



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

QUARTERLY PROGRESS REPORT: FY 2014 QII

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

FY 2014 QII PROGRESS REPORT

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Acronyms and Abbreviations

| | |
|--------|--|
| APS | Annual Program Statement |
| ASALs | Arid and Semi-Arid Lands |
| ASDSP | Agriculture Sector Development Support Project |
| BEE | Business Enabling Environment |
| CCF | Community Contracting Fund |
| CDAPs | Community Development Action Plans |
| CFO | Chief Financial Officer |
| CLMC | County Livestock Marketing Council |
| COP | Chief of Party |
| COR | Contracting Officer's Representative |
| CSC | Community/County Supervisory Committees |
| CSDDES | Center for Sustainable Drylands Ecosystems and Societies |
| DCOP | Deputy Chief of Party |
| EIA | Environmental Impact Assessment |
| EMC | Environmental Management Committee |
| EMMP | Environmental Monitoring and Mitigation Pla |
| EOI | Expression of Interest |
| ERR | Environmental Review Report |
| FHK | Food for the Hungry - Kenya |
| FONI | Friends of Nomad International |
| FY | Fiscal year |
| IEE | Initial Environmental Examination |
| KCB | Kenya Commercial Bank |
| KLMC | Kenya Livestock Marketing Council |
| LMA | Livestock Marketing Association |
| M&E | Monitoring and Evaluation |
| MERL | Monitoring, Evaluation, Reporting and Learning |
| MKU | Mount Kenya University |
| MOU | Memorandum of Understanding |
| MWA | Millennium Water Alliance |

| | |
|----------|--|
| NEMA | National Environmental Management Authority |
| NGO | Non-Governmental Organization |
| NRT | Northern Rangeland Trust |
| PACIDA | Pastoralist Community Initiatives Development Assistance |
| PMP | Performance Monitoring Plan |
| PWHE | Pastoralist Women Health and Education |
| RAP | Resource Advocacy Program |
| REGAL-AG | Resilience and Economic Growth in Arid Lands-Accelerated Growth |
| REGAL-IR | Resilience and Economic Growth in Arid Lands-Improved Resilience |
| RFP | Request for Proposal |
| TOR | Terms of Reference |
| ToT | Training of Trainers |
| USAID | United State Agency for International Development |
| UoN | University of Nairobi |
| WFP | World Food Program |
| YEDF | Youth Enterprise Development Fund |

I. 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 2014, covering the period January–March 2014.

Qualitative Impact

REGAL-AG made significant progress this quarter in implementing the Community Contracting Fund (CCF) to develop livestock market infrastructure. In the quarter under review, REGAL-AG identified engineering support and environmental compliance support for the six markets that will be targeted for the first round of construction following the comprehensive market analysis that was conducted last quarter. Confirmation meetings were also conducted with the communities where REGAL-AG will launch its market construction activities. In addition, during the quarter REGAL-AG released an Annual Program Statement (APS) to the private sector for soliciting innovative livestock business ideas in support of REGAL-AG's efforts to contribute to accelerated economic growth in the arid lands.

Under component one of the project, which seeks to improve the business enabling environment (BEE) surrounding the livestock sector, the project supported leaders of target markets to identify regulations and policy constraints that hinder pastoral communities in Isiolo and Marsabit counties to participate in livestock marketing. This involved the training of 29 Isiolo County government staff and other stakeholders (26 male, 3 female) on participatory policy analysis. The project also held a Training of Trainers (TOT) in public policy analysis and provided capacity building support to strengthen Livestock Marketing Associations' (LMAs) governance and leadership structures in order to create strong institutions that can drive the development of commercial hubs around livestock markets in Isiolo and Marsabit. The project initiatives are expected to contribute to the creation of a BEE that encourages behavior change among actors along the pastoral livestock value chain and stimulates increased private sector investment that accelerates economic growth in the target counties.

In an effort to support the development of land use and land tenure policies that promote commercial livestock production and marketing, REGAL-AG and Northern Rangeland Trust (NRT) assisted the leaders and members of Nakupratt-Gotu Conservancy to develop actionable Community Development Action Plans (CDAPs). The CDAPs have been aligned to NRT and REGAL-AG business development objectives, based on Nakupratt-Gotu's development priorities and with a specific focus on the inter-linkages between livestock production and marketing (including the potential to link to the CCF efforts), ecotourism and wildlife, and land tenure and use (including grazing and rangeland management) throughout the entire conservancy. Going forward, REGAL-AG will work with the conservancy in the implementation of the action plan in addition to supporting Melako Conservancy to develop CDAPs. The development of actionable community plans within

the conservancy will support commercial livestock fattening programs among pastoralists once they are fully implemented.

Under component two, 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 under review, the REGAL-AG team conducted community forums to confirm the market infrastructure investments that will soon launch in Marsabit and Isiolo, supported the training of LMA members from Isiolo County, and initiated several opportunities with potential private sector partners. The community forums were led by REGAL-AG's CCF Manager and the field-based Community Investment Specialists, and involved meetings with community members and local county officials to confirm REGAL-AG's decision to invest in three markets in Isiolo County (Merti, Eskot and Oldonyiro) and three markets in Marsabit County (Merille, Illaut and Korr).

The training of LMA members was conducted in a ToT workshop format with 18 LMA representatives from 6 livestock markets (Eskot, Bisan Biliqo, Merti, Isiolo, Kipsing and Oldonyiro). The training was focused on building the capacity of LMA members to manage the livestock markets and promote them as business hubs that attract different types of livestock-related commercial activity. Of the trainees, 13 were males and five were females, and a total of 14 of them were youth. The individuals trained in the ToT came up with training schedules to disseminate the information to their respective LMAs, which will be implemented in the upcoming quarter and aim to include another 70 participants. REGAL-AG staff will provide coaching and mentoring to the trainers as they train their communities for the first time. The training sessions will take approximately 3 months and once they are successfully completed, certificates will be awarded to the trainers and their trainees. These certificates will be used as tracking tools by REGAL-AG as well as other stakeholders that work with the LMAs in the future.

During the quarter, a total of 34 REGAL-AG staff members, field facilitators, partner staff (including PACIDA's CEO) and county representatives attended a one-day value chain training that was facilitated by ACDI/VOCA in Isiolo on 20th February 2014. The training focused on using a facilitative approach to value chain development, emphasizing that interventions should be driven by market demand and implemented with local partners (particularly the private sector) to ensure sustainable outcomes. The market system approach and value chain approach were very useful for discussions between REGAL-AG staff and potential livestock investors in both Isiolo and Marsabit counties. The investors included Hassan Abdullahi, the sole proprietor of Afro-Natural Products Company; Ibrahim Mohamud, owner and Director of Northern Meat Products Company (regarding the processing of camel meat into sausages and meat burgers); Mr. Hurgor, the manager of Vital Camel Milk Ltd, and the proprietor of Real Hides and Skins Enterprises in Isiolo town. These discussions and the support via the APS program are expected to promote investment in livestock trade in the two counties.

Under component three, 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 second quarter of FY 2014, REGAL-AG collaborated with NRT, the Center for Sustainable Drylands Ecosystems and Societies (CSDS) at the University of Nairobi (UoN), and the county governments of Isiolo and Marsabit in laying the foundation for community-led pasture rehabilitation campaigns and the establishment of learning sites for commercial pasture and /or fodder establishment. As of the end of the quarter, a total of 2,050 bales of hay, weighing approximately 24.6 metric tons were bulked by seven fodder groups in Marsabit County. The bulked fodder, which is currently being promoted in livestock markets, is expected to contribute to the maintenance of livestock body conditions and improve the values of livestock in the market.

Additionally, under component three, REGAL-AG collaborated with seven change agents/agro-vet owners (four in Isiolo and three in Marsabit) and the departments of livestock production and veterinary services in both counties in the delivery of animal husbandry and herd health messages to a total of 356 pastoralists (307 males, 49 females). This was done with the aim of informing communities of the need to shift from traditional livestock practices to market-oriented pastoralism, both for increased income and improved environmental sustainability.

The REGAL-AG project recognizes the critical role that women and youth play in the livestock sector, and appreciates that any efforts aimed at increasing the competitiveness of the sector require an inclusive approach that builds the capacity of women and youth and supports them to access critical resources and services. During this quarter, REGAL-AG's Gender Advisor and the entire team have continued to focus on key activities that are expected to increase the inclusion of women and youth in the project, aimed at creating awareness and building the capacity of women and youth to take advantage of existing and/or new livestock and livestock-related opportunities.

Quantitative Impact

The majority of the project's quantitative achievements to date relate to trainings on public policy analysis, community-based land tenure and land use advocacy, LMA leadership and management capacity building and community involvement in commercial fodder production and marketing. Under component one, the project trained a total of 29 local county staff and other stakeholders through a ToT workshop. Additionally, seven local fodder groups from the counties of Isiolo and Marsabit, who had been trained on hay baling and fodder seed harvesting, harvested 2,050 bales estimated at 24,600 kgs. Within the livestock productivity component, 356 individuals were reached by animal health service providers. The following table summarizes the project metrics this quarter.

Table 1: Summary of quantitative progress for FY 2014, QII

| Indicator | Unit of measure | Targets this quarter | Achieved | Variance Explanations |
|---|----------------------------|----------------------|----------|--|
| Number of rural households benefiting directly from USG interventions | Number of rural households | 8,578 | 374 | The project is currently initiating the CCF process, which will greatly expand outreach through the Marsabit and Isiolo Counties. Additionally, after the baseline survey is completed, REGAL-AG will review its targets, especially those related to training, to ensure that they are realistic. |
| Number of REGAL-AG assisted livestock-related businesses that have upgraded | Number of businesses | 15 | 4 | |
| Number of individuals who have received USG supported short-term agricultural sector productivity or food security training as a result of REGAL-AG | Number of individuals | | 47 | |

| | | | | |
|----------------------------|-----------|-----|-------|--|
| Volume of fodder harvested | Bales/Kgs | 600 | 2,050 | Commercial hay baling is taking root in Marsabit county and increased interest also associated with the predicted drought in the coming months |
|----------------------------|-----------|-----|-------|--|

Subsequent Quarter's Work Plan

REGAL-AG's activities for the period April-June 2014 are captured in detail at the end of this report and within the approved work plan. Key activities include appraisal of proposals and concept notes for the implementation of market development activities under the CCF, conducting a market assessment for the Isiolo abattoir, support in the development of a county livestock strategy for Marsabit and Isiolo county governments, support for a livestock trade fair in Marsabit county and the undertaking of project's baseline survey.

