



# USAID KENYA RESILIENCE AND ECONOMIC GROWTH IN THE ARID LANDS-ACCELERATED GROWTH (REGAL-AG)

QUARTERLY PROGRESS REPORT: FY 2013 Q1



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**Resilience and Economic Growth in the Arid Lands-Accelerated Growth  
(REGAL-AG)**

**FY 2013 Q1 PROGRESS REPORT**

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Prepared for Isaac Thendiu  
United States Agency for International Development/Kenya  
C/O American Embassy  
United Nations Avenue, Gigiri  
P.O. Box 629, Village Market 00621  
Nairobi, Kenya

Prepared by:  
ACDI/VOCA  
50 F Street N.W  
Suite 1100  
Washington D.C 2001

The authors' views expressed in this report do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## Table of Contents

ACRONYMS AND ABBREVIATIONS.....	III
I. RESILIENCE AND ECONOMIC GROWTH IN THE ARID LANDS-ACCELERATED GROWTH EXECUTIVE SUMMARY .....	IV
II. KEY ACHIEVEMENTS (QUALITATIVE IMPACT) .....	6
A. START-UP ACTIVITIES .....	6
B. COMPONENT 1: IMPROVING THE ENABLING ENVIRONMENT .....	9
C. COMPONENT 2: IMPROVING MARKET LINKAGES.....	10
D. COMPONENT 3: IMPROVING LIVESTOCK PRODUCTIVITY .....	10
E. COMPONENT 4: EXPANDING EXISTING AND DEVELOPING NEW INPUT AND SERVICE MARKETS .....	11
F. COMPONENT 5: EXPANDING LIVESTOCK- RELATED ECONOMIC OPPORTUNITIES .....	12
G. LESSONS LEARNED.....	13
III. PROGRAM PROGRESS (QUANTITATIVE IMPACT) .....	14
IV. PERFORMANCE MONITORING .....	15
V. PROGRESS ON LINKS TO OTHER USAID PROGRAMS .....	15
VI. PROGRESS ON LINKS WITH KENYAN GOVERNMENT AGENCIES .....	16
VII. PROGRESS ON USAID FORWARD .....	16
VIII. SUSTAINABILITY AND EXIT STRATEGY .....	17
IX. GLOBAL DEVELOPMENT ALLIANCE.....	17
X. SUBSEQUENT QUARTER’S WORK PLAN.....	17
XI. ANNEXES & ATTACHMENTS .....	18

## **Acronyms and Abbreviations**

ADESO	African Development Solutions
CAHW	Community Animal Health Worker
CFO	Chief Financial Officer
COP	Chief of Party
DCOP	Deputy Chief of Party
DLPO	District Livestock Production Officer
DVO	District Veterinary Officer
DVS	Director of Veterinary Services
FAO	Food and Agriculture Organization
FtF	Feed the Future
FY	Fiscal year
IBLI	Index Based Livestock Insurance
IEE	Initial Environmental Examination
ILRI	International Livestock Research Institute
KCA	Kenya Camel Association
KLMC	Kenya Livestock Marketing Council
M&E	Monitoring and Evaluation
MIS	Management Information System
NDMA	National Drought Management Authority
NGO	Non-Governmental Organization
PACIDA	Pastoralist Community Initiatives Development Assistance
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
PMEP	Performance Monitoring and Evaluation Plan
REGAL-AG	Resilience and Economic Growth in Arid Lands-Accelerated Growth
REGAL-IR	Resilience and Economic Growth in Arid Lands-Improved Resilience
SIDEP	Samburu Integrated Development Programme
USAID	United State Agency for International Development

## **I. Resilience and Economic Growth in the Arid Lands-Accelerated Growth EXECUTIVE SUMMARY**

Resilience and Economic Growth in the Arid Lands-Accelerated Growth (REGAL-AG) is a \$20 million, five-year project that will increase economic growth in rural communities in Kenya by building a more inclusive and competitive livestock value chain. Through project activities, REGAL-AG will foster a vibrant livestock value chain that generates opportunities for those all along it, including pastoralist livestock keepers. REGAL-AG will encourage growth by improving market access, increasing the availability and affordability of inputs and services needed to benefit from market participation, and working with livestock keepers to reduce their vulnerability.

This report summarizes the activities implemented in the first quarter of FY 2013, covering the period October-December 2012.

### **Qualitative Impact**

During the quarter, the REGAL-AG team began the process of formally entering communities in Marsabit and meeting with local leadership. The REGAL-AG staff met with the Marsabit County Commissioner and government representatives who pledged to support REGAL-AG interventions. The team also mapped out key stakeholders involved in the livestock value chains across Marsabit County.

