



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

QUARTERLY PROGRESS REPORT: FY 2013 QII



APRIL 2013

This document was prepared by the Resilience and Economic Growth in the Arid Lands – Accelerated Growth project under AID-623-C-12-00002, generously funded by the American people through the United States Agency for International Development.

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

FY 2013 QII PROGRESS REPORT

(01 JANUARY – 31 MARCH 2013)

Award No: AID-623-C-12-00002

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 1000
Washington D.C 20001

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	I
II. KEY ACHIEVEMENTS (QUALITATIVE IMPACT)	4
A. CROSS-CUTTING ACTIVITIES.....	4
B. COMPONENT 1: IMPROVING THE ENABLING ENVIRONMENT.....	6
C. COMPONENT 2: IMPROVING MARKET LINKAGES.....	7
D. COMPONENT 3: IMPROVING LIVESTOCK PRODUCTIVITY	9
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. PERFORMANCE MONITORING	14
IV. PROGRESS ON LINKS TO OTHER USAID PROGRAMS.....	14
V. PROGRESS ON LINKS WITH KENYAN GOVERNMENT AGENCIES	15
VI. PROGRESS ON USAID FORWARD	15
VII. SUSTAINABILITY AND EXIT STRATEGY.....	16
VIII. GLOBAL DEVELOPMENT ALLIANCE.....	16
IX. SUBSEQUENT QUARTER’S WORK PLAN.....	16
X. ANNEXES & ATTACHMENTS	17

Acronyms and Abbreviations

ADESO	African Development Solutions
CAHW	Community Animal Health Worker
CFO	Chief Financial Officer
CLB	Community Land Board
COP	Chief of Party
DCOP	Deputy Chief of Party
DLPO	District Livestock Production Officer
DVO	District Veterinary Officer
DVS	Director of Veterinary Services
FaaFB	Farming as a Family Business
FAO	Food and Agriculture Organization
FH	Food for the Hungry
FtF	Feed the Future
FY	Fiscal year
HoA	Horn of Africa
IBLI	Index Based Livestock Insurance
IEE	Initial Environmental Examination
ILRI	International Livestock Research Institute
JCP	Joint Cell Planning
JICA	Japan International Corporation Agency
KARI	Kenya Agricultural Research Institute
KCA	Kenya Camel Association
KLMC	Kenya Livestock Marketing Council
LMA	Livestock Marketing Association
M&E	Monitoring and Evaluation
MELAKO	Merille, Laisamis and Korr
MIS	Management Information System
NDMA	National Drought Management Authority
NDVI	Normalized Difference Vegetation Index
NGO	Non-Governmental Organization
OIG	Office of the Inspector General
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
SME	Small & Medium Enterprises
ToTs	Trainer of Trainers
USAID	United State Agency for International Development
VCA	Value Chain Analysis
VIPs	Village Insurance Promoters
WFP	World Food Programme

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 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 second quarter of FY 2013, covering the period January-March 2013.

Qualitative Impact

During the quarter, the REGAL-AG team successfully held the stakeholder workshop in Marsabit County with the attendance of 55 participants that included livestock keepers, community animal health workers, agro-vet shop owners, fodder producers, livestock traders, hides and skins groups, financial service providers, government staff and NGO representatives. The workshop was officially launched by the County Commissioner, Mr. Isaiah Nakoru, who lauded the efforts of development partners in addressing the plight of pastoralists. The REGAL-AG team used the workshop to validate the findings of the program's initial value chain analysis of Marsabit that was recently submitted to USAID. The workshop also enabled the project to establish new key contacts and possible partners.

In addition to the value chain analysis (VCA), REGAL-AG staff continued to gather information to guide the development of the gender assessment, the feedlot fattening feasibility study, and subsequent update to the VCA which will include Isiolo. Upon finalization of the initial value chain analysis and agreement with USAID on the budget revision and overall program strategy, REGAL-AG will hold a series of work planning meetings to finalize these reports and incorporate the results into a detailed work plan and specific value chain strategies and project interventions.

During the quarter, ACIDI/VOCA headquarters representatives and the REGAL-AG Acting COP, held consultative meetings with USAID that involved a detailed review of the project work plan and budget. As a result of the meeting, on March 29, 2013, ACIDI/VOCA submitted a proposed budget revision through July 2014 (the end of year 2 of the project), in preparation for compiling a revised 16-month work plan. Final recommendations are expected shortly. During the course of these meetings, USAID also informed the team that the project should move forward with Isiolo as the second county for project operations.

Under component 1, the Pastoral Policy Advisor and the Gender and Pastoral Advocacy Specialist, undertook field work aimed at understanding both the formal and informal existing institutions, structures, procedures and processes, including indigenous institutions, among pastoral communities in Marsabit. This process also opened the door for the team to engage with the target communities, community institutions and other stakeholders. During this field work, the REGAL-AG policy and advocacy team was able to directly meet and hold discussions with 600 community members (450 men and 150 women), representing over 520 households across Marsabit County. Out of the 600 community members directly contacted by the team, 103 were officials or representatives of 33 different groups/institutions, representing a total membership of over 1650 persons.