II. KEY ACHIEVEMENTS (QUALITATIVE IMPACT)

A. Administrative and Cross-Cutting Activities

Integrating REGAL-AG Project Work with the Value Chain Facilitation Approach

During the quarter, a total of 34 REGAL-AG staff members, field facilitators, partner staff (including PACIDA's CEO) and county representatives attended a one-day value chain training that was facilitated by ACIDI/VOCA in Isiolo on 20th February 2014. The training focused on using a facilitative approach to value chain development, emphasizing that interventions should be driven by



Figure 1: Lead trainer, Alex Pavlovic, guides training participants on the principles of market facilitation during one of the breakout sessions

market demand and implemented with local partners (particularly the private sector) to ensure sustainable outcomes. As a result of the training, participants gained a deeper understanding of the approach. A follow-up training on market linkages was provided to REGAL-AG's staff that further reinforced facilitation techniques and allowed the team to review the FY 2014 work plan through the lens of this approach. Following the training, the REGAL-AG team developed action plans for the major sets of activities to ensure they are implemented using a systemic, market-led approach. The REGAL-AG technical team also developed a revised causal model to correspond with the facilitation approach and the project's revised strategy.

Project Administration

During the quarter, the REGAL-AG project accomplished the following in an effort to strengthen project administration and enhance partnerships with stakeholders:

1. The COP reviewed the job descriptions of technical staff and made amendments where applicable. In addition, the COP and DCOP participated in the recruitment process of a Value Chain Investment Advisor. A very strong candidate with a background in private sector investment was identified and submitted to USAID for approval. As of the writing of this report, the candidate is expected to begin in the middle of quarter three. In the meantime, Fridah Gacheri, the Community Investment Specialist based in Isiolo and ACIDI/VOCA's Value Chain Expert, Alex Pavlovic, are providing support on value chain development approaches to the project.
2. The DCOP held a two-day planning meeting (January 15-16th, 2014) in Isiolo with the livestock productivity teams from Isiolo and Marsabit counties, where they identified key deliverables for this quarter and held discussions on tools needed to support their work. They also agreed on methods for sharing best practices and experiences (like report templates, knowledge capture forms, and an internal quarterly newsletter) across the two

counties. The outcome of this meeting was an activity plan that described specific activities and outputs for the quarter, along with the need to improve some of the existing communications tools.

3. REGAL-AG hosted Emily Pugatchenko, ACIDI/VOCA's Washington-based Project Coordinator. Ms. Pugatchenko visited REGAL-AG to provide operational guidance, assist in the CCF process—including the roll-out of the APS—and support the project team in using a market facilitation approach.
4. The COP and DCOP met with Professor Jesse Njoka of CSDS to explore areas for collaboration. It was agreed that CSDS would recommend students for internships in areas that are relevant to REGAL-AG's mandate. The selected students will also be part of the planned week-long pasture rehabilitation events scheduled to take place in quarter three in Isiolo and Marsabit Counties. Additionally, REGAL-AG incorporated CSDS into the committee responsible for organizing the two events, mainly to provide administration and logistics support.
5. The COP and DCOP held consultative meetings with the Marsabit County Government representatives. During the meetings, the county government restated the need for urgent support in developing the county's livestock development plan, which will form the basis for coordination of all development efforts in the county. The officials explained that the plan would be used when developing the annual budget in June 2014. The meeting also involved discussions on the pasture rehabilitation week and livestock trade fair. It was agreed that the Minister for Livestock and REGAL-AG's Marsabit office would constitute two committees to spearhead these efforts that were scheduled to take place in June 2014. The planning for the two events was on-going as of the end of March 2014.

Other priorities highlighted by the county government were the need for support to develop policy drafts for improving the enabling environment and encourage more investment in livestock-related industries. They proposed that REGAL-AG's staff should be part of a steering committee that will deliberate on policy issues and make decisions on the best strategies for promoting investment in the county. The county government also indicated that it was willing to offer one of its building spaces to Mt. Kenya University (MKU), and requested REGAL-AG to contribute funds through the CCF to renovate the building, so that MKU can start using the space to initiate an animal health training program. This proposal will be explored further with USAID and MKU in the coming quarter.

6. The COP led a team that met with Mike Harrison, the CEO of NRT, together with other NRT representatives at Lewa Conservancy in January 2014. The objective of the meeting was to enable both parties to better understand each other's' roles, and to identify areas of collaboration.



Figure 2: REGAL-AG and NRT meet at Lewa Conservancy

The key areas identified for joint action going forward are summarized in the following table:

Table I: Action Points between REGAL-AG and NRT

| Area of Convergence | Agreed Action Points |
|--|---|
| <ul style="list-style-type: none"> • Institutional development | <ul style="list-style-type: none"> • Formalize relations between LMAs, environmental management committees (EMCs) and the Conservancy Boards to minimize institutional overlap • Develop infrastructure proposals for the CCF through LMAs/Conservancy Boards |
| <ul style="list-style-type: none"> • Animal health | <ul style="list-style-type: none"> • Conservancies to identify candidates for certified agro-vet training; REGAL-AG to support opportunities for business start-ups • Develop animal health awareness campaigns through conservancy grazing committees |
| <ul style="list-style-type: none"> • Grass production | <ul style="list-style-type: none"> • Develop grass seed production and sales business opportunities • Facilitate a planned grazing program in collaboration with REGAL-IR |
| <ul style="list-style-type: none"> • Financial services and livestock insurance | <ul style="list-style-type: none"> • Further discuss the need for financial services and identify potential avenues to sell insurance products |
| <ul style="list-style-type: none"> • Market information | <ul style="list-style-type: none"> • Develop mobile phone-based livestock market information • Expand the use of market information services to include animal health and conflict information |
| <ul style="list-style-type: none"> • Land security | <ul style="list-style-type: none"> • Sensitize communities and lobby Members of Parliament from the two counties (Isiolo and Marsabit) during the development of the Community Lands Bill to push for inclusion of pastoral land rights • Audit current land tenure, and risks from extractive industries (sand and oil) • Develop and strengthen new Community Land Boards to ensure inclusion and representation, enabling the pastoral communities to benefit from the new policy |
| <ul style="list-style-type: none"> • Community development action planning | <ul style="list-style-type: none"> • Start with Melako and Nakuprat-Gotu to complete strategic planning and mapping processes, and develop bankable community projects (started with REGAL-IR) |
| <ul style="list-style-type: none"> • Inclusion of women and minority groups | <ul style="list-style-type: none"> • Extend Conservancy Board training on gender and youth development issues |
| <ul style="list-style-type: none"> • Livestock market | <ul style="list-style-type: none"> • Deepen mutual understanding of local market dynamics, |

| | |
|-------------|-----------------------------|
| development | NRT Trading and LTM program |
|-------------|-----------------------------|

Implementation of the Community Contracting Fund

In the quarter under review, REGAL-AG identified engineering support and environmental compliance support for the six markets that will be targeted for the first round of construction following the comprehensive market analysis that was conducted last quarter. Confirmation meetings were also conducted with the communities where REGAL-AG will launch its market construction activities. In addition, during the quarter REGAL-AG released an APS to the private sector and held one Applicant Conference.

Identification of Engineering Support

The implementation of CCF-supported activities will involve small-scale market infrastructure construction that requires the expertise of a civil and structural engineer. In the previous quarter, REGAL-AG had circulated a request for proposal (RFP) seeking these consulting engineering services. During the quarter, REGAL-AG went through the following process in identifying the engineering support needed for the program:

Submission of Expressions of Interest (EOI's): 47 EOI's were received and the RFP was circulated to those that expressed interest. Interested applicants submitted questions related to the RFP, and the REGAL-AG team provided responses to these questions to all those who had requested the RFP.

Evaluation Process: Eight proposals (technical and cost) were received and reviewed by a selection committee comprised of the CCF Manager, Chief Financial Officer (CFO), Pastoral Policy Advisor and one Regional Technical Advisor (with an engineering background). The selection committee both individually and as a group reviewed the proposals received and used the best value matrix for shortlisting purposes. Five applicants were shortlisted and invited for an interview. The shortlisted organizations/individuals were forwarded technical/budget comments for further clarification based on their proposal reviews and were also provided with a case study (actual market situation based on the CCF market assessment report) for presentation during the scheduled interviews. Regret letters for those not shortlisted for the interview stage were sent out.

Selection and Negotiation: Based on the interviews, four out of five firms/individuals interviewed were selected for consideration for the next step of reference checks. Reference check requests for three firms and one individual were sent out and feedback was received. Based on the reference checks, it was agreed to work with three firms and one individual with specific roles as follows:

- Lead Engineer – Isiolo – Conslog Engineering Services Ltd
- Lead Engineer – Marsabit – La Femme Engineering Services Ltd
- Quality Control and Assurance Engineer – Isiolo & Marsabit – Daniel Okere

Negotiations with the selected three engineering firms and one individual were conducted and rates agreed upon. Two of the selected engineering firms and the selected individual engineer will be involved in designing and overseeing construction activities for the first round of CCF activities.

Identification of Environmental Compliance Support

In compliance with USAID environmental regulations (22 CFR 216) and the Kenyan environmental regulations (EMCA, 1999), during the quarter REGAL-AG identified environmental compliance

support for the program, which is a pre-requisite for any construction activities. REGAL-AG undertook the following process in identifying this support:

Competition: A scope of work for the environmental impact assessment (EIA) consultancy was developed and sent out to all experts registered with the National Management Environment Authority (NEMA) (2013 list of EIA/EA experts). The purpose of the scope of work was to obtain expressions of interest from lead EIA experts to conduct environmental reviews on selected market sites in the counties of Marsabit and Isiolo in preparation for the construction of livestock marketing infrastructure and mitigation of any potential negative impacts on the environment.

Evaluation Process: Based on the scope of work circulated for the EIA consultancy, 46 EOIs were received and shortlisting done as follows:

- The first shortlist was done based on the requirements of the Terms of Reference (TOR) and the number of EOIs for consideration was reduced to 22.
- The second shortlist was conducted and reduced the number of EOIs for consideration to 12. Some of the factors considered in the shortlisting included agriculture and livestock related experience, experience working in the arid and semi-arid lands (ASALs), market-related experience, etc. The REGAL-AG CCF Manager and the REGAL-AG Pastoral Policy Advisor (also an EIA registered expert) conducted the second shortlisting.
- A third and final shortlist was conducted by the REGAL-AG CCF Manager and the DCOP, resulting in a final list of four consultants selected for the interview stage. Factors considered in the shortlisting included years of relevant experience, hands-on practical work experience in similar circumstances/projects/areas, relevant background to the task etc.