In December 2012, ACIDI/VOCA received official communication from USAID requesting a budget realignment to enable more resources to be allocated to the communities. Following this, ACIDI/VOCA submitted a proposed budget revision. The conclusion of this process will allow the REGAL-AG project to complete its FY 2013 work plan and PMP.

REGAL-AG also continued with key analyses, including the value chain analysis, gender analysis and feedlot feasibility study. Work continued on the value chain analysis to identify potential opportunities and constraints for livestock value chain development that could be vetted with stakeholders at the stakeholder workshop, planned for next quarter. The gender consultant completed field data collection and met with community members in Marsabit, and will share the findings with the REGAL-AG technical team next quarter to agree on appropriate gender strategies for the project. The fodder consultant undertook field data collection for the feedlot fattening feasibility study, and will also be sharing the findings with the REGAL-AG technical team next quarter. Additional program activities have been initiated, especially around the policy, financial services and market opportunities components.

### **Quantitative Impact**

The budget realignment process requested by the USAID/Kenya mission delayed some key activities, including the baseline survey, which is necessary for setting final project targets. The project will thus report its analysis of quantitative project achievements once the baseline survey is completed.

### **Subsequent Quarter's Work Plan**

The implementation of REGAL-AG activities has been slowed awaiting approval of the submitted budget realignment at the request of USAID/Kenya. Upon response from USAID, ACIDI/VOCA is prepared to quickly revise the work plan to reflect any changes arising from the budget realignment and final agreement between USAID and ACIDI/VOCA.

In the meantime, the REGAL-AG team will move forward with those activities in the work plan that will not be significantly affected by the budget realignment. Major activities in the next quarter will include holding the stakeholder forum, training staff and partners on IBLI, mapping project stakeholders, conducting the gender training, completing value chain development strategies and undertaking market research to develop new financial services.

## II. KEY ACHIEVEMENTS (QUALITATIVE IMPACT)

### A. Start-up Activities

#### Community Mobilization

During the quarter, the REGAL-AG technical team visited Marsabit County to meet the local county administration in order to begin building relationships with the communities that will be targeted by the program. During the field visit, the team held meetings with the Marsabit County Commissioner and government representatives who pledged to support REGAL-AG interventions. The team also met with representatives from the Food and Agriculture Organization (FAO) and CARE Kenya on possible collaborative arrangements. REGAL-AG staff sent letters of introduction and program briefs to the Director of Veterinary Services (DVS), Director of Livestock Production (DLP), and the National Drought Management Authority (NDMA). Additional consultations were made with the following strategic partners on the stated focus areas:

- a. International Livestock Research Institute (ILRI) on the implementation of the Index Based Livestock Insurance (IBLI)
- b. Faculty of Veterinary Medicine, University of Nairobi on how to enhance the community-based animal health care delivery system, including the possibility of upgrading the community animal health workers (CAHWs) and enhancing pastoralists' access to improved livestock breeds.



**Figure : REGAL-AG meeting with DLPO Moyale and other development actors as part of stakeholder mapping**

Other community entry processes during the quarter included a stakeholder actor mapping exercise in Marsabit County. Following the meetings mentioned above with government officials and other development partners, the team looked closely at the development actors in Marsabit and their areas of interventions, the security situation within the county, the role of district steering groups in coordinating development efforts within the county, community demographics and settlement patterns among the different ethnic groups. The purpose of the exercise was to: (i) create awareness among stakeholders of REGAL-AG's implementation approach and deliverables; (ii) identify which stakeholders are doing what activities, and where these activities are taking place in Marsabit County; (iii) identify opportunities and constraints for demand-driven value chain upgrading; and (iv) examine the capacity of various value chain actors and the potential to build linkages and improve relationships among them to make the value chain more competitive and

inclusive. A list of actors and past initiatives that demonstrate potential to contribute to value chain upgrading were identified as a result, and will be integrated into the value chain analysis.

### **REGAL-AG Budget Realignment**

During the month of December 2012, ACIDI/VOCA received a written request from USAID to realign the budget to enable more resources to be allocated directly to the target communities. Following this communication, ACIDI/VOCA submitted a proposed budget revision on December 19<sup>th</sup> and the USAID Kenya mission acknowledged receipt. The conclusion of this process will allow the REGAL-AG project to complete its FY2013 work plan and PMP.

