Consolidated Progress Report
July to December 2011

Netherlands Trust Fund II
**Executive Summary**

The NTF II programme was launched in 2009, with the signature of the partnership agreement with CBI on 25 March 2009. The overall objective of NTF II is to “create sustainable exporter competitiveness in selected priority sectors/countries”. During the second half of 2011, all project documents were finalized and all projects moved into implementation reaching a steady pace.

**Summary of Programme Status**

<table>
<thead>
<tr>
<th>Programme Coordination and Monitoring</th>
<th>Selected Sector</th>
<th>Key Stakeholder</th>
<th>Status</th>
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<td></td>
<td>N/A</td>
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</table>

- ITC based Programme management team in place
- Governance structure functioning well.
- Results based management approach operational
- Monitoring and reporting are implemented efficiently involving partners in the field and ITC technical sections
- Implementation of the communication plan initiated in September 2011, resulting in substantive results in terms of visibility and promotion of the NTF II in all five countries

**Bangladesh**

*IT & ITES*

- BASIS DCCI

- Business linkage events generating interest in the industry for Bangladesh capability. Pilot contracts signed
- Initial steps to create a new match making service as part of the TSIs portfolio of support services for IT & ITES sector were undertaken with an agreed roadmap to focus on sustainability of the service in 2012.
- Initial work on documenting the IT & ITES branding initiative started and alignment being discussed with key partners
- Marketing to major sector stakeholders resulted in positive impact

**Kenya**

*Tree fruits (mango, passion fruit, avocado)*

- FPEAK EPC HCDA

- The Project management team in place and operational
- The Kenya Fruit Team in place and operational
- Commodity working groups in place and operational
- Work on developing commodity business plans on-going

**Senegal**

*Mango*

- ASEPEX CFAHS

- Market opportunity study completed and validated
- Feasibility study for implementation of trade intelligence unit within ASEPEX completed
- Guide for a more effective legal framework to manage contractual relationships among mango actors completed
During 2011, the implementation of the NTF II programme picked up steadily. Despite some differences across all five countries, most of the activities planned for the year were completed. Details on achievements in each country are presented in the country specific progress report (Annex).

At the programme level, the communication plan approved in June 2011 by the NTF II Steering Group (NTF II SG) was operationalised. The NTF II team deployed a continuous effort to increase visibility and ensure promotion of the programme and projects activities. For events organized in partner countries, this effort targeted the local press, the network of trade institutions, government officials and the sector stakeholders at large. For events organized in Europe (Geneva, Rotterdam, and other European cities) the communication team of the partner institutions and the specialized press were also mobilized. In addition, the programme team launched its newsletter in November 2011, and ensured regular update of the NTF II website. The newsletter and the website are expected to play an increasing role in promoting, sharing of experiences and knowledge across all programme partners and beneficiaries within the same country and among all NTF II countries. Closer links with ITC and CBI websites have also been implemented.

With regard to Monitoring and Evaluation, the capacity of local partners was strengthened through continuous involvement and coaching in implementing regular monitoring of project progress. As part of the coaching process, field partners have been requested to provide first draft of the half yearly progress report using the RBM indicators and to contribute to the assessment of project progress in achieving the various outputs. In addition to the regular coaching, participants from the three partner institutions in Uganda improved their knowledge and skill in the area of M&E through a specific training provided by...
ITC. During the workshop, conducted in Dec. 2011, each institution agreed on a workplan to implement M&E as part of its mainstream work. The implementation of this workplan will be supported by the project in 2012. The training was conducted by a national consultant selected in coordination with the partner institutions. This will enable partners in Uganda to access such resource and knowledge at any time needed during the life of the project and even after it is finished. The baseline reports were completed and finalized for Bangladesh, Kenya and Uganda. The remaining one for Senegal was also completed and needs to be reviewed by the NTF II SG. In South Africa, as the project focuses on new services to be created, there is no baseline to be defined and the progress will be measured against the results/findings of the inception phase for both sectors. A measure of progress achieved against the baseline will be undertaken early 2012.