Selection and Negotiation: Invitations to interview were sent to the shortlisted candidates and regret notifications sent to all those who did not qualify for the interview stage. Interviews for an EIA consultant were conducted and two candidates identified. One of the EIA consultants was selected to conduct the EIAs of the proposed market infrastructure while the other was selected for more complex EIAs in the future, such as those related to the construction of processing plants; this was based on their skill sets and experience levels. The following REGAL-AG staff conducted the EIA consultancy interviews: CCF Manager, CFO and DCOP. Discussions on the terms of engagement commenced with the EIA consultant selected to handle EIAs for the market infrastructure. The discussions included the need for the consultant to engage and work with a team in order to bring in different skill sets relevant to the assignment, the requirement for a revised budget and signing of relevant certifications. Based on the discussions, the consultant proposed working with two other team members who included an environmentalist and a health and safety expert. Discussions with the other selected EIA consultant will follow.

Following the identification of EIA support, the EIA exercise is scheduled to commence in the next quarter with the output being approved EIA reports from NEMA and USAID environment reporting forms, which will be provided to the mission for approval. Construction activities for the selected livestock markets will only commence once these pre-requisite approvals are received.

Confirmation Visits to Communities of Selected Markets for Infrastructure Development

During the quarter, confirmation meetings were held with community representatives and Chiefs of the six selected market sites where REGAL-AG will launch its infrastructure activities. The meetings were held in Merille, Illaut and Korr in Marsabit County, and Merti, Eskot and Oldonyiro in Isiolo

County. During the meetings, REGAL-AG communicated its formal decision to invest in the construction and/or upgrading of the six selected livestock markets and also formally introduced the engineering teams and EIA expert to those present in the meeting, explaining the role that they would play in the project.

During the meetings, discussions were held on the need for community contributions to the market construction and/or upgrading and the community representatives provided their initial suggestions on what they would contribute to the project. The community representatives will then hold larger meetings with the rest of the community members to discuss and agree on the community contribution towards the projects and to communicate any concerns, if needed.

The engineers and EIA consulting teams also had the opportunity to conduct their preliminary assessments of the sites, including measuring the size of the existing market and pens inside the market, taking GPS points at the corners of the markets, taking stock of existing structures, exploring the surrounding environment and discussing possible mitigation measures where negative implications were noted.

Courtesy calls were also made to various County Offices including the governor's office; water and environment office; NEMA office; lands and physical planning office; civil works office; roads, public works and transport office; and livestock office.

Release of APS to Private Sector and Applicant Conference

An APS was released during the quarter seeking concept papers for viable business ideas, enterprises, or technological innovations from prospective investors and service providers to be implemented in partnership with pastoral communities in Isiolo and Marsabit Counties. The solicitation called for initiatives that will focus on promoting competitiveness and expanding business/market opportunities in the sectors of red meat and live animals, camel milk/dairy, and hides and skin.



Figure 3: REGAL-AG's DCOP explains a point in Isiolo during the applicant's conference

The APS provides prospective grant recipients with a fair opportunity to propose concept papers for funding ranging from \$50,000 to \$200,000. REGAL-AG will issue in-kind grants to successful applicants, and will directly procure identified goods and/or services (e.g. construction costs) for the grantee. The first applicant conference was also held during the quarter; this was conducted in Marsabit County where interested applicants were taken through the purpose of the APS, its requirements and the process of evaluating all the proposals

that will be received. A question and answer session was also held to respond to any questions related to APS. A similar applicant conference is to be held in Isiolo at the beginning of the next quarter.

B. COMPONENT I: Improving the Enabling Environment

Improvement of the BEE surrounding the livestock sector is a core component within the implementation framework of the REGAL-AG program. During this quarter, the project supported leaders of target markets to identify regulations and policy constraints that hinder pastoral communities in Isiolo and Marsabit counties to participate in livestock marketing. This involved a ToT in public policy analysis and the strengthening of LMAs' governance and leadership structures in order to create strong institutions that can drive the development of commercial hubs around livestock markets in Isiolo and Marsabit. The project initiatives are expected to contribute to the creation of a BEE that encourages behavior change among actors along the pastoral livestock value chain and stimulates increased private sector investment that accelerates economic growth in the target counties.

Key achievements under this component during the reporting period are summarized in the sections below.

Protect Land Use Rights and Mobility of Pastoral Communities

As a step towards creating improvements in the enabling environment for livestock markets that will lead to their development as "business hubs," REGAL-AG's Pastoral Policy Advisor trained 29 Isiolo County government staff and non-state actors (26 male, 3 female) on participatory policy analysis. The training was designed to first provide a two-day policy sensitization training for the senior staff of the County Government of Isiolo from the agricultural sector, followed by a ToT course for the middle-level technical staff and their key collaborating partners. The following topics were covered during the training:

- Policy analysis, formulation, implementation process
- Development of policy briefs and statements
- Different types of policies that exist at the national and at the county level
- The strong link between policy and legislation
- The role of technical officers in guiding the governors & county executive committee members in policy making processes
- The importance of market-driven policies for economic growth
- The difference between policy and law

Through the ToT training, REGAL-AG aimed to create a critical mass of county officials in line ministries and livestock-related departments that are proficient in public policy analysis, formulation and legislative processes. This will be essential in the review of various local market regulatory frameworks in order to create enabling environment improvements that will enable the county to fully benefit from CCF interventions. As an outcome of the training, the individuals that participated created a prioritized list of policy issues related to the livestock sector that they will seek to address by creating a working group that will develop policy briefs and proposed legislation with technical support from REGAL-AG.

The list of key regulatory and policy issues identified within Isiolo County included the following;

- Sustainable land use planning and management including grazing area management
- Livestock market infrastructure and information systems
- Water resources conservation, development and management

- Community-based indigenous breeding policy
- County-based public-private partnerships
- Public benefits organization coordination policy
- Livestock disease control policy (related to vaccination, livestock movement, pest control, and veterinary drugs)
- Livestock identification and traceability
- Marketing of livestock and livestock products
- Hides and skins development policies

Table 2: Analysis of participants in the Policy Analysis Training

| Name of Training | No. of Days | No. of Participants | | Total | Organizations represented |
|--|-------------|---------------------|--------|-------|---|
| | | Male | Female | | |
| Sensitization Training on Policy Analysis, Formulation & Implementation for senior staff | 2 | 10 | 0 | 10 | Veterinary (1), Livestock (1), Fisheries (1), NDMA (1), ASDSP (1), Lands (1), Water (1) and the Youth Enterprise Development Fund (1), Friends of Nomads International (FONI) (1), and Public Works (1) |
| ToT course on Policy Analysis, Formulation & Implementation for middle level technical staff | 4 | 16 | 3 | 19 | CLMC (1), KLMC (1), WACODIN (1), Livestock (5), Veterinary (3), PWHE (1), FONI (1), VSF Suisse (1), ASDSP (1), NDMA (1), MID-P (1), Fisheries (1) |
| Total | | 26 | 3 | 29 | |

Advise on Development of Land Use and Land Tenure Policies

In the past quarter, REGAL-AG and NRT assisted the leaders and members of Nakupratt-Gotu Conservancy to develop actionable CDAPs. The CDAPs have been aligned to NRT and REGAL-AG business development objectives, based on Nakupratt-Gotu's development priorities and with a specific focus on the inter-linkages between livestock production and marketing (including the potential to link to the CCF efforts), ecotourism and wildlife, and land tenure and use (including grazing and rangeland management) throughout the entire conservancy.

Prior to the actual community engagements, the REGAL-AG technical team developed a draft guide/toolkit to conduct the CDAPs for Nakupratt-Gotu Conservancy in Isiolo County and Melako Conservancy in Marsabit County. The toolkit was adapted from general community participatory appraisal tools and methodologies to suit the needs of REGAL-AG and the conservancies.

The REGAL-AG team also took the opportunity during the community meetings to pursue discussions on engaging pastoral communities in policy and advocacy issues. Based on the CDAP, REGAL-AG envisions the Nakupratt-Gotu and other conservancies to lay the foundation for enhanced governance around three key pillars: a) improved conservation and wildlife protection; b) improved livestock production and marketing; and c) improved rangelands management using a sustainable, win-win community conservancy model. Going forward, REGAL-AG will work with the conservancy in the implementation of the action plan in addition to supporting Melako Conservancy to develop CDAPs.

C. COMPONENT 2: Expanding End Market Opportunities and Catalyzing Commercial Investments

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 under review, the REGAL-AG team conducted community forums to confirm the market infrastructure investments that will soon launch in Marsabit and Isiolo, supported the training of LMA members from Isiolo County, and initiated several opportunities with potential private sector partners. Details of quarterly achievements under this components are summarized in the following sub-sections.

Improving Access to Markets and Infrastructure Development

In an effort to expand livestock markets through improved infrastructure, REGAL-AG's CCF Manager and the field-based Community Investment Specialists held meetings with community members and local county officials to confirm REGAL-AG's decision to invest in three markets in Isiolo County (Merti, Eskot and Oldonyiro) and three markets in Marsabit County (Merille, Illaut and Korr). The communities represented by LMAs confirmed their support and good will. Their contribution in the form of materials (e.g. sand, ballast, land) and in-kind (e.g. security and labor) was defined. The engineers and EIA consultants were also introduced to the LMAs who expressed their willingness to support the teams. It was agreed that the LMAs will hold public meetings with the assistance of local leadership to acquire community buy-in to support and participate in sustainable market development.

Finalize Assessment of Kipsing Livestock Market

The assessment of Kipsing market was completed during the quarter and was the final market assessed for the initial round of CCF funding. At the end of January 2014, REGAL-AG's CCF Manager, Community Investment Specialist and Regional Manager for Isiolo assessed the Kipsing livestock market. The market has a relatively new LMA in place that is less than a year old. Revenues are collected by county government appointees with no co-sharing arrangement. The market has no infrastructure in place although the community has set aside land for construction of market infrastructure.

The LMA has not received any support from development agencies and requested REGAL-AG to support them in training that will empower them to manage the market and perform their functions effectively. Consequently, while Kipsing was not determined to be ready for CCF investment, the LMA members were invited to participate in the LMA training, which is discussed in more detail below.

It was agreed that the LMA would sensitize the community and dig a pit latrine to serve the market to help prepare for possible future investment. Additionally, they will mobilize the community and demarcate the designated market land to avoid future encroachment.

Improve Management to Streamline Trade

During the quarter, the Isiolo-based Community Investment Specialist held discussions with Isiolo County Livestock Marketing Council Officials (CLMC). The CLMC is the current custodian of a blanket MOU for co-management of 15 livestock markets between communities and the county government of Isiolo. The MoU gives jurisdiction of revenue collection to the communities represented by LMAs; decisions on the use of revenue collected is made by the designated county revenue officers. Accordingly, the CLMC sought to identify areas of collaboration with REGAL-AG to strengthen the LMAs' lobbying position as well as foster the co-management of their respective markets. Currently Isiolo has six functional LMAs, three of which were formed with support from REGAL-AG. It was agreed that there is a need to discuss the composition of LMAs and their mandate in relation to the co-management of markets and thus the CLMC—with the assistance of the Agriculture Sector Development Support Project (ASDSP)—will convene a forum where all stakeholders will discuss the way forward to achieve the co-management of markets.