### **Capacity Building and Training During the Quarter**

Several REGAL-AG staff attended a BDS training course in Mombasa with more than 170 participants, drawn from different backgrounds related to value chain development from Africa and around the world. During the conference, ACIDI/VOCA's Regional Gender and Youth Advisor for Africa, Lydia Mbevi-Nderitu, assisted by Michelle Stern, made a presentation entitled "Smart Economics: The Case for Investing in Women." The presentation focused on the need to invest in women within the value chain as a means to achieve inclusiveness. OXFAM also presented a paper entitled "Gendered Enterprise Markets Approach – Empowering Women through Market-Based Programming." Other areas covered during the training included basics on value chain and market systems development; adapting and applying monitoring and evaluation systems for value chain and market development projects; monitoring and assessing project progress to feed into continuous improvements of development initiatives; initiating clear, continued communication with donors about the story of change; and using appropriate M & E tools that allow understanding of changes in market systems. Additional topics included:

- Inclusive Financial Services Markets: Financial services and financial sector development to strengthen inclusive value chains and markets
- Aligning business incentives and good governance: How transparency, accountability, ethical investing and equity actually drive improved competitiveness in value chains and market systems
- Supportive enabling environment: Public sector and other enabling environment initiatives to develop supportive enabling environment for value chain and market system growth
- Importance of market systems to vulnerable populations: Market systems are key to stabilizing and benefiting vulnerable populations, including women and youth in fragile and conflict affected and ASAL regions
- Media and Communications: Leveraging the media and other communication channels as a key player in strengthening value chains and market systems

The REGAL-AG team will draw on the learning and discussions from this conference going forward to guide project activities.



**Figure 1: REGAL-AG staff participate in break-out sessions at the BDS Conference**

Additionally, REGAL-AG's M&E Specialist attended a one-week training organized by ACDI/VOCA headquarters, held in Istanbul, Turkey. The training brought together 47 M&E specialists from ACDI/VOCA's programs around the world and improved participants' knowledge and skills on theories of change; managing evaluations; data quality, analysis and reporting; and organizational global indicators. The training was particularly useful for REGAL-AG's M&E Specialist to better understand methods of beneficiary profiling, mainstreaming gender into programming in addition to tracking and reporting environmental compliance. This training will help to improve the quality of project programming and reporting, in line with USAID and ACDI/VOCA policies and procedures.

### Value Chain Analysis and Stakeholder Workshop

During the quarter, REGAL-AG worked on conducting a value chain analysis that identifies the target market opportunities and defines the constraints and opportunities for upgrading in the value chains. The value chain analysis report will provide a strategy for ensuring that the Kenyan livestock industry in the arid and semi-arid lands can become competitive and remain competitive over time without long-term donor or government subsidy and will inform the specific activities to be undertaken by the project.

The main findings of the value chain analysis will guide the stakeholder workshop to be conducted with key value chain actors, community members and other partners in February 2013. The REGAL-AG team worked to identify the critical stakeholders to participate in the workshop and plan the agenda. The aim of the stakeholder workshop is to gain insights from key stakeholders on the underlying constraints facing actors in the value chain, as well as to help identify the changes needed to remove these constraints. This information will be integrated into the final value chain analysis report in terms of prioritized and demand-driven opportunities, constraints and activities as part of a shared strategy for livestock sector development in Marsabit.

### Gender Assessment

In order to build an evidence base for REGAL-AG's strategies to close the gender gap and build inclusive and resilient social and economic systems in the pastoral lands, the REGAL-AG Gender Consultant began work on a gender analysis. During the quarter, she completed field data collection with community members of Marsabit County through focus group discussions, key informant interviews, and case studies along the livestock value chain. The study was done in Marsabit, Turbi, Sololo, Moyale, Loglogo, Lontolio, Merille, and Isiolo. With the support of a gender specialist consultant, the REGAL-AG team analyzed the information collected and triangulated it with additional data from other sources in order to ground truth the findings.

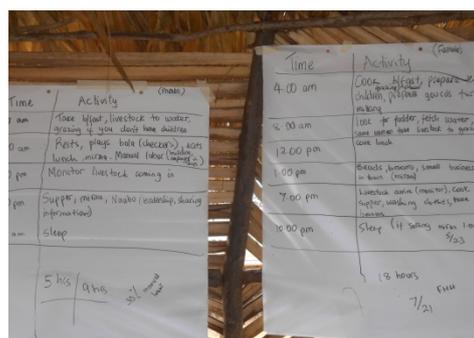


Figure 2: Gender daily activity chart from a focus group discussion in Marsabit County

Major findings of the study include the following:

1. Women in pastoralist households often have more power than is immediately obvious, and the women are not as powerless as they have been portrayed. There has also been a reduction of men's power in some households as herds have reduced in number, resulting in increased anxiety among men that face challenges in meeting household needs.
2. Women play many different roles across the different livestock value chains. In many cases these roles are the lower-paid, more labor-intensive and mundane jobs. In some cases, however, women play respected and well-paid roles, especially where their business acumen and marketing skills have been recognized and valued.