More substantive collaboration between ITC and CBI at programme level has been promoted. Specific activities in Bangladesh, Senegal, South Africa and Uganda have been undertaken jointly. These activities have benefited from the specific expertise of each organization. The synergies between NTF II and specific ITC projects and CBI projects resulted in a more effective approach to capacity building in the partner countries.

New contribution received for NTF II, from 1st January to 31st December 2011, is US $ 1’181’533.00, bringing the total cash available for the year to US $3’970’000. Estimated total expenditures from 1st January to 31st December is US $ 3’288’456, which represents an 83% implementation rate.
Introduction

On 1st of April 2009, ITC and CBI launched the “the Netherlands Trust Funds phase II” or NTF II based on the signature of a new ITC/CBI partnership agreement. NTF II builds on the experience of previous ITC/CBI collaborations in 2005-2008.

The progress report summarizes progress made between July and December 2011 on the overall NTF II programme level which includes the management of the programme as well as the five NTF II country projects, namely Bangladesh, Kenya, Senegal, South Africa, and Uganda. The project in Yemen was suspended in March. No activities could take place, except the first field mission related to the development of the National Export Strategy. The country project report in the annex provides more details.

Table 1: Key Facts on NTF II

<table>
<thead>
<tr>
<th>Name</th>
<th>ITC/CBI Partnership Agreement, Netherlands Trust Fund,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Global</td>
</tr>
<tr>
<td>Duration</td>
<td>01.04.2009 - 31.03.2013</td>
</tr>
<tr>
<td>Value</td>
<td>Up to $16 m in total and $3.97m per annum</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>ITC and CBI</td>
</tr>
<tr>
<td>Objective</td>
<td>Creating sustainable exporter competitiveness in selected potential export sectors / countries</td>
</tr>
<tr>
<td>Purpose &amp; Results</td>
<td>Purpose: Enhancing the capacity of TSIs to support SMEs in selected sectors to access export markets. Results: Enable export competitiveness through addressing value chain weaknesses in line with target markets requirements -</td>
</tr>
</tbody>
</table>

Overview of Programme Implementation

The Programme Governance structure, approved in 2010, has been functioning well. The changes agreed in 2010 have made the structure more flexible and more effective in terms of reporting. Three meetings of the NTF II Steering group were organized between July and December 2011. Each meeting was an opportunity to discuss progress, to review any issues arising from programme implementation and to agree specific solutions. Exchange of information between CBI and ITC have intensified leading to the organization of several joint events in Bangladesh, Senegal, and South Africa. This approach ensured complementarities and synergies across various projects of ITC and CBI that are taking place in these countries.

The Result-Based framework was approved early 2011 and fully introduced for all projects and at the programme level. On the basis of RBM, baselines reports were produced for Bangladesh, Kenya and Uganda. The baseline reports and specific templates were provided to partners in the field to ensure continuous monitoring of project implementation and track performance towards achieving the results taking into consideration projects’ targets. The half yearly progress reports have also been structured around outputs and achievement of results. The reports were submitted on time to the NTF II Steering Group for review and approval. They were also shared with partners in the field like the Dutch embassies and the respective permanent missions in Geneva.

As part of the continuous learning process, a review of the three-phase project design approach was commissioned by the NTF II Steering Group. The draft review report was finalized with comments from CBI and ITC. The report will be used as a basis by CBI and ITC to take the lessons learned from NTF II to define a more effective process for project design, which could be applied across CBI and ITC.

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1 Though this represents the original maximum, taking into account the maximum expenditure by year of $3.97m and total spending of less than $2m in 2009 and 2010, total expenditure under the project will likely be closer to $9m-$10m.
Summary of Project Progress in Selected Partner Country

KENYA

FPEAK has taken the lead to set up the required structure 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, and passion fruit) have been hired to coordinate and guide the development of the three commodity business plans (CBPs). The four persons constitute the Fruit Team which operates out of Thika Practical Training Center (PTC) set up by FPEAK and KARI with support from the Dutch government.