Integrated Training of Trainers and Coaching of LMA Members

During the quarter, REGAL-AG held a ToT workshop with 18 LMA representatives from 6 livestock markets (Eskot, Bisan Biliqo, Merti, Isiolo, Kipsing and Oldonyiro). The training was focused on building the capacity of LMA members to manage the livestock markets and promote them as business hubs that attract different types of livestock-related commercial activity. Of the trainees, 13 were males and five were females, and a total of 14 of them were youth. Additionally, four field facilitators working in the areas where the livestock markets are located were also trained. The training covered the following modules:

- Management of livestock markets
- Livestock markets as a business hub
- Livestock business management
- Bookkeeping for livestock markets
- Financial management
- Market information management
- Fostering inclusiveness in livestock businesses
- Governance, leadership and management
- Monitoring livestock health for the markets

The individuals trained in the ToT came up with training schedules to disseminate the information to their respective LMAs, which will be implemented in the upcoming quarter and aim to include another 70 participants. REGAL-AG staff will provide coaching and mentoring to the trainers as they train their communities for the first time. The training sessions will take approximately 3 months and once they are successfully completed, certificates will be awarded to the trainers and their trainees. These certificates will be used as tracking tools by REGAL-AG as well as other stakeholders that work with the LMAs in the future.

Support to LMAs to Register with Relevant Government Bodies

In November 2013, the REGAL-AG team visited Eskot market and assessed its viability for CCF grants. One critical issue that came out was that the market had no management structure in place to oversee overall market operations and development. The community was sensitized on the need to form an LMA to manage the market on behalf of the community. During this quarter REGAL-

AG's Isiolo-based Community Investment Specialist and the Regional Manager visited the Eskot community to review progress on the formation of the LMA.

During this visit REGAL-AG found that the community had selected their representatives and the communities around the market were proportionately represented. However, external parties such as buyers from other markets were included in the core LMA membership. REGAL-AG thus advised the community to exclude those parties from the core LMA representatives but to include other ex-official members like the area Chief, members of grazing committees, conservancies and local community-based organizations involved in livestock marketing and other related businesses. REGAL-AG further suggested that they improve the representation in the LMA by including women and youth, as well as an elder from the Borana community to match his counterpart from the Somali community.

The new LMA had also mobilized funds to register with the relevant government authority but did not succeed in the registration process because they did not have a constitution, minutes or by-laws, all of which are required by the Garbatulla district social services department. The group was advised by REGAL-AG to develop their by-laws with support from the local chief and write down the minutes for the meetings that they had. They also identified the need to raise additional funds to enable them to travel to Isiolo for registration and account opening.

Following the visit to Eskot, REGAL-AG visited the Merti and Biliqo LMAs. To date, the communities held public meetings and selected their representatives who proportionately represented various social groups, including elders, youth and women from villages around the market.

In Merti, the new 21-member LMA mobilized funds to register with the relevant government authority and were successfully registered with the Ministry for Gender and Social Services Development. The group also, with local leaders, identified land for market infrastructure development which was shown to REGAL-AG. The LMA shared its constitution for review and strengthening by the REGAL-AG team as well.

In Biliqo, a 17-member LMA committee had elected its leadership but had not yet gone through the formalization process of registration. As a starting point, the group was advised to develop their by-laws and constitution with support from the area chief. It was agreed that:

1. The two LMAs will cooperate and draw a harmonized marketing plan specifying complimentary market days
2. The LMAs will develop a database for all the livestock buyers that buy livestock from the area, along with the number of livestock traded and the average prices
3. The LMAs and local leaders will sensitize and mobilize the communities to demarcate the market land and ensure that the market grounds are utilized
4. The DLMC and REGAL-AG will lobby with the county revenue officer to develop a receipt system for use in market revenue collection
5. REGAL-AG, DLMC and other stakeholders will promptly organize capacity building sessions for the LMAs (one such session was done via the LMA training described above)

Promote Private Investments in Livestock Trade

During the quarter the REGAL-AG team held discussions with potential investors in both Isiolo and Marsabit counties. In Isiolo County, the COP and REGAL-AG technical team held discussions with an investor Hassan Abdullahi, the sole proprietor of Afro-Natural Products Company. The entrepreneur exports goat meat to markets in the Middle East and approached REGAL-AG seeking to collaborate to expand his goat marketing. Given the unmet demand in Hassan's target market, he anticipates that if he had access to an increased supply of goats of a specified body condition/weight, he could increase sales from eight tons to 32 tons per month.

Hassan accompanied the REGAL-AG Animal Health Specialist to the Eskot livestock market on a market day. According to Hassan the market can currently supply 40% of the volumes he is looking for and he was satisfied by the quality of the majority of the livestock he saw. REGAL-AG suggested that he could purchase additional goats in the Duse, Banane and Garbatulla catchment areas. In addition, he identified four local traders with whom he could develop a business relationship and potentially develop contractual agreements. His biggest concern was acquiring a holding ground where the finishing of the goats could be done before slaughter.

Accordingly the following issues came to light:

- Some producers are supplying the wrong sizes of goats (either not enough or too much body weight) which can lead to losses when goats are rejected in the market
- The traders are short of capital to buy the number of goats requested by Hassan per week; their working capital is too low to purchase the additional orders of goats upfront
- The exporter's working capital is limited given the contractual agreement with the end market buyers; he has to wait for a period of up to 60 days before receiving payments for the deliveries

Having identified the main constraints, REGAL-AG will work with the trader to arrange possible financing modalities and improve quality standards to be able to expand livestock marketing to the Middle East.

Discussions were also held with Ibrahim Mohamud, owner and director of Northern Meat Products Company regarding the processing of camel meat into sausages and meat burgers. Northern Meat Products is a new enterprise that is seeking support from REGAL-AG to procure the necessary equipment and infrastructure to launch camel meat processing in Isiolo and Marsabit.

Ibrahim hopes to sell his products in Eastleigh supermarkets and hotels, including the Carnivore Hotel in Nairobi and tourist hotels that serve exotic Kenyan food. The business is expected to provide employment to youth as vendors and distributors of the products using trollies. The other targeted market segment is consumers of fast food in the two counties of Isiolo and Marsabit, as well as the Mt. Kenya area of Maua, Meru, Nyeri and their environs where the demand for camel products is high.

Apart from the uniqueness of the camel sausages and hamburgers, the enterprise would be the first to produce purely halal sausages, thus appealing to a huge segment of the Muslim population in the country. The sausages and hamburgers are also expected to be cheaper than other beef and chicken sausages in the market because camel meat is relatively cheaper than cattle and chicken meat. Ibrahim has been advised to apply for funding consideration through REGAL-AG's APS that has been recently advertised. Given the great potential of Hassan's business to transform the camel meat industry, REGAL-AG's technical team will work with Hassan to develop a consistent camel meat product supply and address related quality and quantity issues.

Increased Commercialization of Camel Milk

The REGAL-AG program has identified commercialization of the camel dairy value chain as a priority in order to increase incomes of pastoral families, and particularly women and youth. The program's strategy to achieve this includes providing technical assistance to producers to shift production from informal camel milk channels to more formalized, commercial channels. Building on the camel milk value chain mapping completed previously, during this reporting period the REGAL-AG team worked to more deeply understand and begin to leverage the dynamics around camel milk aggregation, bulking, value addition and marketing.

In order to position the local camel processors and aggregators to establish upward market linkages, the REGAL-AG COP, Pastoral Policy Advisor, Gender and Inclusiveness Advisor, and Community Investment Specialist for Isiolo had discussions with the manager of Vital Camel Milk. The processor, founded in 2004, serves high-end Kenyan consumers and exports to international markets such as South Africa and Malaysia. Vital Camel Milk produces fresh milk, sour milk, yogurt and camel cream (used as the active ingredient for cosmetic purposes) and promotes the products' medicinal properties. However, Vital Camel Milk currently does not source its milk from Isiolo due to the poor hygiene of the milk produced there. After discussing the challenges the company faces during the meeting, the manager, Mr. Hurgor, expressed his interest to support entrepreneurs to process camel milk rather than establishing linkages directly with producers. The support would be in terms of technology transfers and providing a ready market for the cream extracted from the milk. In addition, the manager was willing to share a recipe for producing camel milk yogurt, which would be sold under license from Vital Camel Milk Ltd.

The REGAL-AG Community Investment Specialist and the Isiolo County Regional Manager held discussions with Hassan, mentioned above, who could be one such entrepreneur that links indirectly with Vital Camel Milk for camel milk processing. As a camel producer who has previously worked with Vital Camel Milk, Hassan has experience in camel rearing and husbandry as well as milk processing and marketing. Hassan is interested in establishing camel milk processing plants in Isiolo and Marsabit counties and is interested in collaborating with REGAL-AG to initiate these investments. Specifically, Hassan has proposed to set up a camel milk processing plant with a capacity of 6000 liters per day. The milk would be processed into cream for cosmetic purposes, yogurt and fresh milk. According to Hassan, his research and experience shows that these products are stable and have a long shelf life of approximately 2 years, 4 months and 5 months for the cream, yogurt and fresh milk respectively.

The targeted area for the first processing plant is Garbatulla, which is centrally located and surrounded by a significant number of camel milk producing areas within a radius of 40 km. This will make it easier to collect the milk and greatly reduces the losses that producers currently experience due to their limited access to market. Garbatulla also has relatively good availability of water and electricity for the processing plant. Establishing a plant in this area is also expected to boost the local economy by increasing the money in circulation.

Hassan intends to train youth as herders on camel husbandry and milk handling and hygiene who will then be recommended to work closely with the producers supplying milk to the processing plant. Additionally, he plans on setting up a robust milk collection team with collection centers run by women, like the Kulamawe camel milk women group for example. The milk would then be transported by youth using motorbikes. Each of the collection center will be linked to an identified manyatta(village) for traceability of milk supplied.

As of the end of the quarter, Hassan collected the APS forms and planned to apply for assistance from REGAL-AG through the CCF. A follow-up visit at the end of this quarter indicated that he was in the process of completing the application.

Improved Quality of Hides and Skins for Commercialization

In addressing the low competitive advantage for the hides and skins value chain, REGAL-AG aims to identify viable end market opportunities with the support of private sector partners, and then support existing or new hides and skins marketing groups as well as individual traders and bulking agents, especially women and youth, to pursue the opportunities. During the quarter, REGAL-AG established contacts with new groups and individual traders with the potential to promote hides and skins aggregation and forge trade linkages for village-based hides and skin aggregators.

