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**KMDP/MIS  
EVALUATION**

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**BIBLIOGRAPHY**

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# ACRONYMS

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## ACRONYMS

AIC	Agricultural Information Center within MOALDM
APAP	Agricultural Policy Analysis Project
ARMES	Applied Research Monitoring and Evaluation System
CBS/ASS	Agricultural Statistics Section of the Central Bureau of Statistics
COP	Chief of Party
CPI	Consumer Price Index
DAO	District Agricultural Officer
DFMO	District Farm Management Officer
DH&SMC	Deloitte Haskins and Sells Management Consultants Ltd
DLMO	District Livestock Marketing Officer
DMO	District Marketing Officer
DPD	Development Planning Division of MOALDM
ESAMI	Eastern and Southern Africa Management Institute
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FMD	Farm Management Division
FMD	Farm Management Division of MOALDM
GOK	Government of Kenya
HCDA	Horticultural Crop Development Authority
IBRD	International Bank for Reconstruction and Development
KARI	Kenya Agricultural Research Institute
KBC	Kenya Broadcasting Corporation
KMDP	Kenya Marketing Development Program
KSC	Kenya Seed Company
Ksh	Kenyan shilling
LTTA	Long Term Technical Assistance
MIB	Marketing Information Branch of MOALDM
MIS	Market Information System
MLD	Ministry of Livestock Development
MOA	
MOALDM	Ministry of Agriculture, Livestock Development and Marketing
MOPND	Ministry of Planning and National Development
MOPW	
MOSM	Ministry of Supply and Marketing
MTV	Minimum Transaction Volume
NCPB	National Cereals and Produce Marketing Board
PAAD	Program Assistance Approval Document
PACD	Project Activities Completion Date
PAM	Policy Analysis Matrix
RA	Rapid Appraisal
RFP	Request for Proposal
SOW	Scope of Work
STTA	Short Term Technical Assistance
TA	Technical Assistance
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WFP	World Food Program

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## **EXECUTIVE SUMMARY**

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## EXECUTIVE SUMMARY

The Kenya Marketing Development Program (KMDP) was designed in the context of concurrent major economic reforms in Kenya. Considerable changes were also taking place in the field of agricultural marketing and the Program was seen as a lever for accelerating the liberalization process. From a highly regulated domestic system, in which wholesale and retail prices had been fixed, the market had been largely liberalized by the end of 1991, with beans and maize the remaining two scheduled crops whose marketing and pricing was still regulated.

USAID identified the under developed agricultural marketing system as an area where assistance could have a major influence on increasing agricultural productivity which was the overall goal of the Program. Assistance was to be provided in three forms:

- construction of intermarket roads to reduce marketing costs;
- assistance to the Universities of Nairobi and Egerton in the continued development of the Policy Analysis Matrix to aid the country in developing and monitoring agricultural policy;
- a marketing information system which would improve the transparency of the market. By providing wholesale market price information to farmers upon which they could make decisions to shift to higher valued cropping mixes.

This evaluation examines the latter component which sought to provide price signals to the agricultural community and to the policy planners through increasing the capacity of the Marketing Branch of the Farm Management Division of the Ministry of Agriculture.

The Program purpose stated in the Program Assistance Approval Document (PAAD) was to develop a more efficient national maize and bean market that would provide greater price incentives to maize and bean producers. This was to be achieved through:

- reduced marketing costs due to improved access to market information;
- increased producer prices for maize and beans as a result of lower marketing costs; and
- price signals that provide more accurate information to producers on maximizing productivity and net farm incomes.

A condition precedent of the Program for the disbursement of funds was that the Government of Kenya (GOK) would liberalize the bean and maize markets.

By the stage of the Contract for the Market Information System (MIS) and roads Technical Assistance (TA) components, the Program was described as being designed to provide overall support and specific assistance to:

- the elimination of movement restrictions on maize, beans, processed maize products and millet and sorghum; and,
- the dissemination of information concerning market regulations and prices on a regular basis.

Additionally, support would be given to investment in road improvements and increased capacity to the Ministry of Agriculture, the Central Bureau of Statistics and the Ministry of Public Works to analyze, design, monitor and implement investment and policy decisions.