Under component 2, REGAL-AG accomplished key milestones during the quarter, taking inventory of existing and proposed markets, initiating the process of developing market revitalization plans,

linking producer groups to terminal markets and conducting an analysis of existing LMAs. This process enabled the team to identify specific markets that are most appropriate for involvement in initial program activities, as well as livestock trading groups (including women's groups) that are active and at an appropriate stage for engagement in market activities.

Under component 3, REGAL-AG made initial progress in its effort to develop a package for upgrading animal health service delivery in the arid lands that would be customer-driven and linked to financial institutions. Towards this end, the DCOP, Dr. Bonface Kaberia, held different consultative meetings with Mount Kenya University, Sidai and the Equity Bank manager in Marsabit to discuss potential business models for animal health services. The team also further analyzed the activities of the CAHWs and agro-vets, looking specifically at potential methods to organize groups of CAHWs with agro-vets. This would provide an opportunity for providing bundled services (husbandry techniques, drug supply, vaccinations, treatment services), based on customer demand, in this case the CAHWs.

Under component 4, REGAL-AG partnered with International Livestock Research Institute (ILRI) and APA Insurance Company together with NGOs based in Marsabit to establish the foundations for increasing literacy on insurance education. This was achieved through the training of village insurance promoters (VIPs) on Index-Based Livestock Insurance (IBLI). The training opportunity was used to identify agents/brokers for marketing IBLI and IBLI products and facilitating linkages with IBLI providers. As a result, 10 VIPs (3 female, 7 male) were identified by the REGAL-AG team as having the potential for further training, which would enable them to provide insurance education among the livestock keepers and potentially move from VIPs to agents/brokers.

Under component 5, REGAL-AG identified livestock groups and cooperatives dealing with dairy, hides and skins and fodder production, composed mainly of women, with the aim of further engagement on strengthening their business skills. During the quarter, discussions were held between REGAL-AG and the Directorate of Adult Education in Marsabit County over the delivery of business and financial literacy and numeracy skills training to the identified groups. With the 120 trained adult trainers, there is a significant opportunity to expand training to the (growing) fodder business within Marsabit County, targeting women in particular.

Quantitative Impact

Implementation of the Program Monitoring Plan has been delayed during the current quarter due to the budget realignment process, which was initiated through discussions with USAID/Kenya. ACDI/VOCA has engaged with USAID over this matter and expects to soon come to agreement. This realignment process has delayed several 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. However, staff development events resulted in the training of 15 staff (7 females and 9 males) on IBLI, compliance and fraud detection, and an overview of gender mainstreaming.

Additionally, the REGAL-AG Pastoral Policy Advisor and Marsabit staff were able to directly contact and hold discussions with 600 community members (450 men and 150 women), representing over 520 households across Marsabit County. Out of the 600 community members directly contacted by the team, 103 were officials or representatives of 33 different groups/institutions (such as community conservancies, land/peace committees, women groups, environmental management committees, etc.), representing a total membership of over 1650 persons.

In an effort to improve market access, REGAL AG visited a total of 11 markets across Marsabit County. These markets host 13 groups who are directly involved in livestock marketing activities. The project also reached 24 women's groups with a total membership of 564 women in dairy value chains and other livestock-related economic activities and 4 youth groups that are involved in fodder production. A total of 713 people (540 women and 173 men) were reached during the county trip to identify livestock value chain actors and opportunities.

Subsequent Quarter's Work Plan

The implementation of REGAL-AG activities has been slowed by the on-going budget discussions. It is expected that once a realignment is finalized, ACDI/VOCA will submit to USAID a 16-month work plan for the remaining months of FY2013 and the whole of FY14.

II. KEY ACHIEVEMENTS (QUALITATIVE IMPACT)

A. Cross-Cutting Activities

1. REGAL-AG Value Chain Analysis and Stakeholder Workshop

During the quarter, the REGAL-AG team successfully held the stakeholder workshop in Marsabit County with the attendance of 55 participants that included livestock keepers, community animal health workers, agro-vet shop owners, fodder producers, livestock traders, hides and skins groups, financial service providers, government staff and NGO representatives. The workshop was officially launched by the County Commissioner, Mr. Isaiah Nakoru, who lauded the efforts of development partners in addressing the plight of pastoralists. The REGAL-AG team used the workshop to validate the findings of the program's initial value chain analysis of Marsabit and it enabled the project to establish new key contacts and possible partners. In addition to data collected from other sources, the stakeholder workshop enriched the REGAL-AG value chain analysis report, which was since submitted to USAID.