One of the contacts established this quarter was Real Hides and Skins Enterprise, a hides and skins dealer situated next to the Isiolo slaughterhouse. The proprietor explained his business growth plan, which involved transitioning to the wet blue processing method for hides and skins in Isiolo. In order to do this, the trader will need to install new equipment for blue hide processing. By using this improved processing technique, the dealer expected to meet the demand of Isiolo hides and skins traders who currently experience large losses when bulking due to poor drying processes. According to the traders, bulking hides and skins to volumes that can be transported takes long periods of time, leading to deterioration in quality. The Owner of Real Hides and Skins has already collected the APS to apply for REGAL-AG's support in transitioning to wet blue processing.

REGAL-AG's Community Investment Specialist also had introductory discussions with two hides and skins traders in Isiolo town. The traders sell up to 6000 pieces of skins within a period of less than two weeks. Hides are currently traded in wet salted condition, and hides from camels and cattle are more valuable, while sheep skins are of the lowest value. They explained that the demand for hides and skins is currently low due to the low demand in Chinese and other external markets. The traders expressed the need to process to at least wet blue hides and skins within Isiolo into order to meet the new government regulations that set minimum standards for exported hides and skins. This proposal will be explored further to identify interested investors (and possibly link them with Isiolo traders) in wet blue processing of the hides and skins. This would be a significant improvement in the value chain, especially because Isiolo is the secondary market for hides and skins from Marsabit and Samburu counties.

Other efforts related to the hides and skins business during the quarter include a meeting with a youth group in the Ngaremara area of Isiolo involved in bulking and selling wet salted skins. During the meeting, the youth group explained that they currently work with a trader, Mr. Abdalla, who provides the group with the industrial salt for wet salting. Given that low operating capital and low quality of hides and skins currently limits the amount of trade they undertake, there is an opportunity to strengthening the business relationship between the producers, youth group and the trader to enhance the quality and quantity of hides and skins traded.

D.COMPONENT 3: Improving Livestock Productivity

Under component three, 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 second quarter of FY 2014, the following progress was made under this component:

Support Land Reclamation and Pasture Rehabilitation

Under this outcome, REGAL-AG's approach to improving animal feed is targeted at rehabilitating pasture—naturally existing grass—through reseeding degraded land using indigenous grass varieties. REGAL-AG simultaneously works to improve and increase the production of fodder—cut and stored materials that are fed to livestock or sold commercially—from the rehabilitated land. During the quarter under review, REGAL-AG collaborated with NRT, CSDES, and the county governments of Isiolo and Marsabit in laying the foundation for community-led pasture rehabilitation campaigns and the establishment of learning sites for commercial pasture and /or fodder establishment.

Specifically, REGAL-AG achieved the following activities during the quarter:

1. The Fodder Specialist visited fodder groups and public institutions dealing with commercial fodder production to establish the amount of hay harvested and baled by each of the groups/institutions. The findings showed that JACOFA has 200 bales, Hurri Hills has 100 bales, Marsabit Boys High has 400 bales, Dirib Gombo LMA has 300 bales, and the Qororukesa primary and secondary schools and Milima Mitatu women's group has 350 bales each. The Milima Mitatu group went to promote fodder sales within Marsabit town and the Merille livestock market, where they met with the Merille LMA officials to discuss opportunities for selling baled hay during market days. As of the close of the quarter, one agro-vet in Merille had signed a supply contract with the fodder group for ten bales to be supplied every market day at a cost of Kshs 300 per bale. REGAL-AG will continue to support the relationship in the coming quarters.
2. Further to earlier discussions between REGAL-AG and NRT on the purchase of grass seeds from the Nakuprat-Gotu conservancies in Isiolo, a team of REGAL-AG staff from Marsabit and Isiolo visited Westgate Conservancy on 22nd February 2014 to assess the quality and quantity of fodder seeds. The seeds will be used for demonstration purposes to promote commercial fodder production in the two counties. A total of 1720 kgs of *Cenchrus ciliaris* (African Foxtail Grass), 500 kgs of *Eragrostis superba* (Maasai Love Grass) and 400 kgs of *Enteropogon micrustrechycus* will be required for setting up the demo plots. A total of 150 acres was prepared by various fodder production groups in Marsabit and Marsabit Counties and will serve as learning sites for additional fodder groups and community members. The demo sites will be established once the long rains set in early in quarter three.
3. REGAL-AG aims to support pastoralist communities to reduce land degradation through land reclamation and pasture rehabilitation. This is done through land reclamation campaigns dubbed "pasture week campaigns." During this quarter, REGAL-AG team in collaboration with county government officials in Isiolo and Marsabit Counties undertook joint planning and mobilization in preparation for pasture week campaigns. During the reporting period, the partners identified the various sites that the events will be held in. In Marsabit County, the team identified Korrr/Ilaut/Ngurunit in Laisamis sub-county and proposed community conservancies (Chur, Jaldesa and Songa) as possible sites for rehabilitation promotion during the pasture week. In Isiolo County, the group identified Ngaremara as an appropriate learning site for the pasture campaign. The sites identified are highly degraded due to soil erosion and are areas where REGAL-AG intends to support livestock market infrastructure

development. Nakuprat/Gotu and Melako conservancies, relevant LMAs, EMCs and the county governments remain major partners in the planned pasture week campaigns.

Support Improved Animal Health Care at the Community Level

During the quarter, REGAL-AG's Animal Health Specialists in collaboration with the departments of livestock production and veterinary services in both counties continued to support community change agents and champions in implementing the outreach programs aimed at supporting animal health service providers in delivering animal husbandry and herd health messages to pastoralists. This was done with the aim of informing communities on the need to shift from traditional livestock practices to market-oriented pastoralism, both for increased income and improved environmental sustainability.

In Isiolo, the effort has resulted in the following results:

- In Isiolo County, the REGAL-AG Animal Health Specialist identified and profiled service providers in Nduse and Kinna to serve as animal health champions. Two individuals were identified that have shown strong potential to improve animal health service delivery in these areas. One service provider based in Kinna center is already providing customer-oriented services using mobile tents for her clients in the distant market of Nduse but does not yet address upgrading and commercial pastoralism messaging. The agent has, however, expressed her willingness to take up the animal health upgrading model proposed by REGAL-AG. In Eskot market, another agro-vet owner named Galgallo Dabaso has been identified to undertake the animal health upgrading model in Eskot livestock market and neighboring areas. He has experience with large veterinary input suppliers in the region having worked with them before starting his own agro-vet business.



Figure 4: The photo on the left shows Galgallo Dabaso at his agro-vet shop in Eskot; right photo shows a mobile stall belonging to Doris, an animal health change agent in Kipsing market.

- Also in Isiolo, REGAL-AG's Animal Health Specialist supported change agents in Eskot, Nduse, Kipsing and Oldonyiro to disseminate commercial pastoralism messages during organized animal health promotional events. The new change agents identified during this quarter and the continuing agents operating in Kipsing and Oldonyiro livestock markets were provided with commercial pastoralism and husbandry messages and registration forms for keeping records of pastoralists who benefit from this information. They keep the data collected for their own reference in a file so that they can track who may be interested in future services. The table below details the number of pastoralists they were able to reach.

Table 3: Number of pastoralists benefitting from activities of Animal Health Service providers in Kipsing and Oldonyiro livestock markets

| <i>Support provided</i> | <i>Male</i> | <i>Female</i> |
|--------------------------------|-------------|---------------|
| Treatments | 26 | 6 |
| Clinical advice | 33 | 5 |
| Husbandry message | 40 | 10 |
| Commercial pastoralism message | 40 | 10 |
| Herd health | 1 | 0 |

Total = 171 (31 females, 140 males)

REGAL-AG together with the change agents conducted and analyzed the performance of two of the agro-vet shops and mobile outreach sales supported by REGAL-AG and found that there was a marked increase in drug sales and therefore income among the change agents. The table below shows an analysis of sales and purchases from the change agents in Kipsing and Oldonyiro. Baseline values collected from questionnaire interviews compared to average purchases and sales per month is computed below:

Table 4: Tracking animal health service provider sales as a result of business upgrade (in Kshs)

| <i>Agro-vet</i> | <i>Baseline: Jan-Jun 2013</i> | | <i>November 2013 to February 2014</i> | | |
|------------------|-------------------------------|-------------------|---------------------------------------|-------------------|----------------------------|
| | <i>Drug stock Purchases</i> | <i>Drug Sales</i> | <i>Drug stock Purchases</i> | <i>Drug Sales</i> | <i>Difference in sales</i> |
| Loip agro-vet | 80,000 | 41,210 | 212,453 | 138,898 | 97,688 |
| Kipsing agro-vet | 60,000 | 40,000 | 136,729 | 106,415 | 66,415 |

The period measured above, from November 2013 to February 2014 was before the onset of rains and was compared to January-June 2013 that included both dry and rainy seasons. This will later be compared to the ongoing 4-month season that begins with the rainy season in March as well. Generally it is observed that there is a marked growth in stock turnover and frequency of restocking.

In Marsabit, REGAL-AG achieved the following in an effort to promote commercial pastoralism messages and herd improvement:

- The Animal Health Specialist provided a Merille agro-vet with a tent (on a temporary basis) to reach out to livestock keepers in the open-air market as a way of promoting his services and establishing relationships with pastoralists that need future technical support and high-quality veterinary drugs. The tent increased the visibility of the agro-vet's services and boosted his customer base and business volumes. The agro-vet managed to increase daily sales from Ksh 7,500 prior to use of the pitched tent to Ksh 25,000 during market days (every Tuesday) and managed to distribute animal health commercialization messages to 53 pastoralists.
- REGAL-AG's Field Facilitator for North Horr identified two potential agro-vet owners to provide professionally run animal health services in North Horr town (the North Horr livestock market does exist in the area but operates infrequently). The two agro-vets operate outreach services at a watering point close to the North Horr livestock market and are interested in upgrading their services and promoting commercial livestock activity.
- Ramata, an agro-vet in Sololo, provided services to pastoralists in four locations in the Sololo district. With the support of the Sololo-based Field Facilitator, the agro-vet owner met with nearby communities and provided the following services during a four-day promotion event: clinical services (125 males, 7 females), and commercialization messages to pastoralists (125 males, 7 females). He also treated and dewormed 342 cattle, 3000 shoat and 54 camels. As a result of the outreach services, the agro-vet owner's sales volume increased by 35% compared to previous sales over-the-counter.

In the next quarters, REGAL-AG will work with industry players like SIDAI and other agro-input suppliers to transition the commercial pastoralism activity to market actors while the project plays a facilitation role and promotes the change messages in new areas. This is anticipated to involve SIDAI signing a contract with the change agents to supply high-quality drugs and extension messages.

