural finance activity (Financial Inclusion for Rural Microenterprise/FIRM) that will expand financial services outreach to the underserved rural and agricultural areas, including women, the very poor and youth among the targeted clients. Financial access to smallholder farmers and vulnerable groups will improve productivity of selected value chains, expand economic opportunities and incomes for the rural poor and address food insecurity situation in rural and agricultural areas.

The FIRM project will build on and expand existing activities of the Mission Access to Rural Finance (KARF) project, which was designed to strengthen financial institutions' capacity to serve agricultural value chains and rural households. Through coordination with other actors, the KARF project helps to push the frontier of financial services to underserved groups, geographic locations and new product areas.

The Mission, with KARF project assistance, has developed a Development Credit Authority (DCA) portfolio leveraging about \$40 million in commercial loans for lending to medium, small and micro-enterprises, including maize, dairy, horticulture and other value chains. Additionally, this program has expanded financial service access to women and the very poor and has transformed the legal and regulatory setting for long-lasting and sustainable financial services. Current and potential future program interventions include but are not limited to:

- A large DCA portfolio, which currently includes seven banks, addressing financial needs of different population segments and economic sectors;
- Value chain finance products, including embedded credit products, to meet farmers' cash requirements, and a pilot grain warehouse receipts system;
- Strengthening the capacity of the Central Bank of Kenya's Bank Supervision Department to oversee the transformation

of microfinance institutions into deposit-taking institutions and to regulate the microfinance industry;

- Promoting reforms within the Kenyan financial system to enable it to expand financial services outreach to the underserved rural and agricultural areas, including women and youth;
- Developing financial products for the very poor, women and youth with an emphasis on savings-led approaches; and
- Improving access to financial services and market information in rural areas through innovative ICT delivery vehicles such as mobile banking and internet kiosks.

4.1.3 Policy Analysis, Advocacy, and Capacity-Building

Current/Potential USG/ Development

Partners: USDA/FAS, USAID/EGAT, STATE/ECON, USAID/EA, ASCU, Tegemeo Institute, IFPRI, ReSAKSS, US and Kenyan universities, Seed Trade Association of Kenya (STAK), World Bank, DANIDA, DFID, EU/EC, FAO, GTZ, Kenyan Universities, KIPPRA, IPAR, SNV/Netherlands, SIDA, Rockefeller Foundation, Gates Foundation, regional trade associations.

MDG I: This core investment will promote agricultural sector analysis, advocacy, and capacity-building to improve policies that promote productivity, rural incomes, and food security in Kenya within a more streamlined and coherent regulatory structure aligned with the GOK Agricultural Sector Development Strategy (ASDS). The analysis is intended to inform decision-makers as they develop policies for improving rural livelihoods, food security, and broad-based economic growth. It also aims to build capacity and awareness among local partners, enhancing their ability to advocate for equitable growth and an enhanced standard of living while participating actively in agricultural sector policy reform and development.

Building on and expanding existing activities: The Kenyan agricultural sector requires comprehensive reforms in order to effectively

address the hardships posed by deepening poverty and the challenges of being competitive in an increasingly globalized and market-oriented world. The multiple impacts of Kenya's post-election crisis and the global recession have complicated the situation. Policy formulation needs to be founded on accurate and timely empirical information about how the rural economy works.

Policy analysis through action-oriented research that monitors changes in the agricultural sector at the household, commodity sub-sector, sectoral and macroeconomic levels is needed now more than ever. The aim is to improve policies that promote rural incomes, overall sector and productivity growth, and food security within a more streamlined and coherent regulatory structure—one that separates the regulatory and commercial functions of Kenyan parastatals, commercializes State-owned enterprises, and opens space for private-sector investment.

The GOK Agricultural Sector Development Strategy (ASDS), Kenya's sector roadmap, outlines an array of policy and legal reforms within the various sub-sectors that require solid analytical assistance to guide its implementation under the coordination of the inter-Ministerial Agricultural Sector Coordination Unit (ASCU). ASCU also needs assistance to create space for other policy initiatives that are relevant to advancing the goals of the ASDS, such as Kenya's (draft) Climate Change Response Strategy. In consultation with ASCU and other development partners, USAID will determine its comparative advantage in making focused investments¹³ to embed climate-change response in ASDS implementation.

With USAID support, the Tegemeo Institute of Agricultural Policy and Development of Egerton University, in collaboration with Michigan State University, conducts valuable policy research

¹³ These are investments under the USAID GCC adaptation pillar that may not be attributed to any other initiative. They must also meet the criteria for 'indirect' investments.

using household-level surveys to track changes in production, yields, sales, land size and incomes. The research is intended to inform decision-makers as they develop policies for improving rural livelihoods, equitable growth, and food security in Kenya. Tegemeo research results are disseminated to government, the general public, donors and NGOs. Working with ASCU, the Parliamentary Committee on Agriculture and Livestock, and at times the Parliamentary Strengthening project in the USAID Governing Justly and Democratically Office, Tegemeo is able to engage Parliamentarians and other GOK decision-makers and civil society in discussions on the content and direction of necessary policy reform.

Tegemeo's longitudinal data on rural household incomes helps show the impact of the Mission programs. The ReSAKSS database includes data on national poverty rates, the number of poor, the prevalence of child malnutrition and child mortality rates. The Kenya Food Security Steering Group (KFSSG)-led livelihoods mapping and analysis, supported by USAID through the Famine Early Warning Systems Network (FEWSNET), provides useful insights into poverty determinants in selected arid and semi-arid districts. Perhaps the richest source of data on where the poor live is found in the publication, *Geographic Dimensions of Well-Being in Kenya, Volume One: Where Are the Poor? From Districts to Locations*¹⁴.

Under AFSI, the Mission will seek to expand and update spatial data on the poor and research the reasons for poverty and how age and gender contribute. The Mission will also support activities that promote intersectional collaboration between nutrition and agricultural

interventions in partnership with the Food and Nutrition Technical Working Group under the KFSSG¹⁵. These will contribute to the implementation of the National Food and Nutrition Policy.

Under the Program for Biosafety Systems, IFPRI supports the development of a functional biosafety system to ensure biotechnology work is safe to humans and the environment. The project builds capacity for effective risk assessments and communications for officials in eight regulatory agencies responsible for Kenya's 2009 Biosafety Act.

The Mission's Biotechnology Outreach project, implemented by the University of Nairobi, disseminates information and knowledge and creates awareness of biotechnology and biosafety for a full range of Kenyan stakeholders as part of the GOK Biosafety Awareness strategy. Outreach efforts use print and electronic media to reach stakeholders, with the objective of increasing investment in biotechnology.

In March 2008, USAID/Kenya and EGAT supported a land tenure and property rights (LTPR) assessment in Central and Western Provinces. Specific issues included:

- Rising landlessness and lack of off-farm income;
- Speculative land hoarding;
- Conflicting and overlapping land claims;
- Fragmented land holdings that result in sub-economic units, prevalence of short-term lease arrangements preventing long-term investments; and
- Precarious land rights of women and the HIV/AIDS-affected.

The findings of this assessment will inform the design of activities under other core investment

¹⁴ Three additional articles on poverty include: ILRI, "Why is it some households fall into poverty at the same time others are escaping poverty? Evidence from Kenya"; "Determinants of Poverty in Kenya: A Household Level Analysis," Working Paper, University of Connecticut, 2005; and "Geographic Determinants of Poverty in Rural Kenya: A National and Provincial Analysis," a Rockefeller Foundation Report, 2006

¹⁵ The Kenya Nutrition Technical Working Group includes the Ministry of Public Health Services (MOPHS), UNICEF, FAO, WFP, UNDP and UN/OCHA

areas to implement key principles of Kenya's new National Land Policy (December 2009).

AFSI will foster synergies with the Mission's environment and health programs in implementing recommendations from this assessment that support components of the National Land Policy. This includes protecting the right to land for widows and HIV/AIDS-affected women. Interventions that may be considered include facilitating registration of women's rights to secure lands they currently hold or use, supporting public awareness of women's land rights, training judges and paralegals on women's property rights, and building support for women's property rights in local alternative dispute resolution forms.