3. Although women handle less cash cumulatively than men, they handle it on a daily basis, whereas most men receive cash upon seasonal livestock sales. Often this cash input can be highly important to household food security.

The gender analysis report will be refined next quarter. The findings will be vetted with REGAL-AG technical staff in order to identify appropriate gender strategies that will enrich ACIDI/VOCA's value chain facilitation and inclusiveness approach. Additional information related to gender and constraints facing women in the livestock value chains will be gathered during the stakeholder workshop, planned for 6-7<sup>th</sup> February 2013.

## **B. COMPONENT I: Improving the Enabling Environment**

Under component I, REGAL-AG will support the national government and the newly empowered county governments in developing policies driven by stakeholder input that promote equity and accountability in land governance and that promote investment in the livestock value chain.

### **Desk Review of Existing Laws/Pending Bills Relating to Land Policies**

During the quarter, the REGAL-AG team led by the Pastoral Policy Advisor, Dr. George Njoroge, undertook a desk review of the existing laws and pending bills relating to land laws and land policy. The purpose of the review was to identify key issues relating to pastoral land policy compared with the current status of legislation and/or policies that are supposed to enhance pastoral land management, as guided by the new constitutional dispensation. The perquisite laws and accompanying policies are expected to create an enabling environment for more inclusive land tenure and land use practices that will lead to sustainable use of pastoral land, hence achieving and maintaining sustainable livelihoods. The review team has prepared a report that documents legislative and land management policies that have evolved in Kenya in general and the ASALs in particular, which have had profound influences on pastoral land tenure and land use over the years. In addition, the report identified and analyzed the laws and policy issues that enhance or constrain pastoral land use and development. Preliminary findings include historical land law biases in pastoral communities as well as contradictions among the various acts as they relate to land use. One of the key policy issues will be registration of range lands and allocation of resources to develop arid and semi-arid lands. The report will be reviewed next quarter with partners in order to identify key land policies that need to be analyzed further before being subjected to public debate/consultation.

In an effort to protect land use rights and the mobility of pastoral communities, REGAL-AG staff met nine relevant stakeholders as part of the program's planned community level consultative meetings. The REGAL-AG team held key informant interviews and focus group discussions, which focused on an array of issues around the enabling environment for livestock in Marsabit County. The meetings also sensitized community members on the forthcoming stakeholder workshop. The organizations that REGAL-AG met with included the Ministry of Livestock; the Kenya Agricultural Research Institute; local non-governmental organizations (NGOs), including PACIDA, KCA and Community Initiative Facilitation and Assistance; local lobby and advocacy organizations, such as the District Livestock Marketing Council and Marsabit Women Advocacy and Development Organization; and other community groups, such as Salato and Naserian Women's Group.

Additionally these meetings were used to rapidly map the partners' mandate and priorities as well as establish contacts in preparation for the stakeholders' workshop.

## **C. COMPONENT 2: Improving Market Linkages**

Under this component, REGAL-AG aims to improve pastoralists' access to markets, strengthen livestock value chains in the pastoral regions, and diversify end markets for Kenyan livestock and meat. REGAL-AG made progress this quarter by taking an inventory of the existing and proposed markets in order to increase market access.

A total of 13 local active livestock animal markets were identified from field visits and key informant interviews: Merille, Illaut, Korr, Sololo, Moyale, Kalacha, Turbi, North Horr, Marsabit, Kurungu, Maikona, Hula Hula and Dhilib. The first five markets are the most vibrant. Turbi acts as a stopover market and has a loading ramp for more efficient and safe loading of animals onto trucks. Hula Hula is a dormant market that has been prone to tribal clashes in the recent past, however, if peace is restored, Hula Hula has growth potential due to its strategic location within the main Moyale-Isiolo highway coupled with its proximity to Marsabit town. Maikona and Dhilib markets are up-coming and have high potential for growth. In Kurungu, market days are held twice every month. Producers have also proposed to establish a market in Oltorot, Mt. Kulal where there is no physical market currently, and buyers source animals from homesteads offering low, non-competitive prices to the pastoralists..