Establishing Agency Banking Business for Youth and Women with Financial Institutions

REGAL-AG is supporting pastoralists to diversify their asset base through cash savings and transfers as a risk mitigation strategy through the promotion of agency banking, which is a new banking model that allows businesses to operate as satellite branches for banks, offering services such as cash withdrawal and deposit, school fee payments, utility payments, balance enquiries and mini-statements.

During the reporting period, the REGAL-AG team in Marsabit County supported a meeting between a Maikona agro-vet and the Kenya Commercial Bank (KCB) to help create linkages for the establishment of an agency banking business for youth and women in connection with existing rural-based financial products that include KCB Mtaani (KCB's agency banking product) and Safaricom

mobile banking (Mpesa). KCB subsequently undertook an assessment of the agro-vet site to establish whether it would be suitable for agency banking, and if the assessment is positive, an MoU will be signed between the bank and the agro-vet in quarter three.

E. COMPONENT 4: Promoting the Inclusiveness of Women, Youth and Local Groups

The REGAL-AG project recognizes the critical role that women and youth play in the livestock sector, and recognizes that any efforts aimed at increasing the competitiveness of the sector require an inclusive approach that builds the capacity of women and youth and supports them to access critical resources and services. During this quarter, REGAL-AG's Gender Advisor and the entire team have continued to focus on key activities that are expected to increase the inclusion of women and youth in the project, aimed at creating awareness and building the capacity of women and youth to take advantage of existing and/or new livestock and livestock-related opportunities. Key achievements under this component include the following:

- A REGAL-AG team led by the COP held discussions with Hussein Haji, the proprietor of Northern Meat Products, over possible project support in creating opportunities for value addition in camel milk and meat (e.g. sausages, burgers and nyiri-nyiri, which are activities well-suited for women, as they are the main traders of small-scale camel milk production) in Isiolo and Marsabit counties. The trader collected REGAL-AG's APS form, which will be reviewed together with other interested applicants. The implementation of this activity would create opportunities for women in the county.
- REGAL-AG's Gender Advisor participated in the training of field facilitators and REGAL-AG staff on M&E, focusing on how best to capture gender-related indicators such as the Women Empowerment in Agriculture Index. Additionally, gender and inclusiveness was an integral part of the LMA training in Isiolo County.
- The Gender Advisor and the Pastoral Policy Advisor met with the officer of the Isiolo Youth Enterprise Development Fund (YEDF) to get a better understanding of how YEDF works in Isiolo and the constraining policy gaps that hinder women and youth from realizing their full economic potential in the county. During the meeting, REGAL-AG identified five policy options that will guide the development of women- and youth-focused policy briefs to help support the inclusion of women and youth in the devolved governance structures and livestock value chains. The policy options are aimed at entrenching a youth development agenda in the county, as well as informing and addressing unique, county-specific needs and aspirations of the youth by developing policies that guide the operations of YEDF. REGAL-AG will explore options of supporting YEDF in developing these women- and youth-focused policy briefs identified.

In addition to the specific activities described above, support was provided across REGAL-AG activities to ensure they are implemented with a gender and inclusivity lens. This progress has been highlighted above throughout the other three components.

F. Lessons Learned

During the quarter, the REGAL-AG team identified the following key lessons learned:

1. REGAL-AG's market system approach and the facilitation model are slowly taking root in an environment where livelihood approaches have been used in the implementation of community development activities over the past several decades. There is a continued need to build on these gains to overcome the tendency towards direct involvement in value chains by development actors, which in general does not lead to outcomes that are sustainable in the long-term.
2. The REGAL-AG team visiting the Merille livestock market observed that female traders were paying a higher price for the animals they buy compared to their male counterparts. This supports the theory that less-transparent market systems disadvantage female market actors more than males. The linkages that REGAL-AG is working to enhance between all market actors and the LMAs are expected to build stronger relationships and aid in the development of agreed rules of business transactions to enhance transparency and inclusiveness.

III. PROGRAM PROGRESS (QUANTITATIVE IMPACT)

The following table provides an overview of the quantitative impact achieved on the indicators that are due for tracking this quarter. Despite the fact that targets have not been achieved in all areas, significant progress has been made that lays the foundation for achievement of project results in subsequent quarters. Table 5 below shows the indicator performance for quarter two, FY 2014. As the baseline has not yet been completed (see below), the missing targets will be completed upon finalization of that process.

Table 5: Performance Data Table

| INDICATOR TITLE: NUMBER OF RURAL HOUSEHOLDS BENEFITING DIRECTLY FROM USG INTERVENTIONS | | | | | | | | | |
|---|----------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|------------------------|------------------------------|
| INDICATOR NUMBER: 4.5.2-13 | | | | | | | | | |
| <i>UNIT:</i> | | <i>DISAGGREGATE BY: Location and gender of beneficiary</i> | | | | | | | |
| Number of rural households | <i>Geographic Location</i> | <i>Activity Title</i> | <i>Date</i> | <i>W</i> | <i>M</i> | <i>Sub-total</i> | | | |
| | <i>Marsabit</i> | <i>“Dissemination of commercial pastoralism messages”</i> | | <i>18</i> | <i>167</i> | <i>185</i> | | | |
| | <i>Isiolo</i> | <i>Dissemination of commercial pastoralism messages”</i> | | <i>31</i> | <i>140</i> | <i>171</i> | | | |
| | <i>Isiolo</i> | <i>“Training of LMA members”</i> | | <i>5</i> | <i>13</i> | <i>18</i> | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | <i>Totals</i> | | | | <i>54</i> | <i>320</i> | <i>374</i> | | |
| <i>Results:</i> | | | | | | | | | |
| Additional Criteria | Baseline | <i>Results Achieved Prior Periods</i> | <i>Reporting Period 31/Mar/14</i> | <i>Reporting Period 30/Jun/14</i> | <i>Reporting Period 30/Sep/14</i> | <i>FY 2015 Target</i> | <i>FY 2016 Target</i> | <i>FY 2017 Targets</i> | <i>End of Project Target</i> |
| <i>If other criteria are important, add lines for</i> | | | | | | | | | |

| setting targets and tracking | | | Achieved | | Target | | Achieved | | Target | | Target | | Target | | Target | | Target | | Target | |
|-------------------------------|---|---|----------|-----|--------|------|----------|-----|--------|---|--------|---|--------|---|--------|---|--------|---|--------|---|
| | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M |
| Gender: Women (W), Men (M) | | | 56 | 192 | 2573 | 6005 | 54 | 320 | | | | | | | | | | | | |
| Marsabit County | | | 31 | 9 | 1544 | 3602 | 18 | 167 | | | | | | | | | | | | |
| Isiolo County | | | 25 | 183 | 1029 | 2403 | 36 | 153 | | | | | | | | | | | | |

INDICATOR TITLE:

NUMBER OF REGAL-AG-ASSISTED LIVESTOCK-RELATED BUSINESSES THAT HAVE UPGRADED

INDICATOR NUMBER: **OP (REGAL-AG-9)**

UNIT:

DISAGGREGATE BY: Location and gender of business owner

| Number of businesses | Geographic Location | Activity Title | Date | W | M | Sub-total |
|----------------------|---------------------|---|--|---|---|-----------|
| | | Isiolo | "Agro-vet business upgrade with commercial pastoralism messages" | | 0 | 2 |
| | Marsabit | Agro-vet business upgrade with commercial pastoralism messages and Fodder Sales Contracting | | 1 | 1 | 2 |
| | Totals | | | 1 | 3 | 4 |

Results:

| Additional Criteria If other criteria are important, add lines for setting targets and tracking | Baseline | | Results Achieved Prior Periods | | This Reporting Period 31/Mar/14 | | | | Reporting Period 30/Jun/14 | | Reporting Period 30/Sep/14 | | FY 2015 Target | | FY 2016 Target | | FY 2017 Target | | End of Project Target | |
|--|----------|---|--------------------------------|---|------------------------------------|----|----------|---|-------------------------------|---|-------------------------------|---|-------------------|---|-------------------|---|-------------------|---|--------------------------|---|
| | | | Achieved | | Target | | Achieved | | Target | | Target | | Target | | Target | | Target | | Target | |
| | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M |
| Gender of business owner: Women (W), Men (M) | - | - | 2 | 0 | 5 | 10 | 1 | 3 | | | | | | | | | | | | |
| Marsabit County | - | - | 0 | 0 | 4 | 5 | 1 | 1 | | | | | | | | | | | | |
| Isiolo County | | | 2 | 0 | 1 | 5 | 0 | 2 | | | | | | | | | | | | |

INDICATOR TITLE: NUMBER OF INDIVIDUALS WHO HAVE RECEIVED USG SUPPORTED SHORT-TERM AGRICULTURAL SECTOR PRODUCTIVITY OR FOOD SECURITY TRAINING AS A RESULT OF REGAL-AG

INDICATOR NUMBER: 4.5.2-7

| UNIT: | DISAGGREGATE BY: Location and gender | | | | | | | |
|-----------------------|--------------------------------------|--|---|--|---------------|----|----|-----------|
| Number of individuals | Geographic Location | | Activity Title | | Date | W | M | Sub-total |
| | Isiolo | | "Training of LMA members on market management, financial record keeping and leadership" | | 18-21/03/2014 | 5 | 13 | 18 |
| | Isiolo, | | "Training on participatory Policy Analysis" | | 6-7/03/2014 | 6 | 23 | 29 |
| | Totals | | | | | 11 | 36 | 47 |

| Results: | | | | | | | | | | | | | | | | | | | | |
|--|----------|---|--------------------------------|-----|------------------------------------|---|----------|----|-------------------------------|---|-------------------------------|---|-------------------|---|-------------------|---|-------------------|---|--------------------------|---|
| Additional Criteria If other criteria are important, add lines for setting targets and tracking | Baseline | | Results Achieved Prior Periods | | This Reporting Period 31/Mar/14 | | | | Reporting Period 30/Jun/14 | | Reporting Period 30/Sep/14 | | FY 2014 Target | | FY 2015 Target | | FY 2014 Target | | End of Project Target | |
| | | | Achieved | | Target | | Achieved | | Target | | Target | | Target | | Target | | Target | | Target | |
| | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M | W | M |
| Gender: Women (W), Men (M) | - | - | 145 | 377 | | | 11 | 36 | | | | | | | | | | | | |
| Marsabit County | - | - | 123 | 333 | | | 0 | 0 | | | | | | | | | | | | |
| Isiolo County | - | - | 22 | 55 | | | 11 | 36 | | | | | | | | | | | | |