ACDI/VOCA recognizes that components of the VCA require further study and continual review based on the changing market system. As a "living" document, the VCA will be constantly revised to include new findings and foci. For example, analysis will be updated with findings from a VCA specific to Isiolo County that will be commenced the next quarter. In addition, market opportunities will be integrated from the REGAL-AG gender analysis.

2. On-going Studies and Assessments

In addition to the VCA, REGAL-AG staff continued to gather information based on travel to Marsabit and Isiolo, as well as meetings with partners, to guide the development of the gender assessment, the feedlot fattening feasibility study, and subsequent update to the VCA which will include Isiolo. Upon finalization of the initial value chain analysis and agreement with USAID on the budget revision and overall program strategy, REGAL-AG will hold a series of work planning meetings and a validation workshop in Isiolo County which will contribute to the finalization of these reports, incorporate the results into a detailed work plan and specific value chain strategies and project interventions.

3. Capacity Building, Partner Joint Planning and Cross Learning Events During the Quarter

During the period from January – March 2013, REGAL-AG staff participated in a number of capacity building events. Key among these capacity building and cross-learning events are described below.

Dr. Bonface Kaberia, as the REGAL-AG Acting COP, attended the USAID and partners meeting on the Horn of Africa (HoA) Joint Planning Cell (JPC) at the Radisson Blue Hotel, Addis Ababa, Ethiopia. The objective of the meeting was to expand knowledge and understanding about the JPC and ensure continued and effective implementation. Mark Meassick, the USAID/Kenya Economic Growth Director, presented on the national framework for USAID/Kenya, which aims to align with government strategies. He emphasized that the government of Kenya is interested in dynamic and responsive humanitarian and development approaches. The group undertook field visits to Borena and Somali Regions of Ethiopia. The team that visited Somali region, including Dr. Kaberia, had an opportunity to visit the vibrant Jigjiga market that was developed by ACDI/VOCA.

The REGAL-AG team also participated in the launch of a book entitled: "Pastoralism and Development in Africa: Dynamic Change at the Margins." In addition to the book launch, presentations were made regarding two chapters of the book by presenters from Future Agricultures, the organizers of the event. One was entitled "Squeezed from all Sides: Changing

Resource Tenure and Pastoralists Innovation on Laikipia Plateau,” by John Letai, while the other was “Shipping out the ‘Desert Ship’: Camel Marketing in Northern Kenya/Southern Ethiopia Borderline” by Hussein Abdullahi Mahamoud. Despite the current challenges facing pastoralists, the two presenters concluded that pastoralism is a sustainable livelihood, capable of innovating in order to surmount these challenges.

In an effort to strengthen compliance within the REGAL-AG project, the Chief Finance Officer, Mercy Karuri, and the Accountant, Christine Awanga, attended a USAID Compliance Training held at the Safari Park Hotel. During the meeting, participants discussed various USAID compliance issues, including allowable and allocable expenses, the consequences of non-compliance, and the role of the Office of the Inspector General (OIG) in enforcing compliance. The skills acquired will help ensure oversight of compliance across the project, especially among the grantees that will be awarded innovation funds. ACDI/VOCA also conducted an internal audit of the project with the specific objective of determining whether any fraud occurred on the project. No fraud was found.

The REGAL-AG Gender Advisor, supported by ACDI/VOCA’s Regional Youth and Gender Advisor and the REGAL-AG Pastoral Policy Advisor, trained REGAL-AG staff on mainstreaming gender in their work and work environment. Prior to the training, the Gender Advisor surveyed staff to identify the existing level of awareness of gender issues. The training was tailored to address the key gaps in existing knowledge, and empowered the team to recognize the value for training both at a beginner and advanced level.

Additionally, as part of cross-learning among the wider REGAL programs, the REGAL-AG MERL Advisor attended REGAL-IR’s inception workshop on participatory learning, planning and action (PLPA). The workshop discussed the tools that will be used to pilot participatory community engagement in Isiolo County. Two of REGAL-AG staff, the MERL Advisor and the Market Access/SME Specialist, participated in the PLPA exercise. The findings and lessons learned from the process will be disseminated by Adeso on 7th May 2013, and will then be incorporated into REGAL-AG’s value chain and community engagement strategy in Isiolo County.

4. REGAL-AG Mapping Criteria

Early in the quarter (January 2013) the REGAL-AG team developed value chain targeting criteria with the objective of mapping out and accurately capturing what livestock products can best be produced in different parts of Marsabit County and where there are currently local markets for these products. The criteria will be used to rank different administrative units in the four constituencies based on various indicators that include but are not limited to:

- Capacity in the productive sector
- The presence of an appropriate institutional framework that enables value chain actors to utilize market opportunities
- Capacity to generate business opportunities and exports
- Comprehensive system for standards and quality assurance in place
- Fodder supply capacity (production and management volume)
- Critical mass of pastoralists interested in engaging in commercialization of pastoralism
- Existing support by service suppliers (access to resources, research and other services related to the product)
- Range of financial services available to various pastoralist entrepreneurs
- Possibility of generating an impact on the economy of the county

Upon the conclusion of the budget realignment process, this criteria will be objectively used to guide REGAL-AG’s choice of administrative units for different market-based value chain upgrading efforts.