It is expected that the Fruit team will be the backbone and the channel through which support services will be delivered to the tree fruit sector with a view to enhance its competitiveness and export performance. At the end of the NTF II Project, FPEAK is committed to absorb the Fruit Team as part of its structure to ensure continuity of support services provided to the sector in the long run.

In addition to the Fruit team, three Commodity Working Groups (CWG) 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, the private sector, and civil society that are active in each commodity. Each CWG is chaired by a commodity champion that represents the leading exporting company for the specific fruit covered: Avocado, mango, or passion fruits.

FPEAK’s ultimate objective in developing the Commodity Business Plans is to help SMEs in the tree fruit sector overcome the constraints that they are facing and improve their supply capacity to gain better market share in the export markets. The CWGs include strong representation from the private sector, and are championed by the private sector. During the first meeting of the CWGs, members recognized that more detailed and in-depth information about the supply capacity, the supply constraints, the logistics chain and the international markets are necessary before getting into the drafting of the business plans.

To this regard, FPEAK organized a large number of regional meetings with farmers and farmers associations which resulted in a wide collection of data. In the same vein, the senior technical advisor coordinated the development of international market studies for each of the three commodities. The data gathering and analytical work is to be presented to the Commodity working group during their second meetings. It is expected that this process will enable SMEs in the tree fruit sector to become more competitive through enhanced and more focused support provided by FPEAK and other TSIs involved in the same sector.

Governance and Reporting Structures

The Governance structure approved has been working well. Steering Group meetings have been organized with a very flexible approach to ensure that the programme is moving forward smoothly. Reporting has also been completed according to agreed procedures. The year started with the consolidated annual plan which provided information on all activities planned and that will be implemented during 2011 in all countries. The first half yearly report was submitted end of June 2011 and the second report (this report) will be finalized early 2012. Lessons learned from NTF II will be mainstreamed into ITC programme cycle management and programme/project design approach.

Quality Assurance and Annual Review

The quality assurance report for second half of 2010 and first half of 2011 provided substantive feedback on the content and the risk management as presented in the progress report. Comments and suggestions have been taken into consideration in the elaboration of this report as to ensure a continuous improvement process. A specific working session with the Quality Advisor is planned early 2012 to
implement a more rigorous process of reporting on changes in project results and on managing project risks.

**Cross-cutting Issues**

**Gender**

The gender dimension is taken into consideration at programme level and for each project for the selected sector/country. Specific indicators on the impact of NTF II activities on gender mainstreaming are included in the RBM framework and will be monitored during the implementation phase. Specific activities focused on women have been undertaken during the second half of 2011. For instance, a conference on “ICTs as a career path for women: opportunities and challenges” was organised in Bangladesh during the e-Asia conference. In each project activity, women have been included to be part of the direct beneficiary group. In Bangladesh, Senegal, South Africa and Uganda, Women owned businesses have been included in the group of beneficiary companies. A link with the ITC women & trade programme in Uganda enabled the programme to reach out to a larger number of women involved in the coffee sector. A specific analysis on the impact of the NTF II programme on business women involved in the various sectors will be part of the regular monitoring process. Women targeted activities will also be initiated in 2012.

**Poverty Reduction**

It is important to note that the Sector selection in all NTF II countries was made on the basis of export potential and pro-poor criteria such as the possibility of providing employment for the poorest and for vulnerable segments such as women and families. Therefore it is expected that over the long run the programme will have a positive impact on this group of people. However, after only one year of implementation, it is difficult to measure real change for this group of population. To the extent possible progress against baselines defined in 2011 will be included as part of the regular monitoring process.

**Key Quality and Sustainability Issues**

NTF II seeks sustainable capacity building of trade support institutions (TSIs). After NTF II intervention, local and national TSIs in the beneficiary country should be able to function autonomously providing support services to strengthen export value chains. Their direct involvement and ownership of project activities will assist them in maintaining activities/services developed and supported by NTF II after programme completion. This is one of the key drivers in the implementation of NTF II activities.