### *Program Design*

In the view of the evaluators, USAID had achieved a considerable step in having the GOK accept the concept of creating a wholesale price marketing information system (MIS). This in a country where many of the decision makers did not accept that price information belonged in the public domain. However, attempting to concentrate the MIS on the maize and bean markets skewed the emphasis of the input to the FMD/Market Information Bureau (MIB). This resulted in the MIB finding that their remit was at odds with the objectives of USAID's agenda. MIB's role was to collect and report prices on the rest of the wide range of crops in Kenyan agriculture, within a marketing system which was wholly liberalized except for maize and beans<sup>1</sup> whereas the USAID preoccupation was on these latter crops.

The evaluation team feel that the case for concentrating on maize and beans was not well made. The creation of an effective MIS would have been a major contribution to achieving the Program goal through other crop price reporting. In addition, a tool would have been created for measuring the impact of maize market liberalization when that came about - which it did in December 1993, eight months after the decision to curtail the TA to the FMD/MIB.

Coinciding with the implementation of the KMDP was a period of severe budget constraint in the GOK. Domestically, this was partly due to a period of drought, and externally, by a cutoff of donor funding due to the perceived reluctance of the GOK to move faster on economic and political reforms. Therefore throughout the life of the Program, and until the present, most of the GOK shilling funds earmarked in Treasury for KMDP/MIS were not available to assist MIB to achieve its objectives.

A program of enumerator and district staff training had been planned to start in the first year of the project. This was to be based on an Enumerators Operations Manual created under Short Term Technical Assistance (STTA) but was postponed until the second year. Criticism was levelled at the data collection methodology and training of enumerators. By the time the Enumerators Operations Manual was drafted the decision had been taken to truncate the MIS TA component of the Program, and refocus its aims to perform three research studies into the marketing systems for maize (still controlled), beans and potatoes.

### **KMDP/MIS Component Achievements**

The anticipated institutional building capacity to improve MIB policy analysis capability did not take place, but this was not part of MIB's remit, nor should it be. However, the Project was successful in building headquarters capacity to collect, edit and prepare table presentation of price

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<sup>1</sup> The market for beans was liberalized in April 1992.

information for press and radio dissemination. There were never sufficient funds available to MIB to fully achieve its price dissemination objectives since the channels of communication - press, radio and the Agricultural Information Center - all operate on a commercial basis. The MIB did, however, produce a *Monthly Market Bulletin* which was circulated throughout government and to donors and found a ready acceptance.

The Project did not succeed in ensuring that a uniform price collection methodology was being practiced through field level training.

*The Current Situation and the Future of MIS*

The current situation is that the funds allocated to the MIB are limited to the point that it is unable to sustain the tasks of which it is capable and which had begun to become appreciated by the producers, traders, the GOK authorities and donors.

MIB is still in need of assistance, in the fields of training, continued upgrading of the database and market price dissemination.

GOK officials, without exception, have expressed their support for a MIS. For the continuation of MIB and its development, the necessary funds for operation and maintenance of the limited hardware needed at headquarters and at district level, as well as a rigorous training program must be assured.

# **1 BACKGROUND**

## 1 BACKGROUND

The Kenyan economy suffered major setbacks in the past several years. Withdrawal of donor funds in 1991 curtailed growth in the non agricultural sectors while a prolonged drought over the same period kept growth in the agricultural sector virtually flat. But traditional agricultural export crops recorded gains. High inflation in 1992 and 1993 caused a decline in real average earnings of over 20 percent, but an increase in the small scale informal sector resulting from government reforms boosted overall non farm employment by 8.9 percent.

### 1.1 AGRICULTURE IN THE KENYAN ECONOMY

Agriculture is an important component of the Kenyan economy with export crops such as tea and coffee providing over 40 percent of total export earnings in 1993. Other important agricultural export earners include horticultural products (11 percent) and pyrethrum extract and sisal which together provided an additional 2 percent of 1993 export earnings.

Poor weather conditions which severely affected cereal crop production since 1991 did not affect production of the major export crops. Market liberalization and improved export conditions for tea, coffee and horticultural products further enhanced the importance of these products in the economy.

Liberalization of dairy marketing in 1993 resulted in the expansion of private sector milk processing activities and increased direct selling of milk and milk products from the farmer to consumers as deliveries to the Kenya Cooperative Creameries declined.

