



Food and Agriculture
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The Agribusiness Support for Smallholders Project in Kenya – GCP /KEN/070/GER

Management response to the evaluation report

Food and Agriculture Organization of the United Nations

Office of Evaluation (OED)

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For further information on this report, please contact:

Director, OED
Viale delle Terme di Caracalla 1, 00153
Rome, Italy
Email: evaluation@fao.org

Evaluation report for the Agribusiness Support for Smallholders Project in Kenya
GCP /KEN/070/GER

1 Part A: Overall response to the evaluation

Overall the evaluation presents a clear, fair and well balanced review of the project and its impact. This said, there are a number of areas where further clarification may add to a broader understanding of the report. For the purpose of clarity we have focused our discussion here on some of the key findings and conclusions of the report, the recommendations are addressed under part B below.

Key findings:

- **Inadequate M&E:** The project did in fact have a comprehensive M&E system in place; this was however established well after the start of the project (for reasons related to the availability of a CTA). This meant that, by the time the M&E system was established, too much had been done to develop a solid baseline. A critical factor here is the initial role of the FAO Kenya office. Had the office been directly responsible for the management of the project from the start, the local M&E team could have supported the establishment of baseline information, even in the absence of a CTA. A key lesson here, which has now been well addressed through FAO's decentralization office, is that country offices need to own all projects that are implemented in respective countries from the start.
- **Limitation in the number of SMAEs assisted:** Whilst the finding is correct, it needs to be taken within the context of what the project realistically intended to achieve. The project intended to pilot a number of business models, not to have an economic impact at national level. Within this context the project was exceptionally successful and provided some very useful lessons for future scale up.
- **Ownership of specific objectives:** The report rightly states that ownership was strongest by the Ministry of Agriculture Agribusiness Directorate but, to some extent down plays the importance of this. The Agribusiness Directorate has changed from a fledgling group to a driving force within the ministry. This, through the support of the Cabinet Secretary has been translated to the counties, with agribusiness and agro processing being core priorities in the majority of County Integrated Development Plans. Whilst this increase in interest in agribusiness cannot be solely attributed to the project, discussions with the agribusiness directorate show that the project did play a clear and significant role (in particular through influencing more pro – agribusiness policies which the evaluation report clearly highlights) in moving the agribusiness agenda forwards within the government.
- **Project efficiency was mixed:** This conclusion is fair, the project did suffer from significant delays at the start and although it performed well once all staff were in place the M&E system was unable to make up for the lack of comprehensive baseline data. Had clear performance indicators been included in all stakeholder agreements this problem would have been mitigated to some extent.
- **Achievements of the project outputs:** Again, this conclusion is fair, had a more robust M&E system been in place from the start, the validation of business models would have been more conclusive.