New or modified FY 2010 activities: Under AFSI, the Initiative will continue and scale up the above activities and, pending further analysis and funding availability, consider new activities including:

- Expansion of geographic coverage of Tegemeo's survey area to include pastoral zones and urban areas and collaboration with ReSAKSS and other institutions to develop methodologies to track poverty. New and innovative approaches will strengthen outreach and build strong advocacy for policy change;
 - Continue to build GOK capacity to assess, analyze and help respond to rapidly changing food security;
 - Establish the platform to address long-term vulnerability to drought by identifying market opportunities within different livelihoods;
 - Continue USAID/Kenya and USAID/East Africa engagement with the regional ReSAKSS to provide analytic support to guide CAADP design and implementation in the region. ReSAKSS, working with the World Bank, will map and analyze the determinants of poverty, map governmental and donor investments;
 - Consider options for strengthening knowledge management and learning to foster information dissemination and to ensure that the above analytics and lessons are integrated into new programming. This would be closely linked to ongoing initiatives to strengthen Mission, regional and agricultural sector-wide monitoring, evaluation, and knowledge management;
- Develop a program to coordinate capacity building and training. The common agenda will stem from the 2010-2020 Agricultural Sector Development Strategy, associated Medium-Term Investment Plan and CAADP Compact. The Mission will collaborate with USAID/EA and the Africa Bureau to establish a capacity building program to help ramp-up programs and bring together African institutions with capacity to do the training;
 - Reinforce support, as opportunities arise at the national level, for USAID/East Africa collaboration with COMESA and COMPETE on harmonization of standards and other trade-related policies, regulations and procedures. This could help facilitate enhanced engagement by KEPHIS with the Codex Alimentarius Commission in support of better harmonized regional and global food standards;
 - Strengthen quality standards and SPS certifications through the new Drylands Livestock Development program, which will enhance competitiveness and trade. The program will work with USAID/East Africa and the USDA/APHIS regional advisor focusing on trade barriers and animal health requirements. It will also work with the GOK on risk mitigation strategies;
 - Provide increased resources, in conjunction with the Natural Resources Management program, to intensify support to land tenure, access and rights policies, including women's, youth and pastoralists' land use rights; and
 - Make focused investments using GCC adaptation pillar funding to build appropriate guidance for climate change response into ASDS implementation.

4.1.4 Agricultural Research and Technology Transfer

Current/Potential USG/Development

Partners: USAID/EA, USDA/FAS, USDA/APHIS, Peace Corps, KARI, ASARECA, CGIAR, CNFA-AGMARK, Collaborative Research Support Programs (CRSPs), US Universities, International Fertilizer Development Center (IFDC), FAO, DFID, IDRC/CIDA, Kenyan Universities, KEPHIS, STAK, EU, World Bank, Gates Foundation.

MDG I: This core investment will aim to empower farmers by facilitating their access to productivity-enhancing technologies in a sustainable and cost-effective manner. It will also entail sharing information, imparting knowledge and skills and changing attitudes so that they can efficiently manage their resources for increased productivity and food security, improved incomes and standard of living. Special emphasis will be placed on women, youth and the very poor among the value chain actors.

Building on and expanding existing activities: Since the 1960s, USAID has supported the Kenya's preeminent Agricultural Research Institute (KARI) through a variety of capacity building and biotechnology development and transfer programs. As one of Africa's premier agricultural research institutions, KARI remains a key player for Kenya and the region in developing and transferring productivity-enhancing technologies suitable for smallholder farmers and livestock producers.

USAID support to KARI has focused on core research programs to develop and transfer improved technologies for maize, dairy, horticulture, soil fertility and biotechnology, all geared towards *increased productivity and food security*. The 2009-2010 program includes promotion of technologies appropriate to other traditional food crops to help enhance food security in Kenya's marginal agricultural areas of limited rainfall.

Under AFSI, the Mission will expand its support to applied research and more rapid technology

dissemination through potential partnerships with KARI, universities, International Agricultural Research Centers, the private sector, development projects, and/or other appropriate national, regional and international institutions. Assistance will be provided to help streamline and develop new research-extension linkages and test new models for delivery of services to farmers (e.g. India). Current research and technology transfer activities will be expanded to include support for other staple food crops appropriate to Kenya's diverse agro-ecological zones. Strategic options for USAID/Kenya's biotechnology transfer program, currently focused on developing disease and pest-resistant maize and cassava and animal disease diagnostic tools, may be further explored for other high-potential applications.

Applied agricultural research will focus on staple food crops and livestock that enhance growth and competitiveness of key sub-sectors. All activities will include short- and long-term institutional and human resource capacity building interventions necessary to support Kenya's most urgent needs for development and transfer of appropriate productivity-enhancing technologies to smallholder farmers and pastoralists.

Under AFSI, the Mission will explore opportunities to expand support to agricultural research and technology transfer, which may include:

- Development and transfer of improved varieties of "orphan" crops such as sorghum, millet, soybean, other pulses and grain legumes;
- Developing and testing maize varieties and soil fertility management;
- Providing clean planting material for root crops and moving these to the private sector for dissemination;
- Emphasizing technology transfer to women and the very poor; and
- Strengthening fertilizer and improved seed availability and use, soil management, and agronomic inputs.

Fertilizer application in Kenya is far below optimal levels, constraining crop yields and production, especially for smallholders. The recent food crisis in Kenya combined with an escalation of fertilizer prices and drought has contributed to recent decreases in the use of modern inputs and lower yields. This has resulted in direct intervention in the fertilizer market by Government. Options may be explored with a variety of potential public and private partners to resolve supply-chain issues on agro-chemicals, veterinary drugs, and/or other agricultural inputs and supplies.

4.1.5 Water and Sanitation

Current/Potential USG/ Development Partners: CJTF-HOA, USDA/OFDA, DFID, EC, GTZ, JICA, SIDA, SNV/Netherlands, World Bank, UNDP, UN/HABITAT, UNICEF, IFAD.

MDG I: Within current earmarked water programs, this core investment will focus on increased access of communities to clean drinking water, which is directly linked to good nutrition and more efficient household utilization of food. If in FY 2010 and beyond the earmark definition becomes more flexible, activities will expand into multiple-use water facilities for small-scale, well-targeted irrigation to reduce over reliance on rain-fed agriculture. This activity will not only increase productivity, but also reduce smallholder farmers' vulnerability to recurrent drought and the associated hunger.

Building on and expanding existing activities: The Mission has for several years received funding for clean drinking water and sanitation activities under the strictly applied earmark definitions of the Senator Paul Simon Water for the Poor Act of 2005. The activities support water supply technologies for household water connections, public standpipes, boreholes, protected dug wells, rainwater collection, and protected springs to increase access of communities to clean drinking water. The Mission supports US Private Voluntary Organizations (PVOs) to implement water, health and sanitation (WASH) projects that benefit 150,000 people per year. The objectives

are to improve health and nutrition of target communities through increased access to clean water and sanitation services, promotion of sustainable water management, and resiliency of vulnerable populations to climate shocks.

WASH activities within the Mission Health Office have been geared towards promotion and integration of key hygiene practices into Maternal Child Health programming through the regional AIDS, Population and Health Integrated Assistance (APHIA) programs. Integration of WASH activities into HIV/AIDS care and support is an upcoming intervention that aims to ensure that health care workers are equipped with WASH/HIV integration skills, and that the various HIV/AIDS policies and guidelines incorporate WASH appropriately. Population Services International is also implementing the Basic Care Package intervention, which includes providing health-promoting commodities for people infected with HIV/AIDS and social marketing for water treatment and safe storage at point of use.

Within current water programs, the Mission focus is on provision of clean water for household use, as dictated by the USG Water earmark provisions. If in FY 2011 and beyond the earmark definition becomes more flexible to allow funding for improved water utilization and/or resource management, the Mission will build on and expand its existing water activities. This may include enhancing water-resource management, efficiency and agricultural productivity and income-generating activities through multiple-use water facilities for small-scale, well-targeted irrigation to ensure sustainable water use. In collaboration with the Mission Health Office, kitchen gardens for production of highly nutritious vegetables will be promoted under small-scale irrigation activities.

New or modified FY 2010 activities:

Where feasible, the Mission will seek opportunities for more synergy with agricultural and food security programs. Efforts in this area may include:

- Strengthening collaboration with the Office of Population and Health (OPH) to expand WASH Activities into OPH project areas and explore opportunities for multiple-use systems for community-based management of water resources for human, agricultural and livestock needs. This is in accordance with recommendations of the recent EGAT/Global Health strategy assessment team; and.
- Harnessing and managing water for agricultural use (agricultural commodities and livestock), forming and strengthening water user associations, developing payment structures, and distribution and management systems to sustain the water resources.

4.2 AFRICAN PRIORITIES

GOK priorities: The Government of Kenya announced Vision 2030 last year, an ambitious blueprint designed to achieve the Millennium Development Goals and transform Kenya into a middle-income country by 2030. It outlines four major areas that pose challenges to the agricultural sector. These challenges will need to be met if agriculture is to meet its 2030 goal of 10% growth of GDP¹⁶ and 7% annual growth in agricultural GDP. The four challenge areas are: (1) productivity; (2) land use; (3) market services and access; and (4) value addition. The plan is also meant to address the Vision's population forecast for 2030, by which the urban population is expected to almost double, with two-thirds of all people in urban areas.

GOK Agricultural Development

Strategies: Over the past decade, GOK agricultural strategies have aimed to develop a market-driven agriculture that will contribute to economic growth, employment generation and poverty reduction. The GOK current Strategy for Revitalizing Agriculture (SRA) is coming to an end, and the ministries responsible for agriculture, through its Agricultural Sector Coordination Unit (ASCU), will soon roll out a

new strategy. The 2010-2020 Agricultural Sector Development Strategy (ASDS) will support Vision 2030, with a focus on smallholders. The draft ASDS document states: "The vision of the sector is a Food Secure and Prosperous Nation. The strategic mission for the sector is an Innovative, Commercially-oriented and Modern Agriculture. The overall development and growth of the agricultural sector is anchored in increasing productivity, commercialization, and competitiveness of the agricultural commodities and enterprises, and development and management of key factors of production."