### 1.2 THE CEREALS SUBSECTOR

Drought conditions from 1991 through 1994 severely reduced production of maize, beans, wheat and paddy rice. The resumption of favorable rainfall during the 1994/95 growing season brings with it the expectation that production of these food staples will return to more normal levels. The poor performance of staple crops, particularly maize and wheat, depleted Kenya's food reserves in these commodities and necessitated larger than normal importation over the period.

Normal maize production levels in the range of 27 to 30 million bags were recorded from 1985/86 through 1989/90. But, from 1990/91 through 1993/94 total output dropped each year, from about 25 million bags down to under 18 million bags. The 1992/93 and 1993/94 shortfalls were largely caused by below average long season rainfall in both those years and the additional reduction of short season rainfall in 1993/94. More normal rainfall patterns emerged during the 1994/95 production season with maize production estimated at 30 million bags.

Maize market liberalization proceeded from 1988 through October 1992 when full controls were again instituted for a 12 month period. All controls were eliminated on December 27, 1993. As a result of these policy changes less maize is being marketed through the National Cereals and Produce Board (NCPB) as farmers and first level grain assemblers increase direct sales to millers.

## **2 CEREALS MARKETING SYSTEM AND POLICIES**

## **2 CEREALS MARKETING SYSTEM AND POLICIES**

### **2.1 EVOLUTION OF THE CEREALS MARKETING SYSTEM AND POLICIES**

In Kenya maize is consumed primarily in processed form, either as meal or products made from meal or flour. At the local level this means that self sufficient farmers and consumers buying at local wholesale or retail markets take their grain to a local posho mill for final processing before consumption. Urban or non maize growing rural consumers most likely buy maize products in milled from a local vender. The latter probably accounts for 60 percent of maize products consumed in Kenya.

#### **2.1.1 Maize Marketing Policies Through December 1992**

Until the late 1980s maize marketing in Kenya had been strictly controlled for over 50 years, dating back to the Colonial period. Since Independence, controls took the form of restrictions on quantity movements across, and even within districts, combined with seasonally fixed panterritorial prices and single channel government managed buying and selling of the raw product. NCPB was the only legally designated farm gate buyer of maize. Severe penalties were imposed on small volume maize buyers and sellers operating outside the formal NCPB purchasing channel. Consequently, competitive parallel private sector marketing channels could not develop.

Even with these onerous restrictions small quantities of maize were traded at informal wholesale markets, primarily in selfsufficient and surplus districts. Anecdotal evidence accumulated during this evaluation indicates that commercial volumes of maize from surplus districts even found their way to wholesale markets in maize deficit districts. Although public price reporting of scheduled products was not permitted while controls were in effect, maize traded at district wholesale markets in production areas reportedly sold for a premium over the fixed NCPB prices.

Until 1988, only two 90 kg bags could move in the informal market across district lines without a government permit. Movement controls were relaxed in 1988 to allow 4 bags to cross district lines. In 1989, restrictions eased to 10 bags and millers were able to purchase up to 20 percent of their supplies from farmers or traders. By February 1991, 44 bags could be moved without a permit and in April 1992, restrictions were further eased by allowing movement of 88 bags, (about 8 tonnes). However, in October 1992 the easing of restriction controls ended with reimposition of the original 2 bag rule. This ban remained in effect until October 1993 when individuals were again allowed to move up to 88 bags without a permit. On December 27, 1993 full liberalization occurred.

#### **2.1.2 Maize Marketing Since December, 1993**

Immediately after full market liberalization in December 1993 maize prices rose sharply but since then have settled back to lower levels. Prevailing NCPB prices did not change after markets were freed in December 1993. But retail prices jumped sharply, especially in urban retail markets, while wholesale prices in surplus production regions gradually drifted lower. By mid February 1995, wholesale prices in the Rift Valley production areas ranged from Ksh 600/bag to Ksh

650/bag while some private traders who assemble grain for direct sale to millers or the NCPB are reported to be paying up to Ksh 750/bag. The NCPB is paying Ksh 950 delivered but has cash flow problems which delay payments for up to three months in some cases.