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 pastoral livestock value chain.

During the reporting quarter, the Pastoral Policy Advisor further enriched the desk review and collected information from Marsabit on the existing laws and pending bills regarding land use in Kenya, particularly in terms of the impact on pastoral communities. The field data collection was done through a reconnaissance field mission, conducted by the Pastoral Policy Advisor and the Gender and Pastoral Advocacy Specialist, aimed at understanding both the formal and informal existing institutions, structures, procedures and processes, including indigenous institutions, among pastoral communities in Marsabit. This process also opened the door for the Pastoral Policy Advisor and the Gender and Pastoral Advocacy Specialist to engage with the target communities, community institutions and other stakeholders such as relevant GoK Ministries and Departments (e.g. the Department of Internal Security and Provincial Administration and the Department of Livestock Production & Veterinary Services), NGOs (PISP, CIFA), and CBOs (like MELAKO conservancy) operating in Marsabit County.

During this field work, the REGAL-AG policy and advocacy team was able to directly meet and hold discussions with 600 community members (450 men and 150 women), representing over 520 households across Marsabit County. Out of the 600 community members directly contacted by the team, 103 were officials or representatives of 33 different groups/institutions (such as community conservancies, land/peace committees, women groups, environmental management committees, etc.), representing a total membership of over 1650 persons.

The key findings of the field trip are summarized below.

1. Outcome 1.1: Land Use Rights and Mobility of Pastoral Communities Protected

Under this outcome, the community engagement and field study activities identified two broad categories of existing structures in Marsabit County, namely:

1. The formal government institutions that include: land committees, relief committees, peace committees, etc., that are led by the officials from the provincial administration. The land committees are chaired by the local Chiefs/Assistant Chiefs, and draw their representatives from every village. Their functions include land/plot allocations for both individual and community needs and arbitrating land disputes.
2. Customary community institutions/structures with their elaborate rules and regulations governing the use of land resources; mainly water and pasture, and pastoral mobility issues.

During the process of community consultations on land use rights, the REGAL-AG team confirmed that most pastoral communities have traditional institutions (Elders' Councils), with elaborate structures/processes (*Naabo* for Rendille & Samburu; *Yaa* for the Gabra; *Abba Gadha* for the Borana, and the Turkana's *Ekukoo*), that exist parallel to the government institutions. The team observed that the decisions taken by the traditional councils not only touch on all aspects of community life, but are also binding and are obeyed scrupulously. The common thread among all these indigenous institutions is that they are exclusive for men and also dominated by the livestock-rich families. This opens a window for REGAL-AG discussions on the importance of social inclusion in decision making (both around gender and the poor segments of the community) during the up-coming stakeholders' consultative policy discussion forums/meetings. Other pertinent issues regarding land use include the low level of awareness on new land laws; dominance of the male-only council of elders and provincial administration in community-based land use committees (with total exclusion of women

and youth); the presence of specially constituted and/or gazetted land (such as Marsabit National Park, forested areas around Marsabit and Kulal Mountains and Huri Hills, and community conservancies); rampant conflicts over natural resources; and the existence of Environmental Management Committees (EMCs) that have over time evolved as a link between the conventional government institutions and the customary/indigenous community institutions/structures.

The reconnaissance mission/field survey also enabled the REGAL-AG policy and advocacy team to identify potential participants for a Training of Trainers (ToT) on participatory policy analysis with the objective of building and enhancing advocacy skills of the pastoralists, pastoralist groups/institutions and the Community Land Boards (CLBs) in order to not only present, but also effectively articulate pastoralist positions and engage in policy dialogue.

2. 1.2 Support Equitable and Representative Community Land Boards

As mentioned above, during the quarter REGAL-AG held community consultative meetings with 600 pastoralists in six communities (named below), in order to identify existing formal and traditional institutions, structures, and processes, for example the councils of elders, within Marsabit County that could be used as appropriate vehicles for creation of awareness, identification and formation of community land boards.

These community engagements were staggered in 3 phases between January and March 2013. The main community members contacted include: members of Rendille ethnic group in Merrille, Manyatta Lengima, Korr, Kargi, Karare, Logologo and Songa; Turkana from Kulamawe Village; El-molo at El-molo Bay; Borana in Uran, Sololo, Badasa and Dirib Gombo and the Gabbra Miigo and Burji in Moyale.