2 Part B: Response by recommendation

Management response to the (Evaluation Title)					Date
Evaluation Recommendation	Management response Accepted, partially accepted or rejected and comment on the Recommendation	Management plan			
		Action to be taken	Responsible unit	Timeframe	Further funding required (Y or N)
Recommendation 1 <p>Project design should be scaled to match the level of resources available for implementation. When resources are limited, as was the case with AbSS, the project should have reflected this in terms of its design content. For multidimensional projects like AbSS, the number of outputs should be reduced from six to three and the project should be simplified – in terms of its expected impact and scope of the outputs and expected outcomes. For instance, AbSS had one Impact with three indicators; two outcomes with five indicators, six outputs with nine sets of indicators; 23 activities and 39 assumptions. Obviously, this range of metrics was excessive for a project of just USD 2.5 million to be implemented over three years.</p>	Partially accepted <p>This is accepted in so far as there is a need to streamline project design and ensure simplicity. The assumption that a project design should be simple in order to reflect the level of funding is however misplaced. With reference to the project itself; the project had one overarching impact and two outcomes, which is reasonable. The real issue was the number of assumptions, a project with 39 assumptions is clearly leaving too much to chance and should perhaps consider a number of activities to ensure that these assumptions hold true.</p>	Describe Action(s) <p>All projects developed by FAO Kenya now have a log frame and M&E framework. All projects are reviewed by the M&E unit to ensure that the intervention logic is clear</p>	M&E	Already implemented	Insert
Recommendation 2 <p>For project designers: if projects like AbSS are to target start-ups and fledgling SMEs, then the one-off training interventions should be combined with a mentoring programme to improve the probability of continued business sustainability among targeted SME beneficiaries. The reasons: 1) the failure rate amongst smaller SMEs tends to be very high, therefore their performance needs to be monitored closely and 2) the SMEs will experience newer challenges as they improve their operations because of initial technical assistance. Therefore they will need continued assistance beyond that provided by projects such as AbSS.</p>	Accepted <p>Fully accepted. The project was a pilot and this was a good lesson learnt to incorporate “mentoring and hand-holding” activities in future similar project designs.</p>	Describe Action(s) <p>Lessons from the ABSS project have been incorporated into the design of a large programme on Conservation Agriculture and Good Agricultural Practice, which incorporates support to producer cooperatives and the development of linkages between these cooperatives and financing institutes as well as end markets</p>	Crops	From June 2014	Funding obtained

For instance three of the four SMAEs that were monitored from AbSS inception closed their doors during the life of the project – suggesting that stronger hand-holding may have been required for them to improve their operations on a sustainable basis.					
Recommendation 3 Project design should include 1) the establishment of formal agreements between key stakeholders and the project and 2) comprehensive appraisals of stakeholders and beneficiaries – in terms of the strengths, weaknesses and their appropriate roles prior to the completion of the design process. Such an approach would ensure that the project minimizes its stakeholder ownership risks and that the assistance to be provided is appropriately “positioned” to fit stakeholder needs.	Accepted This is in fact even more important with the new devolved system of governance, where county governments are now responsible for all agricultural extension work.	Efforts are currently being undertaken to identify appropriate working modalities with county governments. A commitment has been made in our CPF that 80% of our resources will be spent at county level, so the clarification of ownership and the establishment of formal agreements with county governments and other stakeholders is exceptionally important	FAOR	By end of 2015	N
Recommendation 4 <i>Agribusiness project managers should be sensitive to the fact that retailers need to be engaged in agribusiness support projects to encourage them to establish and monitor processor and supplier adherence to acceptable product protocols. The validity of business models aimed at sustaining entrepreneurial access to higher-valued retail markets is driven by the product protocol/specification requirements of those markets.</i> Under the AbSS project almost all of the SMAEs were selling their products to commercial retailers (i.e. supermarkets). Therefore the development of a self-correcting structure that would ensure SMAE and producer adherence to stringent market protocols depends on the establishment of those protocols as entry-level requirements for agribusinesses that supply those markets. However, in Kenya, there is inadequate and therefore inconsistent application of	Partially accepted This is a critical observation, the only reason we have put partially accepted is that the ability to influence market protocols was beyond the scope of the ABSS project. So whilst the observation holds true, efforts to address issues around acceptable product protocols would not succeed by targeting agribusiness project managers in the absence of considerable demand for such protocols. There is therefore a need for a significant effort to raise consumer awareness towards food safety. This is the only way that major retailers will be persuaded to monitor the adherence of processors and producers to food safety requirements.	FAO Kenya intends to develop a large programme which uses control of Aflatoxin as an entry into the food safety debate with consumers and major retailers. The programme will link in with an ongoing project on conservation agriculture and good agricultural practice and will support producers to harvest, dry and store grain in a way which reduces the risk of aflatoxin contamination	Crops	Programme document to be developed and circulated before the end of October	Y

mechanisms whereby retail buyers closely monitor the adherence of processors and producers to critical food safety requirements. This “missing link” in the agribusiness development models has to be addressed by support projects in order to improve both their effectiveness and sustainability. Noticeably, this was a “missing link” in the AbSS project which future assistance programmes should incorporate/address.					
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