A review of the relationship between production costs and total maize revenues (Nyoro 1994) show that farm level profit margins increased quite dramatically in 1992 and 1993. This was largely because relative producer price increases in 1992 and 1993 were related to lower yields because of poor weather conditions. The cost price squeeze resulting from increased input costs also reduced the amount of land planted in 1992 which also contributed to lower harvest levels. Moreover, poor seed quality may also have contributed to lowered yields during the period.

## 2.2 THE ROLE OF PRICES IN LIBERALIZED KENYAN MAIZE MARKETS

Surplus production regions in Kenya are, by and large, located in the western highlands, while major consumption districts are in the central highlands around Nairobi and the coastal areas around Mombasa. Moreover, the major port is located at Mombasa. Thus, in good production years maize sourced from the western districts includes significant transport charges when finally arriving at consumption points. Similarly, imports sourced at Mombasa, contain significant transportation and port handling charges when reaching consumption locations farther west.

Taking these aspects into account, researchers (Nyoro 1992 and 1994) suggest that 1992 import parity price for white maize at Nairobi was Ksh 1 184 per 90kg bag, while export parity price at Nairobi was Ksh 376 per 90 kg bag. This range of Ksh 808 per 90 kg illustrates one of the major dilemmas of managing Kenyan maize price policy. This underscores the importance of collecting and disseminating accurate and timely price information in order to maintain price transparency between production and consumption regions.

The potential of extreme price variability between import and export parity prices because of sourcing at opposite extremes in the country and the need for processing maize prior to consumption, provides a partial rationale for following a single channel controlled marketing regime. It is inherently more efficient that commercial grain handlers be able to assemble and store large quantities of grain at convenient rail heads than to assemble grain by the bag at local wholesale markets and then transport this maize by truck to first level assembly points or to processors.

However, the marketing efficiencies gained through direct handling to first level assembly rail transport points does not, in any way, justify the arbitrary exclusion of the majority of small maize growers from access to this primary commercial marketing channel. Under liberalized marketing policies market conditions, rather than legal fiat, determine which farmers would remain as viable commercial producers. Price differences between formal and informal markets should reflect added handling and transportation costs associated with the smaller quantities of bagged grain handled in the informal channels. Similarly, without panterritorial pricing policies, price differences between surplus and deficit areas should largely reflect transportation and handling charges.

Although Government price policy has taken strange twists and turns over the past few years a major source of income variability for maize producers has been due to weather conditions. Since full price liberalization, market prices have fluctuated under the NCPB reference price but have not shown undue or extreme oscillations. By and large margins between production and consumption areas, as measured by the Ministry of Agriculture, Livestock Development and Marketing (MOALDM) MIB price reporting system, have maintained expected relationships governed by transportation and handlers profit margins. Currently, the margins between district wholesale markets and prices paid by private sector grain assemblers are wider than would be expected if these market were functioning normally. Improved price reporting by the MIB can improve transparency between these markets and eliminate the economic profit now gained by selling to the assemblers. Since this new channel already handles more grain than is handled in the wholesale market it further underscores the important role served by accurate and timely market price reporting.

**3 CEREALS MARKETING  
DEVELOPMENT ASSISTANCE IN  
KENYA**

### **3 CEREALS MARKETING DEVELOPMENT ASSISTANCE IN KENYA**

#### **3.1 THE KENYA MARKETING DEVELOPMENT PROGRAM**

##### **3.1.1 Background to the Program Assistance Approval Document (PAAD)**

The Program was designed in the context of the major economic reforms which were being undertaken in Kenya. Despite retaining a strong anti import bias the import regime had mainly been liberalized and the domestic system of fixed wholesale and retail prices had been largely dismantled. Plans were on the books for further price liberalization.

It was recognized in 1986 that national growth targets were unobtainable without rapid growth in the agricultural sector. This at a time when resources for expanding agricultural output, especially land resources were becoming increasingly limited. Therefore the focus of the GOK was to concentrate on increasing productivity to achieve its sectoral objectives. Three broad strategies were identified:

- increased intensity of input use,
- development of more productive technologies, and,
- shifts to higher valued cropping mixes.

Pricing policies, marketing policies and institutions which implement them, and the extension service were seen as the main instruments through which higher yields would be pursued. Research into new varieties and diversification in favor of higher value crops such as coffee, tea and horticultural crops were the other two main instruments for the achievement of accelerated growth.