During the second half of 2011, the programme team ensured continuous involvement of partner TSIs in defining the content and implementation modalities of each project activities. Partner institutions review and approve terms of reference for all activities before implementation. Partner institutions were also involved in identifying/selecting national consultants and international consultants. This helps to enhance ownership of project activities and commitment to ensure that the activities achieve the desired output.

In the same spirit, activities have been implemented on the basis of cost sharing. In most countries, local costs have been either totally or partially contributed by the local partner institutions. Overseas trips of beneficiary companies have been covered on a cost sharing basis (ITC pays the return ticket and participants pay for their living expenses). This ensures that responsibilities are shared by all parties and that only companies that are interested in capitalizing on their investment will participate in project activities.

To ensure long term sustainability of support services implemented by each project, the focus is to mainstream the new services into the offer of the partner institutions. In this regard, a number of training
and coaching activities are organized so that partner institutions build the required skills to manage and deliver the same service to a wider group of enterprises. For instance, in Bangladesh, DCCI and BASIS attended training on business matchmaking process and how this will be integrated and managed by the institution.

With regard to monitoring and evaluation, as mentioned above, a specific training is organized in each country to contribute to building the capacity of the local institutions to ensure continuous monitoring of project implementation and evaluation of achievements.

**Programme Adjustment**

Apart from Uganda and Bangladesh, projects in other countries have been adjusted to fit within the two year time-frame and the programme resources constraints that are defined on a yearly basis. These adjustments resulted in narrowing the scopes of these projects focusing on short term solutions that can alleviate specific constraints and result in a positive impact on export development.

**Changing Circumstances**

The unstable political situation in Yemen brought the project to a total freeze. The money allocated to Yemen was redistributed to other projects in particular: M&E activities, communication, and Uganda project.

**Risk Analysis**

<table>
<thead>
<tr>
<th>Nature of Risk</th>
<th>Likelihood</th>
<th>Consequences</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short implementation period will not enable the programme to achieve the expected outcomes and impact by March 2013</td>
<td>Medium</td>
<td>the programme will not be seen as achieving a good performance and will risk not to be extended</td>
<td>Ensure strong commitment of partners to project objectives and work plan; review and re-adjust indicators of performance and ensure they are achievable within the real implementation period</td>
</tr>
<tr>
<td>Political instability, bad security situation</td>
<td>Medium</td>
<td>A high risk for some countries with elections being organised in 2012. Difficult or impossible for ITC/international experts to continue working; weak impact</td>
<td>Early capacity building of local counterparts; flexibility to move resources elsewhere or to move activities elsewhere.</td>
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</table>

**Risks previously identified that have mitigated**

<table>
<thead>
<tr>
<th>Nature of risk</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Low absorption capacity, insufficient resources and commitment of local project partners</td>
<td>Though the limited absorption capacity is a reality in most NTF II countries, partner TSIs have shown strong commitment to achieving each project objectives. The hands-on approach and the focus on practical solutions are attracting keen interest in ensuring successful implementation of this programme. In most cases activities are implemented on a cost-sharing basis and synergies are built across various programmes that institutions are benefiting from</td>
</tr>
<tr>
<td>Nature of risk</td>
<td>During the implementation period this has not been an issue at all. International and national experts have been identified and have been able to deliver high quality outputs.</td>
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<td>---------------------------------------------------------</td>
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<tr>
<td>Limited availability and skills of international and national experts</td>
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</tbody>
</table>
ANNEX: Overview of Country Programme Implementation
Kenya Progress Report
July to December 2011