ASDS targets for 2014 are to:

- Reduce poverty by 25% to achieve the MDG target;
- Reduce food insecurity by 30% to surpass the MDG target;
- Increase the contribution of agriculture to GDP by more than Ksh 80 billion per year as set out in the vision 2030;
- Divest in all state corporations dealing with production, processing and marketing activities that can be done better by the private sector; and
- Reform and streamline agricultural service institutions such as research, extension, and regulatory to be most effective and efficient.

The Mission and all other prominent agricultural donors will continue to base their support to the sector on the GOK agricultural strategy (SRA, now evolving into the ASDS). USAID support has been particularly focused on increasing productivity and access to markets, strengthening the private sector, and policy reform.

GOK Private Sector Development

Strategy: The ministries of Trade and Industrialization, in coordination with the Private Sector Donor Group, have developed the Private Sector Development Strategy (2006 – 2010), which provides a framework for public sector reforms, deepening public-private-sector partnership and consolidating interventions in

¹⁶ In 2007, Kenya had an overall GDP growth rate of 4.9% (2007).

support of private-sector development. The strategy addresses five main goal areas including (1) business environment reforms, (2) institutional transformation, (3) trade expansion, (4) productivity improvement and (5) enterprise development.

GOK Women and Youth Priorities: The GOK launched the Women Enterprise Fund (WEF) in 2007. The KSh 1.7 billion women's fund will help the GOK achieve MDG 3 on promoting gender equality and empowering women and will contribute to the social pillar in Vision 2030 by mainstreaming women into the

formal financial services sector. The Youth Enterprise Fund (YEF) was launched in 2006 and transformed into a state corporation in 2007. YEF, with a fund of Ksh 1.75 billion, focuses on enterprise development as a key strategy for increasing opportunities and participation of youth in nation building.

The two tables below provide a summary of how the Mission Core Investments will support the CAADP Pillars and cross-cutting themes, and the GOK agricultural investment priorities under ASDS.

Table I: the CAADP Pillars and Cross-Cutting Themes

Pillar 1	Pillar 2	Pillar 3	Pillar 4	Cross-Cutting
Sustainable Land and Water Management	Market Access, Trade, Rural Infrastructure	Food Supply, Food Security	Agricultural Research, Technology Adoption	Policy and Capacity Building
<p>Water for agricultural productivity</p> <p>Land tenure and property rights</p> <p>Value chain projects activities on soil fertility, water management for climate change</p> <p>Indirect investments that support CC adaptation in farming systems</p>	<p>Rural Finance</p> <p>Value chain projects activities on market access, increased trade</p> <p>Development Credit Authority guarantees</p>	<p>Value chain projects to increase productivity & production</p> <p>Water for health and nutrition</p> <p>Value chain commodities will contribute to increased incomes, diversification/risk mitigation and provide nutritionally important foods.</p> <p>US to track and analyze livelihood changes</p> <p>Indirect investments that support CC adaptation in farming systems</p>	<p>Ag research on staple food crops, improved livestock fodder, livestock vaccines and disease diagnostics</p> <p>Agricultural input delivery activities</p> <p>Value chain projects will promote technology adoption at smallholder level</p> <p>Direct investments that support research in CC adaptation in farming systems</p>	<p>Policy:</p> <p>Tegemeo Policy Analysis and Outreach, with MSU on smallholders</p> <p>ReSAKSS</p> <p>PBS-K Biosafety Regulatory Framework</p> <p>University of Nairobi Biotechnology Outreach</p> <p>Seed Policy</p> <p>Capacity- Building:</p> <p>Training program targeting government, private sector, civil society</p>

Table 2: GHFSI Core Investment Areas Against GOK Priorities under the Agriculture Sector Development Strategy (2010-2020)

A. Increasing Productivity, Commercialization and Competitiveness of Agricultural Commodities and Enterprises		
1. Crops and Land Development Sub Sector		
1.1	Formulation and Implementation of Policy and Legal Framework	Contributing USAID projects/programs include: New Staple Food Crops Program (SFCP), Kenya Horticulture Competitiveness Project (KHCP), Tegemeo Agricultural Policy Research Analysis program, Program for Biosafety System/Kenya, KARI agricultural research program, new fertilizer alliance program, FEWS/NET and other new capacity building programs.
1.2	Improvement of Agribusiness and Market Access	
1.3	Strengthening Research, Extension and Training	
1.4	Improvement of Land Use and Crop Development	
1.5	Enhancing Access to Inputs and Credit to Farmers	
1.6	Enhancing Institutional Efficiency and Effectiveness	
2. Livestock Sub Sector		
2.1	Reviewing of Policy, Legal and Institutional Frameworks	Contributing USAID projects/programs include: Kenya Dairy Sector Competitiveness Program (KDSCP), Drylands Livestock Development Program (DLDP) and Tegemeo Agricultural Policy Research Analysis program.
2.2	Improving Livestock Productivity	
3. The Cooperative Sub Sector		
3.1	Increasing Market Access and Agri-business	Under the Initiative, targeted interventions may be pursued to promote this focus area within the above-listed projects and programs while other feasible opportunities are explored.
3.2	Value Addition	
3.3	Enhancing Access to Agricultural Credit	
3.4	Reviewing Co-operative Policy and Legal Frameworks	
3.5	Governance and Management	
3.6	Promotion of Internal and External Trade	
4. Private Sector Participation		All USAID/Kenya value chain programs promote private sector participation.
B. Development and Management of Key Factors of Production		
1. Improvement of Water Resources Irrigation Development		
1.1	The National Irrigation Policy and Legal Frameworks	USAID/Kenya's Water and Sanitation (WASH) program currently increases access to clean drinking water and sanitation services and promotes sustainable water management and resiliency of vulnerable populations to climate shocks. WFP drought recovery program (PRRO) includes rainwater harvesting as one of the main Food for Asset (FFA) activities. Additional support may be provided for water resource management and/or productivity interventions to the extent permitted allowed under the Water Earmark.
1.2	Intensification and Expansion of Irrigation	
1.3	Improvement of Rainwater Harvesting and Storage for Agriculture	
1.4	Rehabilitation and Protection of Water Catchments	
1.5	Implementation of the Irrigation Flagship Projects	
2. Improvement of Environment and Natural Resource Management **		
2.1	Improvement of Environmental Conservation	Ongoing E/NRM programs include the Northern

2.2	Enhancing Resource Conservation and Management	Rangelands Trust (NRT) program in the ASALs of the Rift Valley and Eastern Provinces. Improved NRM/land use is an integral theme of all value chain programs.
2.3	Improvement on Pollution of Waste Management	
2.4	Management of Mineral Resources	
3. Forest and Wildlife Resources **		
3.1	Protection, Conservation Management of Forest Resources	E/NRM programs include East Aberdares Forest Rehabilitation project to restore degraded water catchment areas, a new "PROMARA" activity in the Mau Forest ecosystem, and the Laikipia NRM and biodiversity conservation program promoting rehabilitation, improved management and equitable access of natural resources by local communities.
3.2	Protection, Conservation Management of Wildlife Resources	
3.3	Development of Institutional, Policy and Legal Frameworks	
3.4	Strengthening of Forest and Wildlife Research, Extension and Training	
3.5	Forest and Wildlife Flagship Projects	
4. Land Use **		
4.1	Development and Implementation of a Land Use Master Plan	As a follow-on to the recently completed assessment of land tenure and property rights, USAID/Kenya supports activities in the Kiunga-Boni-Dodori (KIBODO) coastal area to secure property rights and conserve biodiversity through improved resource governance through the "SECURE" program.
4.2	Creation of a Consolidated GIS-based Land Registry	
4.3	Investment in Institutions and Infrastructure	
4.4	Settlement of Landless Poor	

** These priorities are not primarily GHFSI-funded. However, improved NRM/land use is an integral theme of all USAID/Kenya value chain programs.

4.3 HOW AREAS BUILD ON EARLIER INVESTMENTS

4.3.1 Existing USG Strategies and Initiatives (IEHA, AGCI)

For several years the Mission's agricultural program has been part of two USG Initiatives: the Initiative to End Hunger in Africa (IEHA)

Under AGCI, the Mission's horticulture program has facilitated the expansion of Kenya-US trade to an estimated \$12 million in value. USAID has also reduced barriers to the regional trade of maize and increased the value and volume of trade of dairy products by 109% and 160%, respectively.

and the African Global Competitiveness Initiative (AGCI). Under IEHA, the agricultural program focused on market-led, value chain development, targeting maize, dairy, and horticulture, and integrating gender equity,

sustainable resource management and utilization, and youth among the cross-cutting themes. Value chain programs are complemented by activities in pastoral production, agricultural research, applied policy research, biotechnology, and sanitary and phytosanitary compliance. Under AGCI, the horticulture program has facilitated the expansion of Kenya-US trade to an estimated \$12 million in value. USAID has also reduced barriers to the regional trade of maize and increased the value and volume of trade of dairy products by 109% and 160%, respectively.

4.3.2 Existing USAID/Kenya Programs

The Mission has a long history of investing in agriculture. Existing and recently completed programs include:

The Tegemeo Agricultural Policy Research and Analysis (TAPRA, 2006-2010) Program which lays out a four-year detailed agenda on policy analysis, capacity-

building, collaborative policy outreach, and monitoring of the agricultural sector.

The Kenya Maize Development Program, extended to June 2010, is designed to improve the competitiveness and productivity of the maize sector, primarily in areas of high to medium potential.

The Kenya Horticulture Development Program (KHDP), ending in May 2010, provides technical assistance to horticulture-sector value chains to build the capacity of private sector enterprises to capture domestic, regional and international export market opportunities. KHDP focuses on food security and nutrition-enhancing staple crops that emphasize women and youth involvement.

The Kenya Dairy Sector Competitiveness Program (2008-2013) aims to increase smallholder family income from the sale of quality milk through increased competitiveness.

The Kenya Access to Rural Finance project, ending in September 2010, fosters improved productivity of the agricultural sector and rural growth through increased access to financial services for rural households, enterprises and agriculture.

The North Eastern Pastoral Development Program (NEPDP), ended in October 2009, aimed to increase household incomes and improve livelihoods for pastoralists, who have remained poor due to their inability to access markets.

The Kenya Agricultural Research Institute supports development and transfer of improved technologies for maize, dairy, and soil fertility, as well as a Women's Nutribusiness sub-activity, all geared toward increased productivity and food security. In 2009-2010, the project will enhance food security in Kenya's marginal agricultural areas.

The Mission's biotechnology program comprises research, biosafety legislation, regulation, and public outreach.

Greater Access to Trade Expansion (GATE), ended in September 2009, helped USAID agricultural programs improve their capacity to integrate gender concerns within value chains.

The Kenya Plant Health Inspectorate Service Pest Risk Analysis Program enhances the capacity of the Inspectorate to ensure compliance with international sanitary and phytosanitary (SPS) requirements.

4.3.3 New and Potential Agriculture-related Projects and Activities

The Drylands Livestock Development Program (2010-2015) will promote improved productivity and market competitiveness of livestock in arid and semi-arid lands to increase production for domestic consumption and export. The program will:

- Improve production and productivity of livestock and livestock products;
- Expand critical animal health services to ensure compliance with internationally accepted sanitary requirements;
- Improve market linkages for value-added livestock products; and
- Promote and support innovative rangeland management approaches to transform the pastoralist production system from one of constant vulnerability to greater resilience to climatic shocks.

'Direct' Global Climate Change (GCC) adaptation pillar funding will support analyses and production of likely scenarios to predict changes in the geographic distribution of livestock disease as a result of climate change. Efforts will be made to further link smallholder producers of livestock products to the WFP Purchase for Progress (P4P) initiative. AFSI funds will be used to improve market infrastructure, the volume of trade locally, and the confidence of importing countries. Working through strategic local and regional partners, the program will improve market information systems along the livestock value chain.

Kenya Staple Food Crops Program (KSFCP) (2010-2015) will be central to Mission efforts to address hunger and food security. With an overall goal of “*increasing agricultural growth and expanding staple food supplies*,” KSFCP will:

- Improve the competitiveness of staple food value chains that can generate supplies of staple foods that contribute to both national and household food security;
- Expand the access of the poor and very poor to food through improved staple food productivity, effective market linkages, increased incomes and reduced vulnerabilities; and
- Reduce barriers to the efficient distribution of food from surplus to deficit areas, including regional trade.

Kenya Horticulture Competitiveness Program (2010-2015) will promote opportunities for sustainable income generation and enhanced food security among smallholder farmers. The program will:

- Increase adoption of productivity-enhancing technologies for marketable food security horticulture products by male and female farmers;
- Improve the ability to respond to market demand and requirements;
- Improve vertical and horizontal coordination for greater efficiencies and transparency;
- Increase value addition of horticulture products; and
- Improve horticulture infrastructure and business environment that supports horticultural product marketing.

The Cross-Sectoral Youth Program will help restore agriculture-based livelihoods and economic opportunities in areas most affected by 2008 post-election violence.

The Mission complements its agricultural programs with activities focused on environment/natural resource management

(E/NRM), health, education, and governance. AFSI resources can quickly have an impact in the following areas:

- Complementarity with the Mission’s E/NRM program—a separate portfolio with the strategic objective of *Improved Environment and Natural Resources Management in Targeted Biodiverse Areas*. These include the East Aberdares Forest Rehabilitation Project to restore degraded water catchment areas, the Laikipia NRM and biodiversity conservation program to rehabilitate, improve management and ensure equitable access, the Northern Rangeland Trust Support Program in the arid and semi-arid lands of the Rift Valley and Eastern Provinces, and the PROMARA activity in the Mau Forests Ecosystem.
- The Mission Office of Population and Health (OPH) portfolio has defined a new implementation framework (2010 – 2015) that builds on past experiences and lessons learned, with a goal of creating balanced and deliberate approaches bringing together a broad range of investments that contribute to significant and sustainable public health impact. The OPH nutrition program will continue to focus on reduction of micronutrient deficiencies among pregnant and lactating women and children under five years old, promotion of appropriate infant and young child feeding practices, and strategic linkages to food security programs.

The HIV/AIDS care and support program will continue to focus on HIV palliative care, nutrition and home and community-based care (HCBC). Nutrition services will cover assessments, counselling, and support services for clinically malnourished people living with HIV/AIDS and orphans and vulnerable children aged six months to five years.

The APHIA service delivery programs include interventions focused on nutrition education and behaviour change, water

management, home and community gardening, and business/income-generating opportunities, especially targeting youth, and people infected and affected by HIV/AIDS and their families in all the provinces.

- In the governance sector, improve early warning and response mechanisms while increasing communities' ability to prevent and reduce conflict.
- Through the Education for Marginalized Children in Kenya Program, the education sector targets school children, especially girls, in pastoralist communities to ensure equitable access to and high quality education in primary schools. The program also engages students, teachers and their communities in agricultural projects in which they can grow their own food in an environmentally-friendly way.

The Life Skills Education Program provides support to the Ministry of Education in strengthening its Life Skills curriculum targeting water, sanitation and hygiene topics, among others.

4.4 LINK TO FOREIGN ASSISTANCE FRAMEWORK

The AFSI Core Investment Areas contribute to the Foreign Assistance Framework's Economic Growth Objective. It will promote sound economic policies for agricultural growth that address barriers to trade and improve agricultural productivity essential for economic growth. Similarly, the program will contribute to private sector competitiveness by strengthening the capacities of farmers, traders and processors to increase competitiveness of the horticulture and dairy industry in domestic, regional and export markets.

The program will scale-up past achievements and continue expanding the financial access frontier by invigorating financial intermediation across marginalized populations.

Under the USAID Foreign Assistance Framework's Economic Growth Objective, the

Mission AFSI program will primarily support the 4.5 Agriculture Program Area focus on two elements:

4.5.1 Enabling Environment

- 4.5.1.1 Agricultural Resource Policy
- 4.5.1.2 Food Policy
- 4.5.1.3 Agricultural Market Standards and Regulations
- 4.5.1.4 Public Investment Policy

4.5.2 Agriculture Sector Capacity

- 4.5.2.1 Research and Technology Dissemination
- 4.5.2.2 Land and Water Management
- 4.5.2.4 Markets and Trade Capacity
- 4.5.2.5 Agribusiness and Producer Organizations

Under **4.5.1 Enabling Environment**, the Mission will promote sound economic policies for agricultural growth that address barriers to trade,¹⁷ especially national and regional, to ensure the safety and therefore nutritional value of food, promote a policy environment for improved competitiveness and productivity and the development of nutritious and drought-tolerant varieties, build climate-change adaptation planning into sectoral strategies, and strengthen the private sector to improve market and input access by the poor and very poor.

Under **4.5.2 Agriculture Sector Capacity**, the Mission will improve agricultural productivity through investments in an expanded number of food staple value chains that can increase supplies of and access to food. For the very poor, investments will enhance the productivity of women, youth and others, through improved access to finance, quality affordable inputs, knowledge of how to use inputs, affordable storage, and other post-harvest services and markets. All improvements in productivity will be achieved while maintaining the natural resource base and adapting new practices relevant for climate change.

¹⁷ This work will be coordinated with USAID/East Africa and the COMPETE project.

In addition, AFSI will provide modest complementary support to:

4.6.2 Private Sector Capacity.

- 4.6.2.1 Business Management, Marketing and Governance Practices
- 4.6.2.2 Sector Supply and Value Chains

Under **4.7 Economic Opportunity**, the Mission will scale-up past achievements and continue expanding the financial access frontier

by invigorating financial intermediation across marginalized populations, and promoting an enabling environment to help transform the legal and regulatory setting for long-lasting and sustainable financial service access. It will expand commercial finance to vulnerable groups, such as adult and young smallholder farmers and entrepreneurs in agriculture and non-farm value chains, in order to improve agribusiness/ business opportunities and enhance overall market efficiencies.

Table 3: Links to the Foreign Assistance Framework

Program Area	Program Element	Core Investment Area
4.5. Agriculture	4.5.1. Agriculture Enabling Environment	Policy Analysis, Advocacy and Capacity Building
	4.5.2. Agriculture Sector Capacity	- Staple Food Value Chain Development - Agricultural Research and Technology Transfer
4.6. Private Sector Competitiveness	4.6.2 Private Sector Capacity	-Staple Food Value Chain Development
4.7. Economic Opportunity	4.7.1 Inclusive Financial Markets	Rural Finance
3.1. Health	3.1.8. Water Supply and Sanitation 3.1.9. Nutrition	Water and Sanitation, Improving Nutrition
5.2 Disaster Readiness	5.2.1 Capacity Building, Preparedness and Planning	Policy Analysis, Advocacy and Capacity Building
6.1. Program Design and Learning	6.1. Program Design and Learning	Studies and assessments
6.2. Administration and Oversight	6.2. Administration and Oversight	Program management support

Under the elements **3.1.8 Water and Sanitation** and **3.1.9 Nutrition**, to the extent that the Congressional Water Earmark allows, the Mission will build on and expand its existing water activities to enhance water resource management efficiency and agricultural productivity through multiple-use water facilities for small-scale, well-targeted irrigation to ensure sustainable water use. In collaboration with Mission Office of Population and Health (OPH), e, kitchen gardens for growing highly nutritious vegetables will be promoted under small-scale irrigation activities.

WASH activities within the OPH have been geared towards integrating promotion of key hygiene practices into Maternal Child Health programming through the regional APHIA programs. Integration of WASH into HIV/AIDS care and support is an intervention that aims at ensuring health care workers are equipped with WASH/HIV integration skills and that the various HIV/AIDS policies and guidelines incorporate WASH appropriately.

Under the Initiative, USAID/Kenya's agriculture and health portfolios will seek to identify and implement to the extent practicable

interventions that result in multiple benefits, including increased food security, improved nutrition, and sustainable livelihoods. This will also entail strengthening host-country capacity by advancing supportive nutrition and food security policies and improving nutrition information systems. The rationale for including nutrition in the Global Hunger and Food Security Initiative is built around key relationships between poverty, agriculture and nutrition. Improving nutrition can have a positive effect on economic growth and poverty reduction as it leads to positive impacts on intellectual capacity, educational performance, and productivity. A comprehensive strategy must address all variables of food security: availability, access, and utilization/consumption.

Under **3.1.9 Nutrition**, the OPH will in FY 2010 focus on gathering necessary data to better inform the design of nutritional activities.

Finally, AFSI funding will be used to support Objective 6: Program Development and Program Administrative Costs under the two Program Areas. 6.1 Program Design and Learning (PD&L) and PD&L will be used to support a wide array of AFSI program support services, including, among others, evaluations, special studies, program design, knowledge management, and capacity-building. 6.2 Administration and Oversight A&O will be used for program management support.

5. FY 2010 RESULTS/ INDICATORS/TARGETS

The objective of the Initiative in Kenya is to increase agricultural growth and expand staple food supplies. To achieve this objective, the investments will improve competitiveness of agricultural enterprises, redress inequities for vulnerable groups, foster good governance in value chains, promote environmental sustainability and improve resiliency in the face of climate change through adaptation.

The Mission is reviewing options for reinforcing its existing monitoring and evaluation framework by establishing a comprehensive knowledge management system that builds links to ongoing initiatives. This activity is aimed at strengthening Mission, regional, and agricultural sector-wide monitoring, evaluation, and knowledge management.

The following table provides current indicators and targets from the Mission performance monitoring plan for results related to the GHFSI and through adaptation to Global Climate Change. The Mission will also link its knowledge management system to the USAID-supported Regional Strategic Analysis and Knowledge Support System (ReSAKSS), an information and knowledge management initiative to promote and support effective and sustainable agricultural and rural development strategies across Africa.

All of these efforts will be linked into a nascent Kenya Government-led and CAADP mandated 'Sector-Wide Monitoring and Evaluation Framework' initiative. This framework will be targeted to serve as a mutually agreed-upon framework for overall agricultural sector performance, linked to Kenya's Agricultural Sector Development Strategy, the CAADP Compact, and ultimately the GHFSI "Feed the Future" results framework.

Table 4: USAID/Kenya 2010 Agriculture and Food Security Initiative Indicators and Targets¹⁸

Indicator	FY09	FY 2010
Percent change in rural household incomes	-	-
Household dietary diversity score	-	-
Nutritional status of children	-	-
Number of individuals who have received USG supported short-term agricultural sector productivity training	478,355	582,270
Number of rural households benefitting directly from USG interventions	644,260	831,960
Number of policies/ regulations/ administrative procedures analyzed as a result of USG assistance	4	4
Number of policy reforms presented for legislation/ decree as a result of USG assistance	3	3
Number of new technologies, management practices, or products under research/development	30	35
Number of new technologies or management practices made available for transfer as a result of USG assistance	50	55
Number of farmers using improved technology	608,223	772,035
Number of farmers adopting NRM practices for sustainable agricultural production	173,958	200,457
Number of targeted firms achieving international standards from USG assistance	814	2,035
Number of participants in USG supported trade and investment capacity building trainings	800	1,500
Volume of purchases from smallholders of targeted food staples (MT)	3,735,653	3,462,679
Value of purchases from smallholders of targeted food staples (USD)	774,810,127	718,323,560
Volume of intra-regional exports of targeted agricultural commodities as a result of USG assistance (MT)	145,951	182,439
Value of intra-regional exports of targeted agricultural commodities as a result of USG assistance (USD)	5,000,000	7,000,000
Volume of international exports of targeted agricultural commodities as a result of USG assistance (MT)	144,576	180,720
Value of international exports of targeted agricultural commodities as a result of USG assistance (USD)	24,000,000	25,000,000
Number of users accessing Market Information Systems (MIS)	262,904	492,422
Total number of microenterprises receiving finance from participating firms in a USG assisted value chain	8,510	12,000
Value of credit disbursed to target beneficiaries from USG assistance (USD)	907,500	1,089,000
Amount of private financing mobilized with a DCA guarantee (USD)	825,000	990,000
Number of women's organizations/associations that received USG assistance in this reporting year	34	40
Number of children reached with nutrition programs	-	-
Number of people trained on nutrition	-	-
Number of women reached with Nutrition counseling and education	-	-

¹⁸ To be disaggregated as appropriate and feasible by: Commodity type, Financial/Non Financial Services, Micro/Small enterprises, Male Headed Households, Female Headed Households, Male/Female, Youth – (16-30)

6. KEY ISSUES AND ANALYTICAL ACTIVITIES LOOKING TOWARD FY 2011

Some of the important issues to explore for the successful development of the Global Hunger and Food Security Initiative in Kenya include:

- Ways of ensuring agricultural growth results in equitable benefits;
- Accelerating the participation of women and the very poor in rural growth;
- The importance of land rights on agricultural enterprises;
- Sustainable natural resource management; and
- Climate-change adaptation as related to land use, policy reform, capacity-building and research/analysis.

The Mission AFSI strategy is underpinned analytically by the work of Dollar and Kray¹⁹ and Milanovic,²⁰ who make clear that economic growth is required for poverty reduction. In the area of food security, growth and competitiveness are needed to produce supplies of staple food to feed the landless, destitute, and urban populations. In the case of Kenya, the country achieved significant increases in agricultural growth, moving from -3% in 2002 to 6.7% in 2005 and 6.3% in 2007. While this growth has declined as a result of political and environmental shocks in 2008 and 2009, these positive growth trends suggest a foundation upon which to build.

Analytical work for CAADP supported by IFPRI shows that agricultural growth will not necessarily result in equitable benefits, as both

rural and urban households will benefit in varying degrees. As argued by Milanovic, “in countries where the gap between the rich and poor is great, more customized and targeted measures are needed to reduce poverty.” Such targeted efforts include cereals, which will have the highest impact on reducing poverty of the poorest.²¹

Bridging programs focused on growth and those focused on the very poor and women will be key to meeting the AFSI goals and objectives. Traditionally, the Food for Peace PL480 Title II development programs has targeted the very poor. Under AFSI, the aim is to accelerate the participation of women and the very poor in rural growth through increased participation in markets. Such an effort will require asset-building, risk mitigation, creative approaches to reducing the cost of market participation, and complementing on-farm opportunities with off-farm and/or non-farm economic opportunities.

Kenya has a complex climate, with marked variations across the country and very strong seasonality. There are wide ranges in average temperatures along the narrow coastal strip, within the ASALs, and in the more temperate highland plateaus. Rainfall is even more variable. The annual cycle is bimodal, with two wet seasons: the long rains (generally March – May) which may contribute more than 70% of annual precipitation, and the short rains (October – December). Overall, there is significant inter-annual and spatial variation in the strength and timing of these rains, though the variability is highest in the ASALs. The western highlands and coastal areas also receive significant rainfall during June through September.

Adding to this complexity is the variability stemming from ‘El Nino — Southern Oscillation’ and ‘La Nina’ events. El Nino is associated with greater-than-normal wet conditions during the short rains while La Nina conditions are associated with unusual drought

¹⁹ David Dollar and Kray, “Growth is Good for the Poor,” Policy Research Working Paper 2587, World Bank. April 2001.

²⁰ Branko Milanovic, “The Two Faces of Globalization: Against Globalization as We Know It,” World Bank Report, May 2002.

²¹ Thurlow, J and S Benin. 2008. *Agricultural Growth and Investment Options for Poverty Reduction in Kenya*. Preliminary Report prepared for Kenya’s CAADP Roundtable Discussion. IFPRI.

such as that experienced in 1999/2000 (the most severe in 50 years), and more recently in 2005/2006 and 2009.

Projections of future climate change are very uncertain. Yet all climate model scenarios show increases in mean annual temperature in future years. Recent studies in Kenya predict a rise of almost 1 °C by 2030 and around 1.5° by 2050 for a mid-range scenario. However, the range across all the models is considerably wider. Projections range from 1° to 3.5 °C by the 2050s.

Changes in precipitation are more uncertain. Most climate models project that rainfall will change and average annual rainfall will increase. Again, there is wide model variation. Some models show reductions in rainfall in some seasons. Others indicate that, although overall annual trend and rainy seasons may not change, shifts in the timing of seasons are probable. Many models indicate an intensification of heavy rainfall in the wet seasons in some regions and thus greater flood risks. Droughts are likely to continue, but again, the projections are more varied. Some models project an intensification of these events, particularly in some regions, while others show reductions in severity. The bottom line is that Kenya's climate is changing and the climate of 2030 and beyond is unlikely to be the same as at present.

Kenya has a comprehensive and robust analysis of climate impacts on agricultural value chains and sound recommendations for climate-sensitive policies and plans that stem from the Stockholm Environment Institute's assessment of the "Economics of Climate Change in Kenya, Project Report 2009". Other sources include: "Adapting E. African Ecosystems and Productive Systems to Climate Change, 2009". These studies note that agriculture is a main livelihood strategy for the majority of Kenya's poor. The dominant farm type is a smallholding with an average size of 0.9 hectare. Weather-related hazards already present serious threats to agriculture, and these are likely to be exacerbated by a mix of climate and socio-economic change. There is considerable uncertainty associated with projections of

climate change in East Africa due to a limited understanding of the key drivers of African climates as a result of incomplete data sets, underdeveloped monitoring programs, and gaps in knowledge about interactions among climate, land cover and atmospheric feedback processes. What is clear is that about 250 million people in Africa will be exposed to water stress by 2020, and agricultural production will be severely compromised. Africa is particularly vulnerable to climate change because of multiple stresses and few resources to adapt.

The Mission's Biodiversity and Forestry I18/I19 analysis covers the Mission's current Strategy Statement through FY 2011. Though it needs to be updated, it is still relevant and does not depart markedly in its conclusions about resource threats and implications for agricultural activities when compared to the wealth of similar recent assessments. These include the two climate-focused studies cited above, USAID/Kenya-funded analyses of land tenure and property rights in agricultural and bio-diverse landscapes (2008), an analysis of climate change and conflict in pastoral systems in northern Kenya (2009), analyses of forest biodiversity and critical catchment areas that informed Kenya's plan for the rehabilitation of the Mau Forest Ecosystem (2009), and a project document entitled "Miti Mingi Maisha Bora — Support to Forest Sector Reform in Kenya: 2009-2014" (March 2008, Embassy of Finland). Nevertheless, USAID will undertake a I18/I19 analysis in June 2010.

Under AFSI, the Mission will invest in existing and new programs focused on staple-food value chain development, while strengthening the private sector to ensure access to input and output markets, finance, and business development services. In collaboration with USAID/East Africa, it will reduce barriers to trade of staple foods to foster distribution between surplus and deficit areas. It will expand impressive gains in productivity in maize, dairy and horticulture, while adding new commodities important to food security — particularly for women, youth and the very poor.

To meet the needs of the very poor, the Mission will expand project activities into poorer areas including the North Eastern Province and other pastoral areas. Findings and recommendations of the ongoing livestock development program and the Regional Enhanced Livelihoods in Pastoral Areas (RELPA)²² evaluation will be used to improve pastoral livestock development programs. To build the capacities of women and the very poor, the the Mission will pilot programs that link these groups to markets and facilitate access to affordable inputs, market access services and Business Development Services (BDS).

The market sub-group under the Kenya Food Security Steering Group (KFSSG) has recently concluded market profiles of four food insecure districts. The profiles offer diverse opportunities that allow vulnerable households within a livelihood domain to access income and food. Under AFSI, the Mission may support the profiling of four additional markets to develop appropriate market-oriented interventions to enhance distribution of food from surplus to deficit regions and improve incomes from sale of productive resources. Efforts may also be targeted toward improving the capacity of key members of the KFSSG and district-based GOK officers in market analysis, food security monitoring, reporting and early warning to enhance the efficiency of humanitarian assistance.

Another critical challenge is to improve the nutritional status of vulnerable populations through agricultural interventions. To ensure desired nutritional outcomes, there is a need to establish and reinforce complementarity

between agricultural and health programs and interventions. Building on existing programs, the Mission will inventory available nutritional data and trends within Kenya, identify and fill information gaps to establish reliable benchmarks and targeting, and identify new interventions that could lead to improvements in nutritional status of targeted populations.

AFSI-funded agricultural activities will demonstrate the value of its approaches and leverage GOK investment in complementary areas. AFSI resources will complement USAID/Kenya's new cross-sectoral youth activities supported by Supplemental ESF resources that address youth unemployment, including investments targeting informal and non-traditional formal enterprises, which currently account for 70% of all employment.

In 2008, the Mission supported an assessment of how issues related to land tenure and property rights would likely impact the success of small- and medium-scale agricultural enterprises. The assessment focused on the Central and Western Province, regions where USAID agricultural programs are substantially engaged. It centered on the regularization of rights to agricultural land, access to land markets, diversification of local livelihoods, and issues of equitability, women's land rights and efficiency in land administration systems.

In late 2009, the Mission outlined a comprehensive program for supporting the sustainable management of a critical catchment area of the Mau Forest Ecosystem – the Upper Mara River Basin in the SW Mau. The project area, covering about 109,000 hectares, supports mixed forest and agricultural landscapes and a variety of land-based economic activities. It is a microcosm of the larger 'Mau ecosystem' that contributes to key economic sectors in the Rift Valley and western Kenya, including energy, tourism, agriculture and water supply. Moreover, many of Kenya's major rivers that feed lakes Natron, Turkana, Baringo, Naivasha, Nakuru and Victoria, rise in the Mau. It is the source of water for major urban centers of the Rift Valley and Western Kenya and some of the most densely populated regions of the country.

²² The USAID/EA RELPA program takes a regional approach to strengthen pastoralists, foster viable alternative livelihood options to reduce their requirements for emergency assistance and set conditions for their participation in social and economic development. It aims at increasing the self-reliance of the populations in pastoral areas, the engagement of governments in the target area to reduce vulnerability to shocks, and work with the CAADP through COMESA.

The Mission considers the Upper Mara River project area to be a suitable site for AFSI investments that are compatible with water resource conservation, particularly since it is clear that improved livelihoods and rural development are critical components of ecosystem restoration efforts.

The Mission is planning to undertake a set of key assessments and analyses in FY2010, which will underpin new program design and contribute to the knowledgebase as the GHFSI is developed in Kenya. The Mission may commission a nutrition baseline survey in selected highly food-insecure areas to guide appropriate food security interventions under the core investment areas and track impact on nutritional status.

7. PARTNERSHIP PLAN

7.1 CONSULTATION AND COORDINATION WITH GOVERNMENT

Kenya possesses a well-developed policy framework and functional mechanisms for government-donor coordination that will provide a sound platform for the GHFSI. Kenya's Strategy for Revitalizing Agriculture (SRA), soon to be revised and renamed the 2010-2020 Agricultural Sector Development Strategy (ASDS), is the policy document that provides the roadmap for agricultural sector ministries, as well as donors and other development partners. ASDS implementation is intended to transform agriculture into a more competitive sector—a complex process that requires consistent management by government. An inter-ministerial policy unit, the Agricultural Sector Coordination Unit (ASCU) guides policy reform and investment and ensures that activities of the sector ministries are compliant with the SRA/ASDS and CAADP principles. From the outset, the agricultural reform process has been supported by the international donor community.

USAID is a member of the Agriculture and Rural Development (ARD) Donors Group that meets monthly. This group interacts regularly with the agricultural ministries and participates in coordination meetings for implementing the SRA and in design of the new ASDS. The agricultural ministries and donors agreed to establish and jointly support the operations of ASCU. The ARD donors group and the GOK agriculture ministries signed a Code of Conduct in April 2009 in which signatories commit to:

- Good governance;
- “Alignment and harmonization in order to reduce the burden of multiple procedures, reinforcing recipient government ownership and strengthening institutional development, in pursuance of the Paris Declaration on Aid Effectiveness...”;
- Aligning their support with the SRA/ASDS to meet MDG targets; and
- Improve efficiencies in implementing the SRA/ASDS.