The discussion of Kenyan agricultural production in Chapter 1 of this report indicates the importance of maize and beans in the cropping patterns. The discussion in the PAAD suggested that this predominance is driven less by the profitability of the crops as the fact that maize is the main staple in the Kenyan diet, supplying over 50 percent of national protein consumption. Whereas in 1986 the country was just self sufficient in maize it was projected at the time of the preparation of the PAAD that there would be an annual shortfall of some 96,000 tons by the year 2000.

The GOK and other sector analyses (such as the IBRD Agricultural Sector Report for Kenya) identified the critical constraints to increasing agricultural productivity as:

- limited land availability,
- lack of a well developed market system,
- inefficient agricultural supply system,
- inadequate research and extension services.

Each of these constraints was examined in the PAAD and it was concluded that the constraints imposed by land availability could only be overcome by increased intensification with existing

crops and a shift to higher value crops. It was anticipated that these changes would come mainly from the smallholder sector as the large farm sector had already adopted such strategies.

The economic analysis for the PAAD showed that poor roads and inappropriate market policies produce the single largest set of constraints to market development. Better intermarket roads would allow faster movement of goods and lessen vehicle maintenance which would result in lower marketing costs. This, in turn, would lead to higher commodity prices and a fall in on farm costs of inputs.

### **3.1.2 Marketing Systems**

As regards market policies, the extent of intervention for most major domestically consumed and industrial crops through price setting and marketing boards had been high. The PAAD reported that current intervention prices for cereals more nearly reflected import/export parity prices than formerly. However, their potential for stimulating farmers to increase production had been offset by late payment to farmers for commodities sold through parastatals. Other constraints imposed by seasonally fixed, panterritorial official prices were the lack of incentives for private storage and misallocation of resources, since prices did not reflect local market conditions. Additionally, the excessive and costly government intervention in the market, in the form of the NCPB and other parastatals, resulted in budgetary transfers to these institutions which could have been otherwise invested to raise agricultural productivity.

Agricultural input supply was largely in the hands of a wide range of participants including parastatals, cooperatives and private traders. The Kenya Seed Company (KSC) was responsible for seed multiplication and was adjudged successful. Similarly, no major constraints were identified in the provision of agricultural machinery and machinery services and of veterinary services. The fertilizer subsector was considered to have had the most serious problems but these were already being addressed by the USAID Fertilizer Pricing and Marketing Reform Program under which prices were decontrolled in January 1990.

Research had recently been subject to reform to develop a more systematic and coordinated research approach which had resulted in the establishment of the Kenya Agricultural Research Institute (KARI) in 1986. The extension services of the then Ministries of Agriculture and of Livestock had addressed the previous poor performance of their extension services and, with the assistance of the IBRD, had introduced a Training and Visitation (T&V) Program to make research and extension more relevant.

The conclusion of the discussion in the PAAD was that investment in market development would have high incremental returns in the short run and would enhance the expected return on long term investments in research and extension. Marketing development constraints were considered not to have been satisfactorily addressed by the GOK and the donor community whose prime concern had been the reduction of costs of the parastatals. The creation of an environment where markets for agricultural commodities serve to allocate scarce resources efficiently and thus enhance agricultural productivity had not received sufficient attention.

An examination of the complexities of the maize production and marketing systems in Kenya in terms of its structure, the role of the private sector, the spatial and temporal dimensions of maize and bean production and marketing, and the varied roles played by transport and information in the marketing channels led to the conclusion that the stated objectives of movement and price controls were not being met. In fact, marketing inefficiencies characterized by high marketing costs, uneven spatial and temporal integration, a high degree of market instability and potentially increased food insecurity had resulted from past policies.

Market information in Kenya was considered to be very much in the developmental stage despite there being good communications systems. Telephone, telex and fax linkages were generally good and printed and electronic media in English, Swahili and local languages well developed. It was reported that most information was passed by word of mouth due to the uncertainties of collected information, transmission errors and delays in analyzing/verifying the data. Moreover, publication of local market prices for scheduled products was prohibited.