One of the critical outcomes of engagement with the community elders was a clear understanding and appreciation of the customary structures around natural resource management, including water and pasture, which exist within the different ethnic groups in Marsabit County. Given their significant role, REGAL-AG sees these as important institutions for the project to support, especially around the formation of the CLBs under the new Community land Act, 2011. The data that was gathered during these consultations will be vetted during the up-coming participatory policy analysis meetings.

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. During the quarter, REGAL-AG accomplished some key milestones in areas of taking inventory of existing and proposed markets, initiating the process of developing market revitalization plans, linking producer groups to terminal markets and engaging LMAs to explore learning exchange opportunities.

The following table summarizes the achievements under this component: ¹

Target Milestone	Achievements	Lessons Learned/Remarks
Outcome 2.1: Improved Access to Markets and Bargaining Power		

¹ Please note that this table represents the outputs and outcomes defined in ACIDI/VOCA's original work plan. Once ACIDI/VOCA and USAID agree to move forward on a new detailed work plan, relevant changes will be incorporated into project reporting.

Target Milestone	Achievements	Lessons Learned/ Remarks
Output 2.1.1 Revitalize Primary Markets through Community Ownership and Improved Security		
Undertake inventory of existing and proposed markets to increase market access	<ul style="list-style-type: none"> • Inventory identified a total of 20 (bush, primary and secondary) markets in Marsabit County. Eleven markets were visited and an inventory of infrastructure and market activity recorded. • Selection criteria for immediate REGAL-AG engagement developed. This was based on the level of activities, the area served by the market in terms of geographical and ethnic coverage, and potential for growth based on livestock off-takes and business potential. • 4 livestock trading groups selected for engagement with REGAL-AG, in terms of facilitating access to business development services and market linkages (2 women's groups and 2 male-dominant groups) • 5 markets recommended for initial REGAL-AG engagement. These are Merille, Illaut, Noth Horr, Moyale and Dhiblib Gombo 	<ul style="list-style-type: none"> • Several markets with high infrastructure investment from development agencies such as JICA, FHI and local NGOs are totally inactive.
Develop market revitalization plans	<ul style="list-style-type: none"> • Standard co-management advocacy procedure finalized; the model is currently being piloted in Merille market and lessons learned are being incorporated. Marsabit County is unique compared to other counties where the model has been applied, especially due to its multi-ethnic composition of county leadership. 	<ul style="list-style-type: none"> • REGAL-AG to test the tool within Marsabit County, taking into account that Marsabit does not have active DLMCs and accounting for the new government dispensation.
Link producer groups to terminal markets to enhance market sustainability and increase incomes	<ul style="list-style-type: none"> • 6 livestock trading groups identified for linkage with primary markets. The groups are women-dominated and mainly trade in shoats. • 3 livestock groups in Merille, North Horr and Marsabit town were identified for linkage with terminal markets. • All of these groups were identified through the efforts of the Market Access/SME Specialist based on referrals from local chiefs and LMAs. They are currently involved in livestock trade and are also accessing financial services from Equity Bank. 	<ul style="list-style-type: none"> • Potential to link youth producer groups to livestock marketing groups identified
Output 2.1.2 Pilot New Sales Methodologies and Structures and Assess Benefits to Pastoralists		

Target Milestone	Achievements	Lessons Learned/Remarks
Engage with LMAs to explore learning exchange	Preliminary evaluation of existing LMAs in the eleven visited markets was done during the quarter. Discussions were held with representatives of 5 LMAs operating in Merille, North Horr, Kalacha, Sololo, and Moyale markets areas of the county.	<ul style="list-style-type: none"> The DLMCs in Marsabit County are as a whole very weak, and have extremely poor linkages with the LMAs. The LMAs are currently underutilized, as the initial intention was to lead the co-management model. In Marsabit, only the Merille LMA is actively involved in co-management of livestock market.
Output 2.1.3: Improve Market Information Collection, Reporting, Dissemination and Analysis		
Look into existing and potential MIS models	Conversations were held with Esoko and Echo regarding their MIS models. These could be potential applicants for Innovation Fund grants, as the models appear to be market-driven with plans for sustainability.	
OUTCOME 2.2 Strengthened Livestock Value Chains with Increased Value Addition Throughout the LAPSSSET Corridor and Beyond		
Output 2.2.1: Expand Opportunities for Pastoral Upgrading within the Value Chain		
Feasibility study for confinement feedlot fattening	The feedlot fattening feasibility study report was reviewed by and areas identified that need additional analysis.	Security concerns around 4 th March 2013 due to the general elections in Kenya delayed stakeholder validation of the feedlot fattening feasibility study report.