Introduction

Table 2: Overview of Kenya NTF II Project Outcome and Outputs

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Value</th>
<th>Key Stakeholders</th>
<th>Project Outputs</th>
<th>Key Results</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Sustainable Exporter Competitiveness in the Tree Fruit Sector in Kenya</td>
<td>c.a. 1.5 m</td>
<td>Fresh Produce Exporters Association of Kenya (FPEAK) Kenya Export Promotion Council (EPC) Horticultural Crops Development Authority (HCDA)</td>
<td>Output 1 - Institutional structures created and housed at FPEAK for the effective harmonization and coordination of support activities in tree fruit sub sector.</td>
<td>A project office was set up at FPEAK’s Thika office in order to facilitate the work of the project coordinator and the 3 commodity advisors (fruit team). After the fruit team was recruited in June 2011, the 3 commodity working groups were formed and met once in July 2011.</td>
<td>Completed partial changes in personnel took place in November</td>
</tr>
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<td></td>
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<td></td>
<td>Output 2 - CBPs, including buyer-led export plans, in place and achieving targets.</td>
<td>The 1st CWG meeting took place in July 2011 and work is on-going for the finalization of international market studies and local value chain mapping.</td>
<td>On-going with planned completion date of Q1 2012</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Output 3 - A functioning process for monitoring and evaluating CBPs in place.</td>
<td>The M&amp;E framework will be incorporated in the drafting stage of the CBPs. The framework will be operationalized in Q2 2012 until the project’s end.</td>
<td>Scheduled for Q2 2012</td>
</tr>
</tbody>
</table>

Overview of Project Implementation

Results Achieved:
Output 1 – Institutional structures created and housed at FPEAK for the effective harmonization and coordination of support activities in tree fruit sub sector.

The support structures to ensure project implementation and sustainability of results are in place and functioning. The set up of the Kenya based project team shows good ownership of the project by FPEAK.

A Kenya based project coordinator was selected to coordinate the three Commodity working groups, commodity advisors, and ensure implementation of project activities according to agreed work plans. The designated project coordinator was initially a full time staff of FPEAK who was working on the project and fulfilling other responsibilities within FPEAK. This person was initially selected to use his knowledge of FPEAK to ensure full integration of the Kenya Fruit team within FPEAK structure. As project implementation picked up, FPEAK expressed the need to have a dedicated person working full time on the project. As a result, a new project coordinator was recently selected by FPEAK. The new project coordinator has actually been involved in the project from the start as a commodity advisor, therefore the transition was seamless and he is already ensuring good coordination of project implementation. The project coordinator reports directly to the Executive Director of FPEAK who follows very closely the work of each working group and project progress.
The Geneva-based project management team is also experiencing some changes, as the project manager was called to undertake other duties within ITC. A new ITC project manager will be taking over the management of the project in 2012.

As part of the project team, a senior technical advisor was hired to provide technical inputs and guidance in the development of commodity business plans. The Senior Technical Advisor has been providing very interesting insights on other successful experiences around the world in promoting rapidly tree fruit exports. He also provided specific inputs on market trends, and how to involve all key stakeholders in the sub-sector to ensure buy in of the Commodity Business Plans.

In addition to the project team in Kenya and Geneva, the Kenya-based fruit team is formed. The team is composed of three commodity advisors, selected through a competitive process managed by FPEAK. The selection was also validated by FPEAK Board and ITC. It is foreseen that the three commodity advisors will integrate FPEAK at the end of NTF II project, to mainstream within FPEAK the learning and knowledge built by the NTF II project and continue smoothly with supporting the export development of the three tree fruits. In the month of November, due to specific circumstances, FPEAK replaced the commodity advisors for Avocado and Mango (one of them having been hired as the project coordinator). Two new persons were selected through a similar competitive process and have the expertise required to continue the work undertaken by NTF II.

Three commodity working groups (CWG) on avocado, mango and passion fruit were also established. Each group includes representatives from the relevant ministries, government institutions, private sector institutions and farmers. The three commodity advisors (the fruit team) will backstop and support the Commodity Working Groups in the design and drafting of the commodity business plans. FPEAK, who coordinated the recruitment effort, is providing the physical base from which the fruit team will operate even after the project ends in March 2013.