The perceived shortcomings of private information networks included delay, the lack of integration among markets in close geographical proximity and the power conferred on those having access to market intelligence where this is restricted to a few people. A critical area of agricultural market development in Kenya was therefore identified as the improvement in public information networks capable of reporting both current market prices and information relevant to the determination of future prices. This information should be equally accessible to all market actors (producers, consumers and traders) as a means for strengthening competitive markets and ensuring that expected reduced market costs are translated into higher producer prices.

The GOK had indicated a strong desire to expand the current market price reporting of agricultural commodities and a keen interest in improving its crop forecasting capabilities.

### **3.1.3 Program Strategy and Rationale**

On the basis of the recognition of the lack of a well developed marketing system by GOK, USAID, IBRD and other donors, improving agricultural marketing policies and government analytical capacity in that field had been identified by USAID as one of the main targets of its agricultural strategy.

Due to its importance it was considered appropriate to focus on maize market liberalization. The maize market, and to a lesser extent other commodities, had been tightly controlled for fifty (50) years but the interventions in the maize market affect the production not only of maize, but other crops. The PAAD went on to argue "that providing more appropriate market signals for maize was a necessary first step that will allow farmers and traders to base their cropping and investment decisions on the principles of comparative advantage". Furthermore, clarifying market signals and developing low cost distribution systems would facilitate the strategic goal of moving towards higher income crops. In the long term, it was argued, this focus on maize would demonstrate to GOK the benefits of the greater participation of the private sector and signal to farmers and traders that GOK was intent on agricultural marketing reforms to permit improvements in efficiency and productivity.

The linkage of policy changes to investments in transportation was seen as fitting well with GOK's development strategy for the National Development Plan (1989-93). Through policy reform the excessive costs of maize, beans and minor grain marketing would fall by eliminating movement restrictions; through intermarket road rehabilitation, transport costs would be reduced; and through improved market transparency by the dissemination of market information the confidence of the private traders would be underpinned, encourage investment on their part and promote competition in the market.

The focus on maize and bean marketing was further justified on the basis of the large numbers of farmers producing these crops for cash or consumption. Focusing on improving price information transmission was considered to hold the most potential for generating large productivity gains over the long term. It was further argued that benefits would spread to millet and sorghum and thus further improve the farmer's decision making.

Furthermore, the GOK Agricultural Marketing Development Strategy as stated in the GOK 1989-1993 Development Plan was considered to have called for precisely what the KMDP proposed.

As the goal of the proposed KMDP was to increase agricultural productivity and net farm incomes it was also considered to fit in directly with the USAID Country Development Strategy Document (1990) which had the overall goal of sustained and broad based economic growth. The KMDP was also considered justifiable in relation to the Mission's long term interest in promoting agricultural marketing rationalization which would be the key to maximizing the impact that agriculture could have on the overall growth performance of Kenya.

The activities under KMDP were to be undertaken in coordination with World Bank's Agricultural Sector Adjustment Operation II (ASAOII) and EEC's Cereal Sector Reform Program (CSRP) and were seen as.. "only the beginning of a medium term process of overall cereal sector reform". The GOK and the donors were said to be agreed on the general direction of reform,.. "only in the context of implementing various reform activities to be undertaken in the next several years will specific guidelines for difficult policy issues emerge".

#### **3.1.4 The Program Goal and Purpose**

The KMDP long term goal was stated to be.. "to assist Kenya in achieving increased agricultural productivity and increased net farm incomes". KMDP would combine support for policy reform with targeted investments in road maintenance and infrastructure and policy measures to restrictions on private maize and bean trading.

The purpose of the program was to develop a more efficient national maize and bean marketing system that would provide greater price incentives to maize and bean producers. Specifically it was stated that the program would result in :

- reduced average unit marketing costs due to increased marketing volume,
- reduced transport costs due to improved and better maintained intermarket roads,
- reduced marketing costs due to improved access to market information,

- increased producer prices for maize and beans as a result of lower marketing costs and increased competition, and
- price signals that provide more accurate information to producers on maximizing productivity and net farm incomes.

If it is assumed that the fourth purpose was to be achieved through the reduction of state intervention in the marketing function and the emergence of an efficient and effective private sector, the two purposes intended to give access to market information are specific to the MIS component of the program. This to be achieved through increasing the capacity of government institutions to disseminate price signals and to perform policy analysis and planning.