Additionally, three livestock trader groups from the Marsabit, Merille and Moyale constituencies were identified. Currently, 138 traders are members of trader groups, which enable traders to work together to realize economies of scale and collaborate in order to obtain services such as transport. The REGAL-AG team will explore the potential for these traders to improve linkages for producers to terminal markets. REGAL-AG will facilitate long-term partnerships between livestock marketing associations (LMAs) and local authorities for proper livestock market management. REGAL-AG found that markets in Merille, Illaut and Korr are currently the only markets in Marsabit County successfully applying a co-management model through LMAs, which will provide important lessons in the future and could be used for learning exchanges.

### **Feedlot Fattening Feasibility Study**

During the reporting quarter, Dr. Carl Birkelo, a fodder specialist consultant, undertook field data collection for the feedlot fattening feasibility study. The team visited Ramat Feedlot fattening facility in Suswa, Morendat Farm in Naivasha, OI-Pejeta Ranch in Nanyuki, District Livestock Production Officer (DLPO)/District Veterinary Officer (DVO) Offices in Laikipia North and Isiolo Districts. REGAL-AG also met with the team overseeing the construction of the Isiolo confinement feedlot fattening and abattoir facilities in Isiolo counties. Within Nairobi, the feasibility team held discussions with staff from SNV, the Kenya Meat Commission and Dagoretti slaughter houses.

During the upcoming quarter, Dr. Birkelo will consolidate his findings from the field work. REGAL-AG plans to use Dr. Birkelo's expertise to build the capacity of key stakeholders—including government and private-sector partners—in the technical aspects of running confined fattening facilities. He will also meet with the REGAL-AG team to help develop a feed and fodder strategy for the REGAL-AG program, identifying a viable livestock finishing/fattening model and related project activities that are appropriate to the pastoralist context of Marsabit County. The process has started with an exploratory mission to Kalacha by the REGAL-AG staff to visit a small-scale feedlot fattening that is being piloted with support from the Japan International Corporation Agency.

## **D. COMPONENT 3: Improving Livestock Productivity**

Under Component 3, REGAL-AG seeks to increase livestock productivity by increasing access to animal feed in all seasons, improving the affordability of feed, and improving herd management and health.

For the period October-December 2012, the main activities under this component included mapping exercises of the various actors, as well as meetings with Sidai and VetAID to discuss potential sustainable implementation approaches. Additional follow-up meetings will be necessary, along with finalization of the budget realignment before activities under this component can truly begin.

The REGAL-AG team did hold consultations with the government and other development partners, which revealed opportunities for fodder production. Specific areas were identified that may have the potential for fodder rehabilitation. Identifying these areas will assist the program in finalizing targeting criteria for program activities.

Additionally, REGAL-AG mapped animal health service providers and input markets in Marsabit County during the reporting period. For the input markets, staff identified Agrovets shops and began to explore opportunities for upgrading, such as franchising (potentially with Sidai) or organizing into agents. Efforts were also put into identifying how many CAHWs are co-located in the vicinity of these Agrovets, to explore re-training and linking them to the potential franchises. During the discussions, REGAL-AG looked at opportunities for bundling services such as herd health awareness programs, equity banking agencies and selling the IBLI products. For example, there may be an opportunity for Equity Bank to provide loans that would be used partly to set up franchises and partly to pay for university training, allowing CAHWs to obtain a certificate or diploma which would make them acceptable to operate according the laws.

In regards to training of CAHWS, discussions with DVOs in the county and other stakeholders revealed that there is an existing MOU between the DVS office and a consortium of NGOs operating in Marsabit County. This MOU was developed recently and it helps to facilitate the re-training of CAHWs or other pastoralists to enable them to attain the status of a “disease reporter,” which is of a higher value and bigger responsibility than being a CAHW. According to MOU, the disease reporter must have certain qualifications criteria..

Finally, during a meeting with the University of Nairobi, the REGAL-AG team identified a possible opportunity for enhancing pastoralists’ access to appropriate breeding technology that has already been tested in the arid lands and which might be appropriate to be scaled-up through the innovation fund.

## **E. COMPONENT 4: Expanding Existing and Developing New Input and Service Markets**

Under Component 4, REGAL-AG will facilitate access to key services including veterinary drugs, animal health services, animal feed and financial services.

Between October and December 2012, significant progress was made under this component. The REGAL-AG team attended a meeting between ILRI and the APA insurance company regarding IBLI as an initial step in fostering partnerships with private institutions to facilitate economic empowerment among the pastoral communities. The IBLI product offers insurance to protect livestock keepers from climate-related risks, leading to livestock mortality, by drawing from satellite data. APA works with the pastoralists to sell the IBLI product based on calculated premiums so that in the event of severe droughts, pastoralists are compensated for the loss of their herd.

REGAL-AG will work with the two institutions to train target beneficiaries, which include members of Marsabit Teachers SACCO, around IBLI products in Marsabit in January 2013.

During December 2012, the REGAL-AG Financial Services Specialist, Susan Nduati, also met with Takhaful Islamic SACCO where she was given an overview of their operations, governance, scope of work and product profile. Takhaful Islamic SACCO is the first Islamic SACCO to be registered by the Ministry of Cooperatives and Marketing and has great potential to capture an unmet market for financial institutions by introducing an inclusive Islamic financial product. REGAL-AG will explore partnership opportunities with Takhaful SACCO in accessing financial services to pastoralists in Marsabit county, especially in Moyale.

## **F. COMPONENT 5: Expanding Livestock- Related Economic Opportunities**

Under Component 5, REGAL-AG will complement REGAL-IR's livelihood diversification efforts by supporting livestock-based economic opportunities such as feed production and supply, dairy production and marketing, and hides and skins marketing.

This quarter, the project surveyed producers in the camel and hides and skins value chains, with a particular focus on women's groups, and identified training/development needs. REGAL-AG identified four groups of pastoral community members, who claim to be registered by the Kenyan government's Department of Social Services. These groups are from across Marsabit County who are involved in the camel value chain. The groups are located in Ngurnit, Marsabit Central, Sololo and Moyale with aggregated membership of 272 people, and 95% of the members are women. The groups from Ngurnit and Moyale are involved in camel meat preservation for commercial purposes while those from Marsabit are involved in the dairy and live camel value chain.

From discussions with various group representatives, the groups claim to have been trained on technical skills that involve processing various value chain products. However, the groups identified a strong need for training in business skills and group management. Groups from Marsabit central and Ngurnit also mentioned the need for training that will enhance financial literacy, while those in Sololo and Moyale mentioned training needs on milk handling and hygiene.

The group from Marsabit—the Hargeisa Dairy Camel Group—showed particular potential for engagement in REGAL-AG activities around camel milk production. The group consists of 12 members, and was registered as a self-help group by the Department of Social Services in August 2012. The group members have pooled together 60 camel heifers as initial stock for their operations and aims to supply 100 litres of camel milk daily to specialized clients within Marsabit town.

Additionally, two milk bars (which are stores that sell milk and milk products directly to customers) have been identified in Marsabit and Sololo, operated by a family business and a Camel Improvement Women Group, respectively, with the latter having 31 members. The businesses produce relatively high-quality and well-packaged products, and will be further evaluated by REGAL-AG to determine whether they are appropriate to engage in the program, and if so, determine the type of support they would require. In Ngurnit, the Salato women's group, with 105 female members, was found to be processing and packaging milk and milk products. While the group's operations have diminished over time due to withdrawal of donor support, the group may still have potential to grow if innovative interventions are applied.

Engagement in discussions with hides and skins value chain actors identified a women's group with 30 members that supplies about 30 pieces of hides and skins per month to a single trader in Marsabit, who collects about 3,000 pieces per month total. This group is located about 140 km from Marsabit town. In Ngurnit, the project identified a group of 104 women that owns a small leather processing plant. Further engagement with these groups in the upcoming quarters will help to

better understand their motivations for working together, as well as the exact products and markets they are targeting.

Once REGAL-AG's budget realignment is approved, the project will undertake capacity assessments of these groups to further understand their strengths, capacity building needs and the potential facilitation models that will best support their activities within the value chain.

## **G.Lessons Learned**

The analyses that began this quarter will provide important opportunities for learning within the REGAL-AG program. In the upcoming quarter, the REGAL-AG technical team will analyze the key findings from the feedlot fattening feasibility study, the value chain assessment, and gender analysis, and use these to guide the project's strategy going forward. In the upcoming quarter, REGAL-AG will hold the stakeholder workshop, community stakeholder meetings and continue collaborative research on financial service products and IBLI. Upon finalization of the budget realignment, REGAL-AG hopes to begin the baseline survey. These analyses and initiatives combined will inform the specific learning questions on which the project will focus and report on.

### **III. PROGRAM PROGRESS (QUANTITATIVE IMPACT)**

Implementation of the Program Monitoring Plan has been delayed during the current quarter due to the budget realignment process, which was initiated at the request of USAID/Kenya. ACDI/VOCA submitted a proposed realigned budget on December 19<sup>th</sup> that increases the allocation of resources directly to the targeted communities. This realignment process has delayed some key activities, including implementation of the baseline survey, which is critical for setting final project targets. The project will thus report its analysis of quantitative project achievements once the baseline survey is completed.

## **IV. PERFORMANCE MONITORING**

As mentioned above, REGAL-AG has been delayed in moving forward on its monitoring activities as a result of the budget realignment. Once this is resolved, the team plans to work with subcontractor Kimetrica to move forward on the baseline survey and begin setting up a knowledge management system.

During the reporting period, the REGAL-AG project did participate in a USAID-commissioned data quality assessment led by USAID contractor, MSI. The MSI representative undertook an audit of current M&E systems for REGAL-AG and was provided with all the necessary information requested. Once the outcome of the audit process is shared, the findings and lessons learned will help in further strengthening the project's data quality dimension.

REGAL-AG also planned meetings for and hosted USAID Washington's M&E team who were in the country to design and plan for baseline and impact measurements for the two REGAL programs (AG and IR). The team's specific objectives included introducing REGAL to critical partners involved in data collection/analysis; initiating discussions about joint M&E activities in the targeted zone of influence in Kenya; and finalizing the REGAL baseline and impact evaluation design and plan of action. The team held discussions with the relevant partners including government institutions working in Northern Kenya. The outcome of the baseline survey will inform the benchmarking and tracking of two of the REGAL-AG project goal indicators related to household expenditure and the Women's Empowerment in Agriculture Index.

## **V. PROGRESS ON LINKS TO OTHER USAID PROGRAMS**

The REGAL Programs (REGAL-AG and REGAL-IR) are collaborating closely through joint reviews and regular discussion on the progress of the wider REGAL Program. During the quarter, the two programs hosted the Horn of Africa gender assessment team whose report highlighted several gender issues that REGAL-AG and REGAL-IR aim to incorporate into their work plans. To enhance the close collaboration, the Marsabit office will be shared between REGAL-AG and REGAL-IR. This will improve both formal and informal collaboration between the managers and technical staff of the two programs.

The REGAL-AG/IR teams also held a joint meeting with Robert Allport, the Assistant FAO Representative (for program implementation) in Kenya at the REGAL-AG offices. During the meeting, Robert shared the findings of a study conducted by FAO on levels of sector-specific funding in Kenya and the existing gaps.

During the quarter, ACIDI/VOCA participated in a two-day consultative meeting between USAID, WFP, and ADESO. The meeting was convened by USAID with the purpose of strengthening collaboration and structuring coordination in programming and implementation of USAID efforts in the arid lands among the REGAL programs. Additionally, REGAL-AG participated in USAID's Feed the Future (FtF) communication meetings where progress on FtF programs in Kenya was shared.

REGAL-AG also continued to explore new partnerships with other development and government programs ongoing in the region to ensure that REGAL-AG builds on the lessons learned from these existing programs and leverages resources. REGAL-AG reached out to many organizations, including ILRI, the BOMA Project, CARE Kenya, Food for the Hungry, Livestock Trade Services, VSF Swiss and SIDAI. Specific opportunities identified for collaboration include the following, which REGAL-AG will continue to engage with in the upcoming quarters:

- Enhancing Community Resilience Against Drought (ECoRAD), which is funded by JICA and implemented through the Ministry of State for Development of Northern Kenya (MDoNK).

ECoRAD includes a livestock value chain component focused on developing small-scale infrastructure, and improving market access and the processing of livestock products.

- Market Assistance Program is a multi-donor program implemented by the Kenya Markets Trust and Adam Smith International. The program is expanding in 2013 to work in extensive livestock in Northern Kenya.
- Kenya Rural Development Program (KRDP) is an EU-funded program with various projects implemented by different partners including SNV, FAO, KLMC and others. Of specific relevance to REGAL-AG is SNV's Enhanced Community Resilience to Drought through Innovative Market Based Systems project.

## **VI. PROGRESS ON LINKS WITH KENYAN GOVERNMENT AGENCIES**

At the beginning of the quarter, the REGAL-AG team formally introduced the project to the local government of Kenya. As mentioned above, the team met the Marsabit County Commissioner and the local provincial administration leaders, led by the Marsabit District Commissioner. Additionally, consultations were held with the NDMA, which were instrumental in highlighting the following:

1. Critical livestock value chain and livestock-related private sector investment opportunities from NDMA's perspective
2. Socio-economic analysis of districts in Marsabit and other arid counties in Kenya
3. Best practices that have the potential for contributing to economic growth in the arid lands, but which need scaling up
4. List of community-based development committees that the former Arid Lands Resource Management Program worked with in the two counties

REGAL-AG will continue to collaborate on a regular basis with NDMA, especially in identifying areas for REGAL-AG interventions that are of mutual interest.

Key institutions within the government of Kenya played critical roles in the formative activities for REGAL-AG that took place this quarter. The Office of Livestock Production, represented by the Director of Livestock Production, and DLPOs/DVOs of Laikipia North and Isiolo Districts, participated in the feedlot fattening feasibility study and will continue to be engaged as the findings are analyzed and a strategy is developed for the REGAL-AG program. Other government institutions that have continued to partner with REGAL-AG include the Kenya Meat Commission, Nairobi University, Department of Veterinary Services, and the Ministry of Northern Kenya.

REGAL-AG's stakeholder meeting, planned for February 2013, will provide an opportunity for deeper interaction between the project, institutions in the government of Kenya and local pastoralist groups.

## **VII. PROGRESS ON USAID FORWARD**

In December 2012, USAID requested a budget realignment to ensure more direct engagement with the local communities under the REGAL-AG program. Because solutions that comply with USAID's request will involve changes to ACIDI/VOCA's and subcontractor's budgets, ACIDI/VOCA notified the majority of its subcontractors to suspend project activities until the resolution of the realignment.

However, as costs had been incurred, ACIDI/VOCA worked with local partners, such as the

Pastoralist Community Initiatives and Development Assistance (PACIDA), Samburu Integrated Development Programme (SIDEPA), Kenya Livestock Marketing Council (KLMC), VETAID and Kenya Camel Association (KCA) to conduct procurement and financial management training aimed at enhancing the capacity of the partners to understand and comply with USAID compliance regulations and standards. Once approval given on the budget realignment, ACDI/VOCA will undertake partner capacity assessments and design capacity building plans for the local partners .

The anticipated partnership with ILRI and APA Insurance Company in the implementation of IBLI is expected to transform the livestock business model in the arid county of Marsabit and beyond. This is expected to be done by upgrading the Village Insurance Promoters into insurance brokerage agencies in the Marsabit County, thus contributing to local capacity strengthening.

## **VIII. SUSTAINABILITY AND EXIT STRATEGY**

ACDI/VOCA's approach to REGAL-AG, as demonstrated in the proposal and work plan, aims at facilitating changes along the livestock value chains to bring about sustainable results. During the quarter, key studies were undertaken that will help the project ensure sustainability. The value chain analysis, for example, identifies critical constraints in the project's target value chains and the actors with the incentives to invest in positive change and growth. The gender assessment looks at the role of women in the value chains and opportunities to increase their participation, so that families and communities as a whole are involved in and benefit from the development process. The continuous monitoring of the environmental management plan will ensure that REGAL-AG's activities will be sensitive to the need for environmental sustainability. REGAL-AG's sustainability and exit strategy will be evaluated on an ongoing basis, and will be critically re-examined during the year two work planning process.

## **IX. GLOBAL DEVELOPMENT ALLIANCE**

The REGAL-AG project is not part of the Global Development Alliance (GDA).

## **X. SUBSEQUENT QUARTER'S WORK PLAN**

The implementation of REGAL-AG activities has been slowed down by the on-going budget realignment. It is expected that revisions to the work plan will be carried out to reflect any changes arising from the final agreement between USAID and ACDI/VOCA.

In the meantime, the REGAL-AG team will move forward with those activities in the work plan that are not expected to be significantly affected by the budget realignment. Major activities in the next quarter will consist of holding the stakeholder forum, conducting staff and partner training on IBLI, mapping of project stakeholders, conducting the gender training, completing value chain development strategies and undertaking market research to develop new financial services. Other planned activities for the January-March 2013 implementation period include:

1. Develop market revitalization action plans
2. Explore options for using mobile money transfer at primary markets
3. Support high-level visit by banking staff to primary markets
4. Facilitate Insurance Education in Marsabit County in partnership with ILRI and APA
5. Collaborate with Marsabit Teachers SACCO to undertake market research and product development

## **XI. ANNEXES & ATTACHMENTS**

### **Annex I: Schedule of Future Events**

<b>Date</b>	<b>Location</b>	<b>Activity</b>
January 2013	Marsabit	IBLI training
February 6-7, 2013	Marsabit	Stakeholder workshop
February 2013	Nairobi	Gender training for REGAL-AG staff
February 22, 2013	Nairobi	Sharing of feedlot fattening feasibility study report

### **Annex II: List of Deliverable Products**

The gender assessment, desk review of existing/pending land laws and the feedlot fattening feasibility reports will be submitted with the FY 2013, Quarter II report.