The Code of Conduct codifies the principles of engagement between donors and the GOK for program design and implementation in line with AFSI principles of a single, well-coordinated agriculture and food security development plan that is owned by the host country and development partners.

Some of the agricultural development partners (Danida, EC, SIDA and GTZ) are providing support to ASCU in the form of a joint basket fund, while others (USAID and the World Bank) support ASCU on a bilateral basis.

USAID programs also collaborate with individual ministries responsible for the various sub-sectors. The GOK has identified “orphan” crops (sorghum, millet, root crops, pulses) as a priority, and under AFSI, USAID will design and implement a staple foods value chain including several of these commodities. Under the auspices of the ASCU, Thematic Working Groups (TWGs) have been established to discuss core program areas such as research and extension, markets and inputs. Each TWG

has participants drawn from the private sector, donors, government and civil society.

USAID will continue using the mechanisms currently in place to coordinate with both the GOK and with donor partners, including multinational organizations. USAID will also engage with the private sector, given the USAID value chain approach and the central role played by private sector in agricultural development. The next steps will also be aligned with Kenya's final CAADP Compact.

The Mission Office of Population and Health will continue to ensure a synergistic approach by working with the GOK Ministry of Public Health and Sanitation (MOPHS) and the Ministry of Medical Services (MOMS) in which nutrition services are planned and coordinated. At national level, the existing coordination committees include the Nutrition Interagency Coordinating Committee (ICC) and Nutrition TWG of the Health ministries and its partners. At sub-national level, coordination is pursued through implementing partners to support the structures that oversee the implementation of nutrition services, including the Provincial Health Management Teams (PHMT) and District Health Management Teams (DHMT), and Community Level Nutrition Teams and Committees. The Ministry of Gender, Children Affairs and Social Development is also a key partner in coordination and implementation of activities related to nutrition support of orphans and vulnerable children.

7.2 MULTILATERAL AND BILATERAL DONOR CONSULTATION AND COORDINATION

Various aspects of the Mission agricultural and food aid interventions are closely coordinated with particular donor and/or GOK initiatives, including the WFP Protracted Relief and Recovery Operation and nascent Purchase for Progress (P4P) initiative, the World Bank/GOK Arid Lands Resource Management Project, the DFID Hunger Safety Net Program and the EC Drought Management Initiative. In addition, there is an effort to formalize the ad hoc donor

group promoting synergy among various donor and GOK-supported programs aimed at addressing chronic vulnerability and food insecurity in Kenya's arid and semi-arid lands. The Ministry for Development of Northern Kenya and Other Arid Lands (MNKOAL) is expected to spearhead this coordination.

USAID/Kenya and USAID/EA have been actively engaged in the development of the MNKOAL strategic plan. This plan holds promise to improve efficiencies in delivery of services in Kenya's vast and underserved ASAL areas.

During emergency situations, USAID participates in the GOK/WFP-led Kenya Food Security Meeting and the Kenya Food Security Steering Group (KFSSG) that coordinates donor, NGO and GOK relief efforts. The KFSSG comprises six TWGs—including the Nutrition TWG—that involve a large number of local and international NGOs, UN agencies, and representatives of appropriate GOK line ministries. USAID will engage with the Nutrition TWG, as well as the higher-level Technical Committee and Inter-Ministerial Coordination Committee, to help facilitate an effective food security and nutrition initiative in Kenya. In addition, the Mission works with and benefits greatly from USAID/W analyses and vulnerability assessments.

There is close collaboration between the USAID KARF project and the Financial Sector Deepening Trust funded by DFID, SIDA and the World Bank. USAID support for KARI complements agricultural research programs supported by the World Bank and the EC. The USAID horticulture program coordinates its efforts closely with projects funded by the Netherlands, GTZ and IFAD to ensure efficient use of technical and financial resources. USAID/Kenya and USAID/EA work with SIDA and the World Bank on the pilot Warehouse Receipt Systems activity.

With respect to land tenure, there is strong evidence that the continued fragmentation of land is a key determinant of poverty in Kenya. Finally, a National Land Policy emerged in December 2009. It addresses access rights,

including women's rights, and land use. USAID and other development partners (SIDA, UN-Habitat), through the Development Partners' Group on Land, support the Ministry of Lands Land Reform Support Program (LRSP). Thematic areas of support include regulatory and legislative framework, information systems, land management and use, capacity building, and outreach and public education.

The Mission OPH works with other development partners under the coordinating umbrella of Development Partners for Health in Kenya (DPHK). The office will continue to complement initiatives of organizations such as UNICEF, which aims to enhance GOK capacity for sustainable improvements in nutritional programming, information and communication at the national level—specifically with infant and young child feeding practices. The Mission OPH also works with WHO, which provides technical assistance to the GOK in the design and implementation of programs and ensures adherence to global nutritional guidelines and standards. The Canadian International Development Agency (CIDA) is a key partner in the national micronutrient initiative.

USAID is a member of the Climate Change Coordination Group, chaired by the Royal Danish Embassy. It includes representatives of the major donors engaged in planning and building GOK capacity in climate change mitigation, adaptation and national reporting. One noteworthy undertaking of this Group was the completion of the study entitled “The Economics of Climate Change-Kenya, Project Report 2009” by the Stockholm Environment Institute. We drew heavily on its findings and recommendations in preparing this IP, particularly in ‘climate proofing’ our programs in the direct and indirect utilization of resources for adaptation.

7.3 CIVIL SOCIETY AND PRIVATE SECTOR CONSULTATION AND COORDINATION

USAID programs interact regularly with a wide array of private sector operators and associations, and other civil society

organizations. As noted above, the private sector and other civil society organizations are also represented in the Thematic Working Groups that are part of the coordination structure for the Strategy for Revitalizing Agriculture, and its successor, the Agricultural Sector Development Strategy. These organizations were consulted as part of the ASDS/CAADP formulation process.

The private sector is likewise part of the extended Private Sector Development donors group. USAID value chain and rural finance programs work closely with associations such as the Association of Microfinance Institutions (AMFI), Cereal Growers Association (CGA), Seed Trade Association of Kenya (STAK), Kenya Agricultural Commodity Exchange (KACE), Kenya Dairy Processors Association (KDPA), Association of Kenya Feed Manufacturers (AKFM), Fresh Produce Exporters Association of Kenya (FPEAK), Kenya Flower Council (KFC), Kenya Horticultural Council (KHC), the Eastern Africa Grain Council (EAGC), and the East and Southern Africa Dairy Association (ESADA).

USAID interacts through its various programs with the Rockefeller Foundation, the Gates Foundation, and the Alliance for a Green Revolution in Africa. The Mission is currently engaged with the Gates Foundation and the WFP in a pilot Purchase for Progress (P4P) program. Other areas of mutual interest with the Gates Foundation include establishment of a seed alliance, capacity-building, and further collaboration in design and implementation of value chain programs.

APHIA is a Mission OPH-funded mechanism for implementation of integrated health services at the provincial level throughout the country. It is funded through a consortium of international and local sub-partners, with extensive collaboration at local levels between NGOs, CBOs, local administration and faith-based organizations, among others. Kenya's ability to achieve food security is inherently linked to progress on its broad-based political reform agenda.

7.4 DIPLOMATIC STRATEGY

7.4.1 Introduction

Kenya is poised to become a successful GHFSI partner country, and US engagement could catalyze market-driven agricultural reform in the region. Despite existing agricultural inefficiencies resulting from poorly designed production and production-procurement policies, high tariffs and non-tariff barriers, Kenya has taken positive steps during the past two years toward developing an improved policy framework and functional mechanisms (which the GOK considers CAADP-compliant) that could facilitate a successful GHFSI program.

Being home to the headquarters and regional centers of multiple international organizations and foundations that deal with agriculture and rural development provides particular opportunities for multilateral and public-private partnerships. The strong partnership that exists between the US and Kenya on agriculture, combined with the success of current USG strategic development programs in the sector will serve as an effective platform for mobilizing GHFSI activities and achieving results quickly.

Real success in the agricultural sector will, however, require GOK commitment to the political reform agenda, including the critical fight against corruption, which overarches all of Kenya's fundamental problems.

We believe this is an opportune time to increase our engagement with the right kind of investments in capacity building, policy-development, staple-food value-chain development, and related interventions to help Kenya toward reaching its potential to become food secure. Real success in the agricultural sector will, however, require GOK commitment to the political reform agenda, including the critical fight against corruption, which overarches all of Kenya's fundamental problems. With a more consistent demonstration of political will to enact reforms, the GOK can do much more to advance

sustainable food security in Kenya. The GOK has recently taken steps that could facilitate a successful GHFSI program. In addition, Kenya already possesses a well-developed policy framework along with structural mechanisms to facilitate donor coordination. Specifically:

- Kenya has developed an overarching 2010-2020 Agricultural Sector Development Strategy (ASDS) to follow its 2004-2009 Strategy for Revitalizing Agriculture (SRA). A closely aligned CAADP Compact has also been prepared. Together, these documents will serve as the blueprint for Kenya's food security strategy. President Kibaki and all sector ministries have signed these documents and the official launch is expected by mid-year 2010;
- The agricultural sector ministries and donors jointly support an inter-ministerial Agricultural Sector Coordination Unit (ASCU) that oversees policy reform and ensures that ministerial activities are compliant with the ASDS principles;
- The GOK is in the process of forming a new Food Security and Nutrition Secretariat within the Office of the Prime Minister and is revitalizing the National Food Security and Nutrition Thematic Working Group (TWG) under the auspices of ASCU. The mandate of the TWG is to address food security and nutrition challenges of the country. It is composed of government, private sector and civil society stakeholders; and
- The GOK is finalizing a five-year medium-term investment plan aligned to the ASDS and CAADP.