FPEAK nominated chairpersons for each of the 3 commodity working groups (i.e. the “commodity champions”) as follows:

Avocado: To be led by Kakuzi Ltd assisted by Sunripe Ltd  
Mango: To be led by Sabeen Ltd, assisted by Hillside Growers Ltd  
Passion fruit: To be led by East Africa Growers, assisted by Woni Ltd

Stakeholder Endorsement: The institutional stakeholders from the public sector have been engaging in the project activities since it commenced in 2010 through participation in meetings and workshops, and suggestions on the substantive direction of the project. In 2011 the private sector engagement became concrete the appointment of Commodity Working Group Champions who will motivate the discussions and development of CBPs.

Output 2 – CBPs, including buyer-led export plans, in place and achieving targets

The first Commodity Working Group meetings took place on 21 – 22 July 2011. At each of the 3 CWG meetings, public and private sector stakeholders from each of the three working group sessions agreed that international market studies and local value chain mapping were a necessary input for developing commodity business plans.

Since the first CWG meetings took place, ITC initiated the international market research on each of the three fruits. This work is scheduled to be completed by December 2011 in time for the second CWG meeting.
The value chain mapping is also underway through various field visits already undertaken by the commodity advisors. Six field assistants were also hired to cover the largest possible production areas and collect information on the supply capacity and supply constraints which will be included in the value chain mapping. The project foresees that national consultants will be hired with the task to finalize the mapping and include an analysis of the environment and institutional support and their impact on the competitiveness of Kenya tree fruits.

**Output 3: A functioning process for monitoring and evaluating CBPs in place**

Activities under output 3 will only be implemented when the CBPs are finalized and endorsed for implementation.

**Linkages and Coordination (Other Donors, Etc.):**

Linkages with other donors and development partners were tentatively explored during the feasibility and formulation stages of the project. Major development partners were involved in the project development phase, the work planning session organized in March 2011 and FPEAK consulted them on the recruitment of the local commodity advisors. This aspect will be further explored when the commodity business plans are drafted and concrete areas of cooperation are identified in the commodity working group discussions for the commodity business plans.

**Resources**

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.

**Financing Arrangements**

The primary modes of disbursing funds will be through recruitment contracts to do the supply mapping and market analyses; MOUs to enable field expenditures by FPEAK, and duty travel by the project resources.

**Cross-Cutting Issues**

The project intends to actively include the three cross-cutting issues, gender, poverty, and environment sustainability, in the commodity business plan final documents. Priority issues will also be considered during the CBPs implementation phase in 2012. The M&E framework related to the CBPs will include specific elements which will enable FPEAK to mainstream such cross cutting issues and follow up the impact of promoting export competitiveness of the tree fruit sector. Evidence of this may be found under Output 3 of the RBM/logical framework included in the project document, and the Senior Technical Advisor's First Mission report.

**Key Quality and Sustainability Issues:**

As indicated above, FPEAK intends to integrate the Fruit team into its structure to ensure continuity of the support provided to promote exports of tree fruits. FPEAK is already providing the physical place in its Practical Training Centre, in Thika, where the fruit team is working and where all CWG meetings are taking place. The mainstream of the NTF II work into FPEAK will ensure sustainability of project achievements in the long run.
In addition to the commitment of FPEAK, a Project Steering Committee (PSC) comprised of FPEAK, EPC, KARI and HCDA (main project partners) was operationalized on 27\textsuperscript{th} October 2011. The PSC will help coordinate the actions of the four main partners in supporting the tree fruit sector and ensure strategic positioning of the NTF II Project as a catalyst for future holistic approach to achieve export competitiveness of the tree fruit sub sector.

During the first PSC meeting, the project objectives and roles of each institution in realizing the objectives were among the number of topics discussed. The meeting emphasized that as much budget as possible should be allocated to actual piloting of the commodity business plans, so that the project leaves tangible results at farmer level and activities that can be up-scaled later.

It was noted that there have been a delay in some of the project and field activities, partly explained by the practical realities of hiring new staff, and orientations/commencement of field activities, and also by the long delay at ITC in putting in place the MoU with FPEAK (it took 2 months), to provide financial resources to cover implementation of field activities.

The PSC affirmed the principle of ensuring that Geneva-based activities are implemented by ITC in consultation with PSC through FPEAK, and all Kenya-based activities are implemented by FPEAK through a MoU with ITC in consultation with PSC. Both ITC and FPEAK are to fully account for funds before a new disbursement is effected, and activities are to be mutually agreed.

**Project Adjustments**

As mentioned above the project is experiencing some delays in its implementation. The Commodity Business Plans, which were planned to be completed end 2011, will now be finalized by end April 2012. This will have a direct impact on the achievements of Output 2. It is clear that given the short implementation time remaining for the NTF II programme, the number of pilot activities undertaken under Output 2 will be limited and therefore the results achieved by the programme will also be limited.

**Problems (Operating Environment):**

The process for the development of Commodity Business Plans is centralized within FPEAK and managed by FPEAK. Despite the fact that a first PSC meeting took place involving key institutional partners (EPC, HCDA, and KARI) and that they are participating in the commodity working groups, it is unfortunate that the role of these institutions still remains marginal and they are not playing an active role in driving project activities. This could be a potential problem in terms of ensuring ownership of project activities and results by all key stakeholders. It is planned to adjust this situation through more direct interaction with these institutions in 2012 particularly during implementation phase.

**Changing Circumstances:**

Due to external factors outside of the control of the project, there is a planned change-over of personnel for roles of the Geneva-based project manager, the field coordinator and the avocado commodity advisor. In the case of the Geneva-based project manager, who will perform a new and un-related function within ITC, the change-over took place as of end November and hand-over of the day-to-day project management responsibilities organized with the NTF II Programme Manager.

In the case of the first project coordinator, he will remain a key technical resource to the project. On the other hand, the new project coordinator took over the duties of the avocado commodity advisor effective 1\textsuperscript{st} October 2011, who resigned from his post to continue postgraduate studies, He will continue to perform the dual role until FPEAK and ITC finalize the recruitment of a replacement.
### Risk Analysis:

<table>
<thead>
<tr>
<th>Identified Risk</th>
<th>Risk Likelihood (H/M/L)</th>
<th>Consequences</th>
<th>Mitigation Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low involvement of private sector in the development and implementation of CBPs</td>
<td>L</td>
<td>CBPs will not reflect and may not respond to the needs of the private sector, which will have direct consequences on the efficiency of their implementation</td>
<td>Commodity champions, representing the private sector, have been mobilised and are providing inputs to the commodity working groups. Farmers and other private sector entities are participating in the CWGs</td>
</tr>
<tr>
<td>Limited involvement of identified partner institutions and other key stakeholders due to FPEAK centralising the development of CBPs</td>
<td>M</td>
<td>The CBPs will not benefit the sector as a whole and therefore their impact will be limited and only benefit FPEAK members</td>
<td>Operationalize the Project Steering committee (PSC) 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.</td>
</tr>
<tr>
<td>Insufficient resources and commitment of local project partners to implement the CBPs</td>
<td>M</td>
<td>The CBPs will not be implemented as a holistic long 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.</td>
<td>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</td>
</tr>
<tr>
<td>Growing conditions or terms of trade make achieving CBP targets difficult/impossible</td>
<td>M</td>
<td>Project would have limited results and long term impact.</td>
<td>Build in capacity to anticipate; integrate early warning systems and adaptive strategies into CBPs;</td>
</tr>
</tbody>
</table>

Previously identified risks which have been minimised
<table>
<thead>
<tr>
<th>Identified Risk</th>
<th>Risk likelihood (H/M/L)</th>
<th>Mitigation approach</th>
<th>Update and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Coordinator unable to manage possible division of labour between KCTF tasks and FPEAK tasks</td>
<td></td>
<td></td>
<td>A new field coordinator was hired, and therefore the risk disappeared</td>
</tr>
</tbody>
</table>

**Adaptation of Logical Framework:**
As the logical framework does not provide any details regarding the pilot activities of the CBPs that will be implemented, there is no adaptation to be made for now.