IV. PERFORMANCE MONITORING AND ENVIRONMENTAL COMPLIANCE

Project Monitoring Activities

During this quarter, the following project monitoring activities were undertaken by project staff and partners:

- 1) During the quarter under review, REGAL-AG staff undertook several monitoring field trips to assess progress towards achieving project results. As mentioned in previous reports, the trip reports and photographs taken will continue to form the basis for future performance monitoring, especially in tracking the project's quantitative indicators.
- 2) Within the quarter, the REGAL-AG project underwent an internal project review with ACDI/VOCA's headquarters team. The review involved discussions with the senior project staff and project management staff at headquarters on the status of the project based on matters relating to operations, compliance, work plan implementation, reporting and financial management. The review provided an opportunity for the REGAL-AG team to reflect on areas that needed to be strengthened for the overall success of the project.
- 3) During the month, the REGAL-AG team led by the Monitoring, Evaluation, Reporting and Learning (MERL) Advisor and the Gender Advisor with support from ACDI/VOCA's Regional M&E Specialist undertook a three-day training on M&E as well as inclusivity and gender issues for the field facilitators and REGAL-AG field staff in Isiolo and Marsabit Counties. The training covered M&E basics (definitions of monitoring and evaluation and key M&E concepts such as efficiency, effectiveness, relevance, and sustainability), and data quality (validity, reliability, precision, timeliness and integrity). In particular, data quality was highlighted as a critical accountability and transparency issue that should be taken seriously in the process of data collection, management and reporting. During the training, potential sources of data errors were pointed out as well as potential solutions to address the risk to data quality. Emphasis was put on the need to conduct internal/routine data audits as a way of assuring quality data. It is expected that the training will improve the quality of reported data and further enhance data management procedures in the field offices.
- 4) M&E support was provided to project stakeholders during the period under review, and staff supported fodder groups in Marsabit County to develop data capturing forms in order to collect data related to fodder and seed harvesting, as well as keep track of their sales and/or utilization of fodder and seed by the group. Additionally, a monitoring visit of PACIDA was conducted by the REGAL-AG finance and compliance team, which involved taking them through their contractual agreement and reporting requirements. A number of action plans were discussed and follow-up steps agreed upon by both teams as a result of this visit.

Baseline Survey Preparations

During the quarter, in preparation for the project's baseline survey, REGAL-AG subcontractor Kimetrica submitted a baseline survey sampling methodology that outlined the various sampling scenarios and the statistical power, margin of error and significance level for the proposed scenarios. REGAL-AG and ACDI/VOCA Kenya and Headquarters staff provided feedback that was incorporated into a final product. The report has formed the basis of sample size determination and level of stratification for the baseline survey that is planned to be jointly implemented with REGAL-IR. As of the close of the quarter, REGAL-AG

had finalized the baseline survey scope of work with REGAL-IR and was outlining the modalities of jointly undertaking the exercise so that REGAL-AG would take the lead in overseeing the process in Isiolo and Marsabit counties.

Monitoring the Implementation of the Project’s Environmental Mitigation Plan

In the quarter under review, the REGAL-AG team followed up with USAID on several environmental documents and approvals required by the project; these included the fully signed copy of the Initial Environmental Examination (IEE) and approval for the Environmental Review Report (ERR) and Environmental Monitoring and Mitigation Plan (EMMP), each previously submitted to USAID. Given that construction activities were not included in the initial ERR/EMMP, REGAL-AG plans to seek USAID guidance in revising the document to ensure it meets all necessary requirements and covers all currently planned activities.

In compliance with USAID environmental regulations (22 CFR 216) and the Kenyan environmental regulations (EMCA, 1999), during the quarter REGAL-AG identified environmental compliance support for the program, which is a pre-requisite for any construction activities. The details of the processes involved in identifying the individuals and firms to offer environmental compliance support are detailed under the CCF section above.

Following the identification of EIA support, the EIA consultants are scheduled to commence their environmental review of the CCF activities in the next quarter. As a result of their work, all required forms will be submitted to NEMA and USAID for approval. Construction activities for the selected livestock markets will only commence once these pre-requisite approvals are received.

V. PROGRESS ON LINKS TO OTHER USAID PROGRAMS

During the reporting quarter, the REGAL-AG team led by the COP, DCOP and ACDI/VOCA’s Value Chain Expert, Alex Pavlovic, met with USAID to discuss and agree on value chain facilitation approaches to be used by the project team in the development of the livestock sector and the role of market systems approaches in creating sustainable livestock value chains. During the meeting, the ABEO Director, Mark Carrato, reiterated the following:

- USAID plans to integrate all initiatives in the livestock sector under a value chain approach that will be focused on increased production, market sector development and key outcomes such as improved incomes and nutrition. The strategy will allow for more streamlined interventions between various projects and the standardization of implementation approaches across the board.
- The need to establish higher-level targets such as overall improved marketing performance (i.e. increased sales in target markets) in REGAL-AG’s two counties. The REGAL-AG team confirmed that this will be done during the baseline survey that is anticipated to be conducted later this year.
- The importance of having a streamlined work plan document, driven by top-level outcome indicators and supported by clear and targeted initiatives that clearly demonstrate how they feed into: a) short-term project direction and b) long-term project strategy.

The ABEO Director also mentioned that a “Leadership Team” would soon be brought together to push forward innovations and provide guidance to USAID and the REGAL programs.

Additionally, REGAL-AG participated in a USAID-organized 9-5-2 meeting that was held on February 6, 2014 and was attended by representatives from the Millennium Water Alliance, APHIA Plus, FEWSNET, the World Food Program, REGAL-IR and REGAL-AG. The highlight of the meeting was a discussion on the prevailing drought situation in the ASALs. In their presentation, FEWSNET said that the threat of drought was growing and food prices were likely to increase. They further noted the need to enhance proper livestock production and marketing infrastructure to reduce risk exposed to the pastoralists in the ASALs, as livestock are the largest economic driver in this region.

Other activities that took place with USAID-funded programs in the quarter include the following:

- a) REGAL-AG partnered with NRT to assist Nakupratt-Gotu Conservancy (in Isiolo County) to develop a CDAP with the aim of developing an economic hub within and around the conservancy. The goal is to do this by building on the conservancy's strong governance, existing economic development initiatives and plentiful natural resources, as well as the internal financing efforts ongoing within the conservancy. The CDAP is aligned to NRT's and REGAL-AG's business development objectives, based on community development priorities that focus on inter-linkages between livestock production, marketing, ecotourism and wildlife, and grazing and rangeland management. The REGAL-AG team also took the opportunity during the community meetings to pursue discussions on engaging pastoral communities in policy and advocacy issues. Based on the CDAP, REGAL-AG envisions that Nakupratt-Gotu and other conservancies will lay the foundation for enhanced governance around three key pillars: a) improved conservation and wildlife protection; b) improved livestock production and marketing; and c) improved rangelands management. Going forward, REGAL-AG will work with the conservancy in the implementation of the action plan in addition to supporting MELAKO Conservancy in Marsabit County to develop a CDAP.
- b) The Marsabit-based team attended a meeting organized by Food for the Hungry-Kenya (FHK) under the Millennium Water Alliance (MWA) project within the quarter. The meeting included representatives from REGAL-AG, REGAL-IR, APHIA-Plus, WFP, and FHK-MWA. The meeting provided an opportunity for the partners' members to have a better understanding of programming, and to define areas of collaboration and synergy. The meeting resolved to establish regular information sharing, especially in common project sites for resource leveraging.
- c) As reported previously in our communications, the REGAL programs (REGAL-AG and REGAL-IR) continued to collaborate closely through joint reviews and regular discussion on the progress of the wider REGAL efforts. One of the main areas of collaboration during this quarter was in the development of TORs for livestock sector master plans for both Isiolo and Marsabit counties. Other discussions were held regarding how the REGALS can jointly conduct a baseline survey and collect GIS information. The programs also worked to further define partnership opportunities with NRT and WFP, which will be further developed in the upcoming quarter. The two programs have plans to continue working closely in quarter three, especially in addressing disaster risk reduction interventions and implementing drought contingency plans in the face of the drought predicted in the coming months of 2014 in Northern Kenya. The REGAL-AG GIS map pasted below (Figure 5) was collaboratively done between REGAL-AG, REGAL-IR and USAID/BFS.