7.4.2 GHFSI Diplomatic Strategy

Kenya's ability to achieve food security is inherently linked to progress on its broad-based political reform agenda. Kenya has the robust technical expertise to become food secure, but must translate this strength more consistently into the political will to further advance and implement key reforms in the agriculture sector—including trade-related reforms. We

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can encourage the political leadership to advance policies consistent with GHFSI principles and firmly believe that the Kenyan people, 70% of whom are engaged in the

agriculture sector, stand to benefit from US engagement in this area.

7.4.3 Multi-Lateral and Regional Coordination of GHFSI Strategy

To move our strategy forward, we will continue to work with other bilateral and multilateral donors through existing structures. Kenya enjoys well-developed, government-donor coordination mechanisms including the Agriculture and Rural Development Donors (ARD) Group, the Inter-ministerial Coordination Committee (ICC), the Technical Committee, and the Thematic Working Groups (TWGs), including the revitalized National Food Security and Nutrition TWG. The ARD donors group and the GOK agricultural ministries signed a Code of Conduct in April 2009 in which signatories commit to good governance, to “alignment and harmonization in order to reduce the burden to multiple development, in pursuance of the Paris Declaration on Aid Effectiveness...”, to aligning their support with the SRA/ASDS to meet MDG targets, and to improve efficiencies in implementing the SRA/ASDS. We will continue to engage at the working level and increase our participation through senior-level participation in targeted meetings with an eye to enhanced coordination and to advocate for reform.

To achieve the goals of the GHFSI, we will encourage Kenya to work with its neighbors to support regional integration. Increasing regional trade and opening up an integrated regional market for staples in eastern Africa will allow countries to take advantage of regional diversity and different harvest periods, moving foods from surplus to deficit areas. Through

COMESA and EAC, African governments have committed themselves to harmonizing policies, regulations, standards and procedures, and moving from Free Trade Areas to Customs Unions. The newly launched COMESA Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) is expanding regionally coordinated actions to open up market access for staple foods. To be effective, agreements made at the regional level must be taken up, implemented and enforced by national governments. USAID/East Africa and USAID/Kenya will work closely to identify and promote regional policy initiatives that have potential to increase food security in Kenya and the region.

We will also coordinate closely with bilateral and multilateral missions in the region. As a regional science and technology platform, the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) achieves economies of scale for high-priority regional agricultural research. National-level support to ASARECA country partners increases the dissemination of these important technologies to farmers. Regional transport corridor diagnostics are expected to reveal key bottlenecks and barriers to trade that will need to be addressed at the national level. Regional trade associations build on the strengths of their national members to upgrade value chains and advocate for a better regional policy and business environment. Expanded training and capacity building programs will be planned jointly, building cooperation among African educational institutions around a common agenda. USAID/East Africa will provide regional coordination and knowledge management, linking those USG agencies working toward reducing hunger, poverty and undernutrition in the region.

One of the challenges we face is linking up our own bilateral initiatives with multilateral efforts in ways that assure country and regional coherence. Clear channels of communication, robust program review and oversight, and rapid dissemination of new technologies are essential. While existing institutions will provide the operational structures, Embassy Nairobi will

work to link these structures with broader multilateral organizations in order to ensure independent review. Our goal is to provide external expert advice and a peer-review process to avoid politicization and contamination by parochial interests.

A broader regional approach could be useful in creating an umbrella architecture that brings private sector, academic, multilateral, and regional experts to the table in a structured way. This could provide “political lift capacity” and opportunities for regional and global synergies, leveraging institutional capacity that already exists at higher levels. An independent advisory board or panel of experts may be useful, perhaps working in cooperation with or as part of the Consultative Group on International Agricultural Research (CGIAR) or the FAO Committee on Food Security (CFS).

With more consistent and sustained policy reform, Kenya can excel as a GHFSI partner country and in so doing, also play an important role in improving food security in the region. Real success will, however, require GOK commitment to the political reform agenda, including the critical fight against corruption, which overarches all of Kenya’s fundamental problems.

8. FY 2010 CAPACITY-BUILDING PLAN

If in the coming years Kenya is to take full advantage of significantly increased funding and thereby take major steps forward in its agricultural development and food security under a common agenda, there is an urgent need to rapidly scale-up human and institutional capacity among a variety of stakeholders.

The common food security agenda will stem from the 2010-2020 Agricultural Sector Development Strategy (ASDS) and associated Medium-Term Investment Plan and CAADP Compact. The inter-ministerial Agricultural Sector Coordination Unit (ASCU) will have an

important role to play in prioritizing the agenda and investment plan, working closely with government ministries, donors, private sector and other development partners through Thematic Working Groups and other established forums. Recent discussions with the GOK and other donors highlight the need to focus near-term capacity building efforts on priorities for ASDS implementation that will be made manifest in the Medium-Term Investment Plan. The ASCU functional analysis will also inform the content of the program.

In 2010, the Mission, in collaboration with USAID/EA and the Africa Bureau, will undertake a human resource needs assessment of key Kenyan public and private sector organizations, including agricultural ministries, agricultural research organizations, regulatory institutions, parastatals, producer and marketing associations, and universities, among others. This will provide a basis for capacity-building interventions.

The Mission will collaborate with USAID/EA, the Africa Bureau, and other USAID Missions to establish a capacity building and training program to help facilitate an effective and well-coordinated ramp-up of agricultural and food security programs.

The training programs will be developed around critical skills, including project and financial management (and M&E), leadership, agriculture/food security policy analysis, value chains, sustainable land management, gender integration in agricultural value chains, agribusiness development and entrepreneurship. The objective is to ensure that Kenyan leaders, and the public and private organizations for which they work, have the necessary skills and expertise to design, manage, and effectively collaborate on the scaled-up, country-led agricultural and food security paradigm that GHFSI represents. There will be additional capacity building needs, at many different levels, some of which implementing partners will be conducting with government agencies as well as producers, traders, transporters, processors, women, youth and the very poor.

Improving nutritional capacity in the country will be done at all levels in order to build sustainable programs. During FY 2010, the Mission's Office of Population and Health will strengthen the Provincial-and District-level GOK Department of Nutrition through training of nutrition health care workers in nutritional assessment, counseling

9. MANAGEMENT PLAN

9.1 WHOLE-OF-GOVERNMENT COORDINATION STRUCTURE

USG agencies based in Nairobi already interact regularly in various forums in formulating the US Mission Strategic Plan (MSP), Operational Plan, and joint USG responses to issues such as Kenya's current and prolonged food security crisis. Recent steps have been taken to further reinforce inter-agency and inter-office coordination of the GHFSI in the form of a new food security working group.

9.2 REVIEW AND EVALUATION SCHEDULE

USAID will coordinate its sector and program review, monitoring, and evaluation efforts with sector-wide monitoring and evaluation systems to leverage resources and maximize impact within the agricultural sector. Wageningen University and the International Food Policy Research Institute (IFPRI) are implementing a three-year Strengthening Managing for Impact (SMIP) program in Eastern and Southern Africa (with IFAD funding). SMIP is working on behalf of the Agricultural Sector Coordination Unit (ASCU) and with other GOK institutions and development organizations to design a comprehensive, sector-wide agricultural monitoring and evaluation framework. This framework will better monitor and influence overall sector development and impact in

Kenya. This M&E system should provide a solid basis for collective review and performance monitoring of Kenya's 2010-2020 ASDS, the CAADP Compact, and GHFSI.

The Regional Strategic Analysis and Knowledge Support System (ReSAKSS) will also be tapped as part of its core function as an information and knowledge management initiative to promote and support effective and sustainable agricultural and rural development strategies across Africa, and in particular in its monitoring role for CAADP/COMESA.

Several evaluations and assessments planned for the AFSI projects will be integrated and coordinated with the sector-wide efforts. These assessments/evaluations are expected to enhance the effectiveness of current agricultural value chain programs and inform broader food security initiative planning.

9.3 STAFFING REQUIREMENTS

Below is the Agriculture, Business and Environment Office technical staffing (current and planned).

Current Staffing:

Two US Direct Hire and 11 Foreign Service Nationals

Positions Currently Under Recruitment:

Two US Personal Service Contractors and 1 Foreign Service National

New Part- or Full-Time Positions in Planning Stages:

- Private Enterprise Officer
- Private Enterprise Officer
- Agricultural Development Officer
- Climate Change/Land Tenure Specialist
- Acquisition and Assistance Specialist
- Knowledge Management Specialist
- Water and Sanitation Specialist