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. During the quarter, the following progress was made under this component:

- a) The DCOP, Dr. Bonface Kaberia, held different consultative meetings with Mount Kenya University, Sidai and the Equity Bank manager in Marsabit on the possibility of developing a package for upgrading animal health service delivery in the arid lands that would be customer-driven and developed in collaboration with financial institutions. The next steps will involve more detailed conversations to design pilot activities that will result in a sustainable model for this service delivery.
- b) REGAL-AG's animal health specialist, Dr. Boreya Lekenit, the Marsabit Regional Manager, Dr. Arero Halkano, and the DCOP undertook an exercise of identifying community animal health workers (CAHWs) and agro-vets in Marsabit County. The team looked at the current relationships between these groups, and looked at the potential to form new linkages by understanding the amount of CAHWs and agro-vets in the county and the distances between them. The project's goal is ultimately to improve the efficiency of drug supplies, so the team began exploring ways to organize a group of CAHWs with an agro-vet, who in turn would have access to veterinarians and the district veterinary office (DVO).

This would provide an opportunity for providing bundled services (husbandry techniques, drug supply, vaccinations, treatment services), based on customer demand, in this case the CAHWs.

The team further analyzed the activities of the CAHWs who were identified in the previous quarter. From the analysis, it is evident that the CAHWs are mostly involved in “traditional” (as opposed to customer-focused) activities where they directly provide services to the livestock keepers, such as vaccinations, sale of dewormers, antibiotics etc. The next steps will be to hold meetings with agro-vets and CAHWs to discuss how best to establish relationships with pastoralists, culminating in the development of action plans.



Figure 1: An Agro-vet in Logo Logo Center Stocked with Antibiotics, Dewormers and Acaricides

- c) REGAL-AG’s animal health specialist, Dr. Boreya Lekenit, the Marsabit Regional Manager, Dr. Arero Halkano, and the Market Access/SME Specialist Fridah Gacheri held discussions with fodder producers and relevant stakeholders from the areas that have potential for fodder production. These discussions focused on ways of increasing yields and marketing the fodder to different markets, and the current constraints. The team found that there are 4 groups with about 30-35 members that are engaged in producing and selling fodder in Kalacha. The government provides them with the seeds for fodder. However, due to lack of harvesting technology, there are delays in harvesting the fodder. Previously the NGO Solidarity had fenced a plot with the goal of establishing a demo plot for fodder, but the project ended before they could complete the activity. The plot is currently being used by JICA to pilot feedlot fattening of Galla goats.

The team also found that in Saku, fodder production is done on a small-scale basis. The producers cultivate fodder for their own farm use and not for commercial purposes. Consequently, fodder production is not viewed as an income-generating activity but as a way of ensuring survival for their animals. However, as REGAL-AG and other development projects work to sensitize the population on the viability of fodder production for commercial purposes, a number of farmers have taken up the enterprise with the aim of generating income once the dry season sets. This provides an entry point specifically in this region to support increased production yields and help the fodder businesses grow to

another level. The next steps will be to develop interventions and facilitate access to training packages that would support such commercialization.

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. In the long run, this component will lead to improved availability of vaccines, enhanced linkages between fodder producers to markets in addition to facilitating viable savings options for pastoralists plus their increased literacy on insurance education.

During the quarter, 10 REGAL-AG staff (6 males, 4 females) attended a workshop led by the International Livestock Research Institute (ILRI) on Index-Based Livestock Insurance. The training was done in partnership with APA Insurance and targeted pastoralists and agro-pastoralists in Marsabit. Among the 70 participants that attended the workshop, 49 participants were village insurance



promoters (VIPs) from the community, including 14 females representing the five divisions (North Horr, Maikona, Laisamis, Central and Loiyangalani) within the Marsabit County. There were 18 new VIPs recruited to replace non-performers or expand to new localities. Development agencies represented the remaining attendees, including REGAL-AG partners and Food for the Hungry (FH).

The IBLI concept and its compensation process is based on the Normalized Difference Vegetation Index (NDVI), which is constructed from data remotely sensed from satellites. It serves as a strong indicator of the vegetation availability for livestock to consume, and thus is highly correlated with livestock mortality rates across a wide range of locations.

The training will support REGAL-AG efforts to increase literacy on insurance education among pastoralists living in Marsabit County; the training opportunity was used to identify agents/brokers for marketing IBLI and IBLI products and facilitating linkages with IBLI providers. As a result, 10 VIPs (3 female, 7 male) were identified by the REGAL-AG team to be further trained to enhance their abilities to facilitate insurance education among the livestock keepers and their gradual upgrading from VIPs to agents/brokers.

Consultations among development agencies present in the training—REGAL-AG, FH and CARE Kenya—led to agreement to form a working committee that will support the harmonization of IBLI and IBLI product awareness efforts and developing a customized training schedule.

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. In the delivery of this component, push approaches that target the more vulnerable populations focusing on increasing knowledge and skills will be employed.