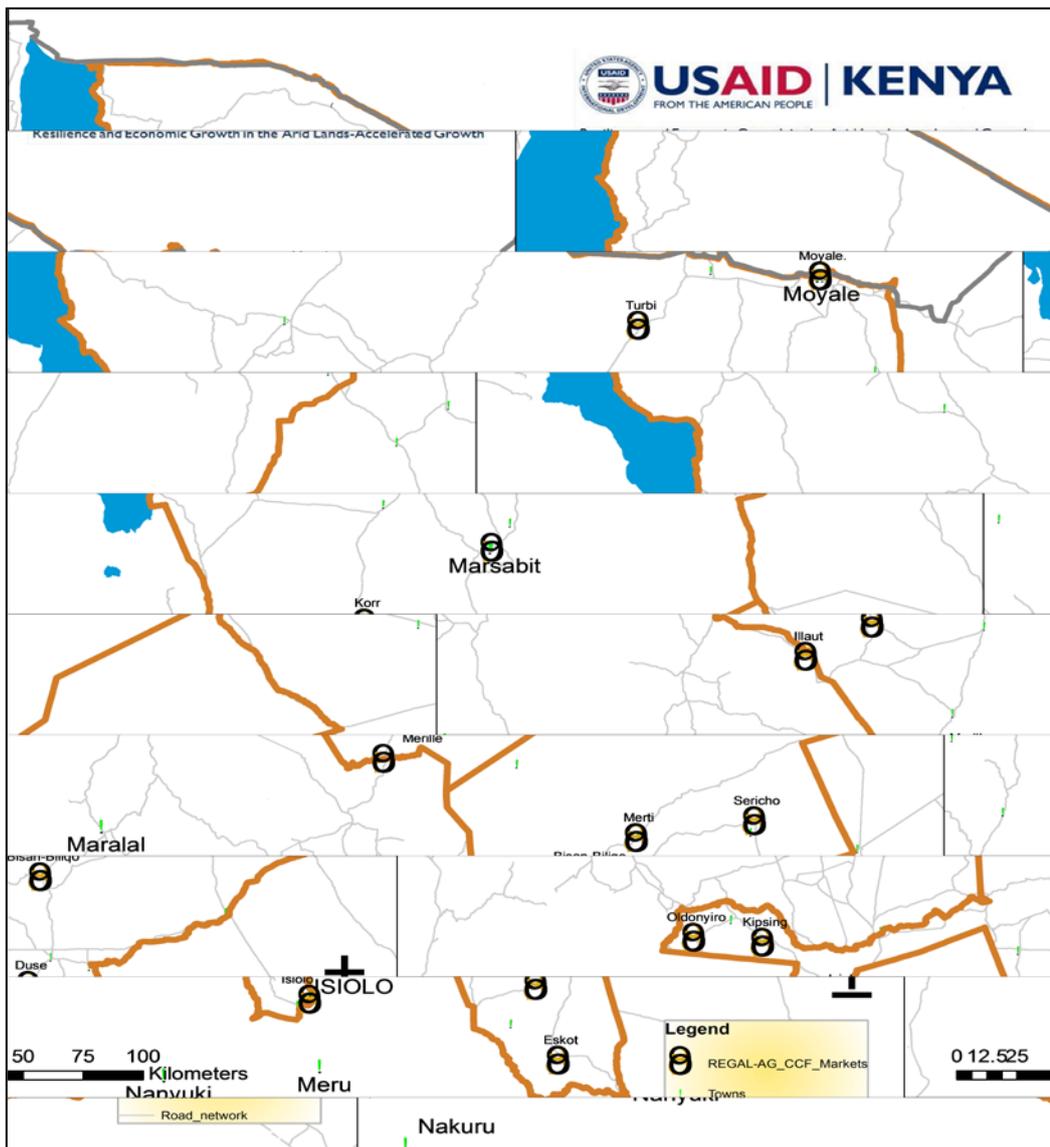


Figure 5: Map showing location of REGAL-AG assessed markets

VI. 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 reporting period, REGAL-AG’s COP and DCOP held consultative meetings with representatives from the county governments of Marsabit and Isiolo, which culminated in the signing of an MoU between the two county governments and REGAL-AG. The MoU stipulates collaborative arrangements in the implementation of the project’s activities. The Isiolo event was featured in the local media.

During the quarter REGAL-AG also met with the Isiolo Governor, the County Executive for Agriculture and Livestock Ministry, and technical specialists employed by the county government, and came to an agreement to collaborate on developing market infrastructure in the following communities: Isiolo, Oldonyiro, Merti, Eskot and Sericho.¹ As a sign of commitment, the County Government of Isiolo, through the County Executive, pledged a total contribution of Ksh 10.5 million towards the infrastructure development and

¹ These markets were also identified as priorities in the project’s ‘Market Assessment Report,’ shared previously.



Figure 6: Left photo/extreme left: Dr. Cary Farley of REGAL-AG signing the MoU with Dr. Aboran Dokhe, Marsabit County Minister for Agriculture, Livestock & Fisheries Development. Standing from left: Dr. Bonface Kaberia and Dr. Arero Halkano of REGAL-AG. Right photo/second from right: Amb. Ukur Yatani, Governor of Marsabit County, overseeing the MOU signing.

asked REGAL-AG to meet other costs under the CCF. It was agreed that the Isiolo County Government would finalize the market infrastructure Bill of Quantities (BoQs) as well as market structure plans for the five markets, and send these to REGAL-AG for review and comments. Other discussions centered on strategies for the operationalization of the abattoir, and plans for the

upcoming livestock trade fair, investors' conference and pasture rehabilitation campaigns.

Specifically on the Isiolo abattoir, REGAL-AG agreed with the county government to undertake an assessment using a team of consultants that will analyze and develop action plans for the abattoir to become operational. This will include looking at the final structures and equipment needed to export to different markets, and developing a business plan with a proposed model for involving private investors. Recruitment for this assessment will begin in the upcoming quarter.

Other collaborative activities with the county governments of Isiolo and Marsabit during the quarter included the following:

- 1) REGAL-AG participated in the Isiolo County accountability forum held on 26th March 2014. The accountability platform is provided for in the new Constitution to promote citizen information and participation in the county businesses. The forum was attended by 99 participants who included the Isiolo Governor, the County Commissioner, area Members of Parliament, Members of the County Assembly and representatives of various stakeholders. In the plenary, the County Executives for the various sectors presented their achievements, challenges and proposed way forward. The County Executive for Agriculture, Livestock & Fisheries and the County Executive for Lands and Physical Planning explicitly mentioned REGAL-AG's collaboration with the county government, specifically including the planned construction/rehabilitations of 5 markets (Isiolo Central, Oldonyiro, Sericho, Kipsing and Eskot).
- 2) During the quarter, REGAL-AG's Isiolo-based Community Investment Specialist participated in a forum organized by the ASDSP in Isiolo County. The forum, the first of its kind in the county, brought together stakeholders from the camel milk value chain including producers, traders and trading groups such as Anolei, Tawaka, and Defe women's groups in Isiolo, collectors such as Kulamawe Women's Group, financial service providers, and other stakeholders involved in the camel milk value chain such as NGOs like ACDI/VOCA, Farm Africa, and SNV. During the event, various aspects of the camel milk value chain were discussed, with topics ranging from production to



Figure 7: Dr. Cary Farley, COP of REGAL-AG, signing and exchanging the MoU with His Excellency Godana Doyo, Isiolo County Governor, while the REGAL-AG DCOP and Isiolo County Minister for Agriculture, Livestock & Fisheries Development look on.

marketing issues. At the end of the event, REGAL-AG engaged with the team that will work towards creating an improved enabling environment in the camel milk value chain.

VII. PROGRESS ON USAID FORWARD

During the quarter, and going forward throughout the life of the project, REGAL-AG greatly expanded efforts to build the capacity of local institutions through the CCF. In addition to two CCF Committees that REGAL-AG is preparing to form—the Community/County Supervisory Committees (CSC) and the CCF Evaluation Committee—REGAL-AG will enter into partnerships with grantees through the APS mechanism and market infrastructure improvement grants. The project staff will build the capacity of the CSC and grantees in managing procurement processes and monitoring construction projects, while enhancing transparency of CCF processes and grantee operations. This is expected to improve the business capacity of the local community institutions now and in the future.

REGAL-AG has continued to work with and build the capacity of local partners, such as PACIDA, and community institutions like the LMAs, environmental management committees, and grazing committees, among others.

Specific capacity building interventions for local organizations/institutions contributing to USAID Forward this quarter include the following:

1. The Marsabit REGAL-AG team and PACIDA, a sub-contractor, were introduced to and taken through the CCF process. This activity was held at the Marsabit field office and the PACIDA field office respectively. Discussions were held on how to move the process forward upon the approval of the CCF Manual, and how to engage the field facilitators in the CCF process. Action plans were developed as part of the discussions and will be implemented in the coming months now that the CCF Manual has been approved.
2. During the quarter, REGAL-AG conducted assessments of three potential sub-contractors in Isiolo using a capacity assessment framework that the team prepared: the Resource Advocacy Program (RAP), Friends of the Nomads International (FONI) and Pastoralist Women Health and Education (PWHE). The assessment was done in compliance with ACDI/VOCA's grant requirements and procedures, and was aimed at determining whether the local organizations had the institutional and financial management capacity required to manage donor funding and fulfill the obligations anticipated under an award agreement. The findings of the assessment are currently being analyzed; REGAL-AG intends to partner with one out of the three organizations assessed and to build their capacity in implementing donor-funded activities both at the institutional and financial management level.
3. In the quarter, REGAL-AG also recruited 13 field facilitators who will be managed by the REGAL-AG sub-contractors; nine out of the 13 field facilitators will be managed by PACIDA while the other four will be managed by the partner identified for Isiolo County. The field facilitators will contribute to capacity strengthening of the local organizations.

VIII. 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.

Beginning this quarter and continuing in the upcoming quarter, REGAL-AG is ramping up activities focused on private sector-driven opportunities. These will include a closer examination of the Isiolo abattoir and the potential for private investment and management, as well as scaling-up the outreach of Kenyan companies already involved in the livestock sector.

REGAL-AG, in its pursuit for market information dissemination and other outreach messages for pastoralists, will also be collaborating with government extension services and institutions to develop appropriate and sustainable efforts. The participation of local groups in developing messages in local languages through songs, theatre and dissemination via local radio is expected to result in local ownership of the commercial pastoralism messages.

Details of REGAL-AG's sustainability plan are elaborated in the project's revised strategy and will be evaluated on an ongoing basis.

IX. SUBSEQUENT QUARTER'S WORK PLAN

REGAL-AG's upcoming activities are captured in detail by the quarter III activities within the FY 2014 work plan. A summary of the project's planned activities for April-June 2014 is listed in Annex I.

Annexes and Attachments

Annex I: Schedule of Future Events

The following list highlights the major upcoming events/deliverables for the period April-June 2014 disaggregated by component:

Component 1:

- a) Participate in the livestock strategy workshop
- b) Document best practices in Oldonyiro and Merille markets and isolate policy legislative issues
- c) Follow-up on Oldonyiro and Merille markets' land ownership
- d) Facilitate Melako CDAPs
- e) Facilitate Nakupratt-Gotu CDAPs community mapping
- f) Collate and analyze revenue statistics for Oldonyiro market's contribution to Laikipia County
- g) Document sorting and grading standards
- h) Develop policy on fodder/seed commercialization
- i) Develop standards on animal health (inputs/service)

Component 2:

- a) Train LMAs on basic business management skills
- b) Initiate market development plans from the LMAs
- c) Facilitate two trade forums
- d) Facilitate contractual agreements on camel milk business

Component 3:

- a) Undertake assessment of Isiolo abattoir
- b) Support Marsabit County government hold livestock trade fair
- c) Train field facilitators and deploy them to support in the livestock market hubs
- d) Support animal health care at the community level

Component 4:

- a) Provide gender training to selected members of community-based institutions/organizations as gender champions
- b) Develop gender-related quarterly case studies

- c) Identify relevant business opportunities in livestock and livestock-related products for youth and women
- d) Review all EOIs from grantees to ensure gender integration

Community Contracting Fund Implementation

- e) Review APS applications and award grants as approved
- f) Float market infrastructure development concept notes from local contractors
- g) Finalize the Environmental Impact Assessments and seek NEMA approval
- h) Review the project's IEE and seek USAID guidance in developing a revised ERR
- i) Establish CSCs that will serve as a forum for the communities to drive the monitoring and oversight of the CCF projects, and will also serve as an avenue for REGAL-AG to build the capacity of selected grantees

Communication

- a) Write and share two success stories
- b) Disseminate the REGAL-AG communication strategy
- c) Organize REGAL-AG learning event
- d) Develop REGAL-AG quarterly newsletter

Monitoring & Evaluation

- a) Develop M&E SharePoint-based database
- b) Undertake M&E field visits
- c) Prepare the baseline survey design and draft tools
- d) Follow up on M&E training and learning agenda for REGAL-AG staff

Annex II: REGAL-AG Revised Causal Model

The REGAL-AG program team revised the project’s causal model to be in alignment with the value chain facilitation model and the market systems approach. The revised model is illustrated below:

