

Kenya

Annual Plan 2012

Netherlands Trust Fund Phase II

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I. Introduction

This annual plan provides summary overview of project implementation, annual work plan, estimated budget, challenges and risks.

II. Overview of Project Implementation

FPEAK has taken the lead to set up the required structure as part of FPEAK to enhance export competitiveness of the tree-fruit sector of Kenya. Through a competitive process conducted by FPEAK, one local project coordinator and three commodity advisors (Avocado, mango, passion fruit) have been hired to coordinate and guide the development of the three commodity business plans (CBPs). In addition to the Fruit team, three Commodity Working Groups were set up and will be responsible for developing and endorsing the CBPs. The commodity working groups are composed of representatives of the key stakeholders from the public sector and the private sector and civil society that are active in each commodity. Each Commodity Working Group is chaired by a commodity champion that represents the leading exporting company for the specific fruit covered: avocado, mango, or passion fruits.

It is expected that in 2012, the Commodity Business Plans will be completed, endorsed and launched into implementation. The delay in completing the CBPs will have a direct impact on the implementation phase reducing the number of activities that will be undertaken by KCTF, because of the shorter time period.

1. Policy and project context including linkage to ongoing operations/activities

The project document outlines possible areas for collaboration with each of the significant initiatives and donor's projects focused on fresh fruits and vegetables. The current development of the CBPs takes into consideration the work undertaken by other development partners and by the Government of Kenya to support the tree fruit sub-sector. The various donors are currently involved and contribute to the development of the Commodity Business Plans (CBPs). The collaboration will be defined more concretely and materialize when the CBPs move into implementation.

2. Objectives to be achieved:

On the impact level, Kenya Competitive Tree Fruit (KCTF) is designed to enhance competitiveness of the tree fruit sub-sector in Kenya to benefit from market opportunities and achieve improved export performance. It is expected that a large number of low income farmers and SMEs will benefit from increased exports with a more profitable production, a higher revenue stream and more stable employment. and . This objective will be achieved through building the capacity of FPEAK¹ to lead sector development and increase tree fruit exports, as well as building the capacity of selected other institutions such as HCDA, EPC and KARI² to carry out specific roles related to sector development.

On an operational level, KCTF will do this by achieving three outputs:

Institutional structures created and housed at FPEAK for the effective harmonization and coordination of support activities in the tree fruit sector;

¹ Fresh Produce Exporters Association of Kenya.

² Horticulture Crops Development Authority, Export Promotion Council and the Kenya Agricultural Research Institute respectively.

Commodity business plans, including buyer-led export plans, in place and achieving targets; and

A functioning process for monitoring and evaluating commodity business plans in place.

3. Activities:

Table 1 below provides a list of activities by output that will be implemented in 2012. Activities related to Output 1 are completed. Activities related to Output 2 are on-going, and experiencing delays in implementation, as the Commodity Business Plans will only be completed in May 2012 instead of December 2011. This situation is due to various factors related to the slow process of identifying local resource persons by FPEAK, and the slow process of allocating required financial resources through an MOU by ITC. The fact that FPEAK is the only active partner in implementing this project is also a factor of risk. In 2012, the project will continue to support the Fruit team in coordinating the design of CBPs and taking the lead in the implementation phase. It is also important to note that result 2.2 will be demand driven and will be determined as part of the CBP process.

Table 1: KCTF activities by output

Output	Activities	Status at start 2012
1. Institutional structures created and housed at FPEAK for the effective harmonization and coordination of support activities in tree fruit sub sector	<p>1.1. Set up and support the Fruit Team and CWGs for avocado, mango and passion fruit</p> <p>1.1.1. Consultations with FPEAK and other key stakeholders</p> <p>1.1.2 Establish and support the FPEAK Fruit Team</p> <p>1.1.3 Create Commodity Working Groups (CWGs)</p>	All activities are completed, the project will continue to support the work of the Fruit Team and the CWGs to complete the development of the commodity business plans
2. Commodity business plans, including buyer-led export plans, in place and achieving targets	<p>2.1. Support Fruit Team in development of CBPs for avocado, mango and passion fruit</p> <p>2.1.1 Confirm demands of buyers</p> <p>2.1.2. Identify producing areas and product varieties available</p> <p>2.1.3 Map on-going initiatives to develop avocado, mango and passion fruit</p> <p>2.1.4 Facilitate consultations of CWGs to develop CBPs</p>	Activities are still on going. Major progress is achieved particularly in activities 2.1.1 and 2.1.2
	<p>2.2. CBPs are implemented along the value chain, while supporting the implementation of Kenya GAP across activities</p>	Areas of intervention will be reviewed and refined based on the priorities identified in the CBPs, resources available and time available
3. A functioning process for monitoring and evaluating Commodity Business Plans put in place	<p>3.1. Performance monitoring and evaluation of CBPs.</p> <p>3.1.1. Developing monitoring processes and tools</p> <p>3.1.2 Conducting baselines surveys</p> <p>3.1.3. Evaluating the targets CBPs</p>	Will only start when CBPs are finalised and move into implementation

4. Assumptions and risks

Table 2: below presents the risk matrix included in the KCTF project document which has been updated to reflect current situation. Additional risks identified or that have not been reduced are presented below under Part III.

Identified risk	Risk likelihood	status
Strategy fatigue or competing strategy exercises drain relevance and energy from CBP process	L	The active participation of various stakeholders shows a great interest in the consultative approach. The CBPs are considered to be a practical way of ensuring better coordination and effectiveness of support provided to the tree fruit sector
Change in leadership of FPEAK could change strategy or reduce commitment	L	FPEAK Board has been informed and is involved in all critical steps for the project. Head of FPEAK is strongly supported by the Board
Limited availability of skilled international and national experts	L	The Project Management has the skills and competencies to implement project activities.

5. Management and coordination arrangements

The KCTF Project Management Team (PMT) is in place and fully operational. The PMT includes an ITC Project Manager based in Geneva, Senior Technical Advisor, a Kenya based Field Advisor and an FPEAK Representative. The Senior Technical Advisor provides technical leadership, strategic vision and travels to Kenya when needed to ensure, with the Project Manager, that the project achieves its objectives. The local team ensures smooth coordination of project activities and provides regular updates and monitoring reports to the team in Geneva.

The Project Coordination Group is also established. The PMT will look to the Project Coordination Group consisting of FPEAK, EPC and HCDA for high level advice and inputs on work plans. The PCG, lead by FPEAK, organized only one meeting since the start of the project. The meeting took place in Oct. 2011 and focused on the project achievements and future work. A second meeting planned in February 2012 did not take place.

It is important to note that the PCG has not been very active in guiding the project implementation. During 2011, only FPEAK has had a real ownership and active role in implementing project activities. This situation needs to be corrected in 2012, as it is important to ensure wider ownership within Kenya of the CBPs and the implementation of the CBPs

6. Monitoring, review and evaluation arrangements

FPEAK and the Field Advisor have been submitting quarterly activity monitoring reports. The reports are reviewed and completed by the PMT. The quarterly reports enable monitoring against outputs, and outcomes. These correspond with the twice yearly reporting required by NTF II overall. Evaluation will be conducted in line with the overall process in NTF II.

7. Key quality and sustainability issues

The Commodity Working Groups (CWGs), put in place in partnership with FPEAK, constitute an effective forum to design a holistic approach for support the tree fruit sub-sector in Kenya, with the contribution from the private sector, the public sector and civil society, in addition to commodity specific experts that will provide critical inputs to build a bankable business plan for each commodity. It is expected that this approach will ensure high quality of CBPs and buy in by all key stakeholders.

The main issue that the project is facing is the delay experienced in completing the CBPs. It is foreseen that the plans will be completed in May 2012 and will move into implementation in June 2012. This leaves only a few months to conduct pilot projects and kick start the implementation phase. This situation creates a high risk of CBPs or activities implemented are not sustainable in the long run. The risk will be largely reduced if FPEAK, as planned within the project, takes over and integrated the Fruit team within its structure, on the one hand. On the other hand, FPEAK will also need to integrate the implementation of the CBPs as part of its core programmes and ensure appropriate allocation of resources.

III. Work plan for the Next Period

In 2011, KCTF achieved output 1 setting will look to have made progress against all the key outputs including having the Fruit Team, Commodity Working groups and CBPs as well as a monitoring process in place and having put in place models for baseline assessment and other key activities.

Table 1: below provides the work plan for KCTF in 2012

outputs	activities	status	months											
			1	2	3	4	5	6	7	8	9	10	11	12
2. Commodity business plans, including buyer-led export plans, in place and achieving targets														
2.1. Support Fruit Team in development of CBPs for avocado, mango and passion fruit	2.1.1 Confirm demands of buyers	On going												
	2.1.2. Identify producing areas and product varieties available	ongoing												
	2.1.3 Map on-going initiatives to develop avocado, mango and passion fruit													
	2.1.4 Facilitate consultations of CWGs to develop CBPs													
2.2. CBPs are implemented along the value chain, while supporting the implementation of Kenya GAP across activities	2.2.1. to 2.2.10 support to participating institutions in the implementation of CBPs													
3. A functioning process for monitoring and evaluating Commodity Business Plans put in place														
3.1. Performance monitoring and evaluation of CBPs.	3.1.1. Developing monitoring processes and tools													
	3.1.2 Conducting baselines surveys													
	3.1.3. Evaluating the targets CBPs													

1. Results to be delivered – quantity, quality and time

In 2011/2 KCTF will deliver completed and endorsed Commodity Business Plans (CBPs), agreed implementation approach for the next five years for the CBPs (roles, responsibilities, resources, target objectives), and processes in place for monitoring performance of CBPs and within specific time intervals undertaking full fledged evaluations. The indicators will be as follows:

- 75 % of stakeholders satisfied or very satisfied that the Commodity Working Groups (CWGs) are adding value
- CBPs are complete, have been endorsed and are being implemented in the three commodities
- 80% of specified CBP targets achieved
- 100% of M&E Reports produced on time (per endorsed requirements)
- 75% of recommendations of monitoring and evaluation process implemented

2. Resource schedule and budget

In 2011, the project achieved a total expenditure of US \$248'263 which is lower than the budget amount included in the project document of US\$448'148 for the year 2011. The low delivery is due to the fact that the actual project implementation started in March 2011 and that activities progressed slowly. It is not clear if the activities in 2012 will enable FPEAK to catch up with the delay, as implementation is directly dependent on the finalization of the CBPs

Table 22 below presents the estimated budget for the year 2012. Amounts under Sub-Result 2.2 are currently not distributed by activity. These will be demand driven based on the results of the CWG and CBP process. As with other budgets under NTF II, we will keep the overall bottom line and percentages constant but allow flexibility within the lines.

Table 2: KCTF Estimated Budget 2012

NTF II Kenya estimated Budget 2012		In US \$
project team (ITC project manager and Senior Technical Advisor)		145,860
<i>Output 1: Institutional structures created and housed at FPEAK for the effective harmonization and coordination of support activities in tree fruit sub sector</i>		
1.1. Set up and support the Fruit Team and CWGs for avocado, mango and passion fruit		61,920
<i>Output2. Commodity business plans, including buyer-led export plans, in place and achieving targets</i>		
2.1. Support Fruit Team in development of CBPs for avocado, mango and passion fruit		90,688
2.2 Support participating institutions in implementation of CBPs that reflect Kenya GAP along the value chain		412,000
<i>Output3. A functioning process for monitoring and evaluating Commodity Business Plans in place</i>		
3.1. Performance monitoring and evaluation of CBPs. (Meeting the targets of the CBPs).		15,000
Miscellaneous		29,019
Support cost 13%		98,083
Grand Total 2012		852,570

The total budget for 2012 is based on the budget initially agreed and included in the project document. Although the project experienced lower delivery in 2011, the unspent amount is not carried over in 2012, based on the overall principles of NTF II programme. In any case, taking into consideration the delays experienced so far, and the period of time left over, it is very unlikely that FPEAK and other partners would have the capacity to absorb a larger amount of resources available.

The amount of \$412,000 is dedicated to implementation of the CBPs. The detailed activities and results will be defined once the CBPs are validated and pilot projects agreed with the main partner organisations.

3. Updated risk management plan

Identified Risk	Risk likelihood (H/M/L)	consequences	Mitigation approach
Delays in finalising and validating CBPs will not allow implementation of specific activities	M	NTF II project outcome and impact in Kenya will be limited.	Ensure very close follow up on development of CBPs involving all partners. Coordinate with current development partners to ensure continuous implementation of CBPs is linked with on-going projects.
Limited involvement of identified partner institutions and other key stakeholders in the development of CBPs	L	The CBPs will not benefit the sector as a whole and therefore their scope will be limited to issues/constraints that are important for FPEAK and its members only.	Operationalize the Project Steering group (PSG) comprised of FPEAK, EPC, KARI and HCDA. Ensure wide dissemination of the CBPs through different channels Distribute responsibilities among the project partners and ensure close coordination with FPEAK to achieve wider coverage during the CPB development phase and implementation phase.
insufficient resources and commitment of local project partners to implement the CBPs	M	The implementation of CBPs will not be managed with a holistic long terms strategic approach to support export development of the tree fruits. Benefits could be limited to FPEAK members alone. NTF II project activities will not achieve the expected long term impact on the sub sector.	Continuous commitment of FPEAK to the project, particularly through experiences and knowledgeable Fruit team members. Agree a detailed action plan and timeline for the implementation of CBPs to be agreed with all partners with a clear division of responsibilities. With the help of the senior technical advisor, NTF II project team will focus on mobilising key institutions and the Government of Kenya to endorse the CBPs and support their implementation
Growing political instability in Kenya due to the	L	Instability will shift focus from the CBPs. consultants and other resource persons will	Ensure completion of CBPs within the agreed timeline. manage implementation through subcontracts to local institutions

Identified Risk	Risk likelihood (H/M/L)	consequences	Mitigation approach
organisation of elections		not be able to travel to Kenya	and hiring local resource persons.
Growing conditions or terms of trade make achieving CBP targets difficult/impossible	M	Project would have limited results and long term impact.	Build in capacity to anticipate; integrate early warning systems and adaptive strategies into CBPs;

4. Special activities to support sustainability

Once the Commodity Business Plans are finalised and endorsed, implementation will focus on activities that can have a significant impact within a short period of time. The CBPs should be seen as catalyst to ensure interest from other partners and institutions to provide continuous support over the five years timeframe.

The identification of such activities will be done carefully in full collaboration with project partners (FPEAK, EPC, HCDA and KARI), private sector representatives, development partners, and validated with the relevant institutions from the Government of Kenya. The focus will be on activities that create synergies and can leverage current support provided to the sector. The implementation of agreed activities will be undertaken with several relevant institutions to ensure more effectiveness and ownership of such plans.