The following table gives a summary of achievement under component 5:

Deliverable	Accomplishments	Lessons Learned/ Remarks
OUTCOME 5.1: Strengthened Business Skills for Women in the Livestock Value Chains		
Identify training needs for targeted women and youth in dairy value chains	6 women's groups along the dairy value chains were targeted in addition to 3 women's groups and one community group along the fodder value chain.	it was challenging to obtain information on the level of capacity building already undertaken by group members and other entities because they could not easily remember the facilitators and specific areas of training.
Develop and vet training & capacity building for dairy value chains	<p>Progressive discussions on using the Directorate of Adult Education to support the delivery of training tools for business and financial literacy and numeracy skills.</p> <p>The county has a pool of over 120 trained adult trainers, employed by the Directorate, that could undertake financial literacy and numeracy skills training.</p> <p>Preliminary discussions indicate that the FaaFB can be adapted to the (growing) fodder business within Marsabit county.</p>	There is available capacity, competence and interest within the Directorate of Adult Education to develop relevant business training tools for livestock value chain actors.
Support Livestock Fattening Activities		
Group identification for steer fattening	4 potential groups identified through interactions from field visits in Sololo, Kalacha, Badasa and Mt. Marsabit. The identified groups are already involved in fodder production and sale or have access to close proximity of fodder selling businesses.	The groups can be linked to input suppliers and other fodder producers for guaranteed supply.
OUTCOME 5.2: Strengthened Dairy Value Chains		
Facilitate Extended Supply Networks		

Deliverable	Accomplishments	Lessons Learned/ Remarks
Identify dairy group/cooperative for strengthening/ market linkage	<p>8 groups involved in dairy business were identified in Marsabit central, Ngurnit, North Horr, Turbi, Sololo. 3 of these groups were selected for initial engagement – 1 is a mixed community cooperative with activities in dairy, and 2 are women’s groups.</p> <p>Two milk bars in Marsabit Town were identified for support in business development services. A women’s group was also identified that has the potential to process and package milk, with the relevant support, in Karare trading center.</p>	The cooperative movement in the county has given rise to 5 multipurpose cooperatives that are all inactive and two dairy cooperatives, of which only one is active. REGAL-AG will look at piloting interventions to strengthen the active cooperative and determine whether the inactive ones can/should be revitalized.
Outcome 5.3: Strengthened Hides and Skins Value Chain		
Evaluate hides and skins groups based on business activities	The field visits found a scattered activity level of hides and skins with KARI as the main investor in training in the sector.	The quality of hides and skins is very low and many actors that are involved in hides and skins trade, especially aggregators operating at the village/primary level, are not licensed.
Identify hides and skins group for training on processing and marketing	Four potential groups identified in laisamis, Sololo, Korr and Maikona. One enterprising trader who buys with a women’s group from Arapa was identified for support in Marsabit Town.	REGAL-AG will discuss with KARI and officers from the Kenya Leather Development Council about the potential to provide training to the groups identified.

G.Lessons Learned

As noted previously, the on-going analyses that began the previous quarters will provide important opportunities for learning within the REGAL-AG program. The REGAL-AG technical teams have started to analyze some of the findings from the feedlot fattening feasibility study, the value chain analysis, and gender analysis, and have been using the information to guide the project’s strategy going forward. The stakeholder workshop that was held during this quarter, together with other community stakeholder meetings, and continued collaborative research on financial service products (like IBLI) have been used to inform the on-going discussions on REGAL-AG’s budget realignment and strategy review between ACDI/VOCA and USAID.

From the REGAL-AG team’s engagement in the communities and discussions with partners, staff have been able to identify both actors and groups that have a strong potential for involvement in activities, based on their goals and current operations. The team has also identified groups and markets that are inactive, despite support from the development community. REGAL-AG will continue to examine both the successful groups as well as those that are not, in order to understand how to avoid similar mistakes in the future. These lessons will inform the project’s approach and methodology on an on-going basis.

PROGRAM PROGRESS (QUANTITATIVE IMPACT)

As cited in FY2013 quarter I report, implementation of the Program Monitoring Plan has been delayed during the current quarter due to the budget realignment process, which was initiated through discussions with USAID/Kenya. ACDI/VOCA has engaged with USAID over this matter and expects to soon come to agreement. This realignment process has delayed several 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. However, staff development events resulted in the training of 15 staff (7 females and 9 males) on IBLI, compliance and fraud detection, and basics of gender mainstreaming.

As discussed in component I above, the REGAL-AG Pastoral Policy Advisor and Marsabit staff were able to directly contact and hold discussions with 600 community members (450 men and 150 women), representing over 520 households across Marsabit County. Out of the 600 community members directly contacted by the team, 103 were officials or representatives of 33 different groups/institutions (such as community conservancies, land/peace committees, women groups, environmental management committees, etc.), representing a total membership of over 1650 persons.

Further, in an effort to improve market access, REGAL AG visited a total of 11 markets across Marsabit County. These markets host 13 groups who are directly involved in livestock marketing activities. The project also reached 24 women groups with a total membership of 564 women in dairy value chains and other livestock related economic activities and 4 youth groups that are involved in fodder production. A total of 713 people (540 women and 173 men) were reached during the county trip to identify livestock value chain actors and opportunities.

III. PERFORMANCE MONITORING

As discussed under the project challenges section, 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.

However, during the reporting period, the REGAL-AG project did participate in a USAID FtF meeting on Agriculture Custom Indicators. A presentation was made on the contents of a questionnaire that Tegemeo will undertake for the household survey to benchmark custom indicators. From the meeting, it was evident that the majority of livestock-specific indicators, relevant for REGAL-AG, had not been included. As a result, it was clear that REGAL-AG and other FTF projects should conduct their own baseline surveys that meet project-specific needs. Each project will be expected to continue sharing monitoring and evaluation tools and lessons learned, however.

As part of environmental monitoring and compliance, REGAL-AG finalized the PERSUAP report, incorporating feedback from USAID/Kenya in addition to initiating the clearance process.

IV. PROGRESS ON LINKS TO OTHER USAID PROGRAMS

As reported in previous quarterly reports, the REGAL programs (REGAL-AG and REGAL-IR) are collaborating closely through joint reviews and regular discussion on the progress of the wider REGAL efforts. During the period under review, the two programs were part of the inter-agency

layering team that comprised of the WFP, REGAL-AG and REGAL-IR. This 9-5-2 layering strategy involves a plan for county overlap where WFP implements activities in 9 counties, REGAL-IR implements activities in 5 of those 9 counties, and REGAL-AG supports higher-level economic growth efforts in 2 out of the 5 counties covered by REGAL-IR.

The layering and integrated approach of all USAID/Kenya projects within a particular geographical region is part the USAID/Kenya Mission's country development cooperation strategy, which is going to ensure that the mission aligns its efforts to host country priorities. This fact was emphasized during a meeting convened by USAID/Kenya Mission Director. Ambassador Robert Godec and the USAID Assistant Administrator, Africa, Earl Gast, were also in attendance.

Additionally, ACDI/VOCA participated in the monthly consultative meeting between USAID, WFP, and Adeso. The meetings are aimed at 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.

As part of the Marsabit value chain analysis, REGAL-AG compiled a list of donor-funded programs operating in the target counties that are implementing livestock/pastoral development activities. This information will be continually expanded and used to avoid duplication of efforts as the project moves forward with implementation of activities in Marsabit and Isiolo.

V. PROGRESS ON LINKS WITH KENYAN GOVERNMENT AGENCIES

REGAL-AG has continued to engage with the government of Kenya both at the county and national level. During the stakeholder workshop, the government was fully represented and the Marsabit County Commissioner kicked off the event.

The project has continued to collaborate on a regular basis with key government institutions like NDMA, research institutions, including the public universities, the Office of Livestock Production, represented by the Director of Livestock Production, and the Department of Veterinary Services.

At the end of the quarter, the project provided a brief description to USAID on how it will engage with the new county government. This provides a road map on how REGAL-AG will pursue its agenda as it links with Kenyan government agencies.

VI. PROGRESS ON USAID FORWARD

Since project inception, ACDI/VOCA has 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. Despite the anticipated change in relationship between ACDI/VOCA and these partners following the budget realignment, the acquired skills will still be useful for the partners beyond the REGAL-AG project.

REGAL-AG will continue to target local institutions as future change agents within the livestock value chain, and provide support on an as-needed basis and through grant mechanisms to build their capacity.

VII. SUSTAINABILITY AND EXIT STRATEGY

ACDI/VOCA's approach to REGAL-AG is to bring about behavior change among market actors—both women and men—all along the meat, dairy, and hides and skins value chains; drive investment in critical upgrades that eliminate value chain constraints or mitigate risk; and identify and build the capacity of change agents within pastoral communities capable of driving investments, upgrades and increased economic competitiveness.

During the quarter, key studies and partner discussions 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.

VIII. GLOBAL DEVELOPMENT ALLIANCE

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

IX. SUBSEQUENT QUARTER'S WORK PLAN

The implementation of REGAL-AG activities has been slowed by the on-going budget realignment. It is expected that once the realignment process is finalized, ACDI/VOCA will submit to USAID a 16-month work plan for the remaining months of FY2013 and the whole of FY14.

X. ANNEXES & ATTACHMENTS

Annex I: Schedule of Future Events

Major upcoming events for the project include the entry process and set-up in Isiolo County, joint project launch with REGAL-IR, gender assessment in Isiolo County and initiation of baseline assessment.

The implementation and exact dates of the above events are subject to the finalization of the on-going budget realignment discussions between ACDI/VOCA and USAID.

Annex II: List of Deliverable Products

The Marsabit value chain analysis was submitted to USAID as a deliverable during the quarter covering January-March 2013.