### **3.1.5 Outputs from the MIS Component**

The primary output from the MIS component was to be the resumption of commodity price and market regulation dissemination. Based on the price information the Ministry of Agriculture would develop extension messages assisting farmers to use price information in their production decisions. This was also expected to underpin increased public confidence in the predictability of conditions affecting returns to marketing investments.

The Ministry of Agriculture's capacity to perform policy analysis and planning was to be through an Applied Research Monitoring and Evaluation System (ARMES) which the Ministry would establish. ARMES was to combine the Farm Management Division's (FMD) data collection and compilation activities with the Development Planning Division's (DPD) policy analysis and planning activities. It was envisaged that within three months after decontrol ARMES would publish a working paper on the impact of cereal market decontrol. This paper was foreseen as the basis for further dialogue concerning additional interventions or policy changes.

### **3.1.6 Inputs to the MIS Component**

The KMDP inputs fell into three categories:

- sector grants and food assistance transfers contingent upon achievement of policy conditionality;
- government counterpart contributions to support institutional strengthening;
- dollar grant funded technical assistance and commodity procurement.

Proceeds from the sale of commodities donated under P.L.480 could be used at the discretion of the GOK and were not to be allocated to a separate line item for use by the KMDP component activities. Receipt of these commodities was based on meeting KMDP policy reform criteria as agreed upon by the two governments. However, irrespective of meeting conditionalities associated with receipt of commodity assistance, the GOK was to allocate its annual counterpart contribution for the MIS component as a Kenyan shilling (Ksh) line item at the start of each

fiscal year. These funds were to be made available to the MIS counterpart agency (Marketing Branch of the Farm Management Division) through the GOK development budget.

Dollar supported technical assistance and commodity procurement for the entire KMDP were proposed. Short and long term assistance was to be provided to the Ministries of Public Works and of Agriculture, the University of Nairobi and Egerton University. The technical assistance was to develop and support the capacity for evaluating and analyzing the impact of KMDP reforms and investment during the program. An additional major objective was to be the development of institutional linkages and capacities to foster increased and sustainable university government cooperation in identifying and implementing policy reforms.

Nine person years of technical assistance was to be composed of two long term advisors in the MOA/FMD, one in the MOPW and one in the universities. In the MOA technical assistance proposed for:

- the FMD's Input, Credit and Marketing Branch (later to become the Marketing Information Branch (MIB)) to develop a market price information system and promote the use of market price data analysis in government policy making;
- the FMD's Research Branch to assist in upgrading its capacity for farm gate commodity price collection and analysis.

The latter technical assistant was to be Chief of Party (COP) to the technical assistance team and was to be tasked with:

- responsibility for ensuring government decision makers employ market and farm gate price information and analysis in developing policies affecting agricultural markets;
- ensuring that government and university policy analysts collaborate in the analysis of data concerning agricultural market efficiency and its impact on farm gate profitability.

In addition the Chief of Party would assist in:

- developing a conceptual approach for introducing farm gate price information into policy discussions;
- developing FMD's capacity to collect, compile and analyze farm price data;
- identify the determinants of farm gate prices;
- determine how farmers employ price signals in their enterprise mix decisions; and provide on the job training.

Fax machines for transmission of data between the districts and Nairobi as well as vehicles and computer systems would also be provided under the dollar supported component.

Additionally, 55 person months of STTA were to be provided for the MOA, MOPW and Egerton and Nairobi Universities. It was anticipated that the plans for short term assistance might change and the specific analytical agendas and short term technical assistance requirements would be outlined under each institutions annual work plans developed under the direction of the KMDP Steering Committee. An illustrative list of anticipated short term technical assistance for the MOA proposed:

- inventory of regulations affecting maize and bean trading;
- specific studies of the impact of announcing market regulations on commodity flows and marketing techniques;
- development of a strategy for implementing and sustaining a market information system;
- development of predictive scenarios of the impact of maize and bean decontrol on national food security and the NCPB;
- analysis of possible future roles of the NCPB in grain marketing;
- evaluation of the private sector's capacity to respond to liberalization;
- analysis of the agricultural input sector's response to market liberalization;
- development of strategies for commodity market structure (including forward contracting and futures);
- assessment of the potential impact of maize movement decontrol on farm enterprises mix; and,
- identification and monitoring of the impact of maize movement decontrol on "losers" in the marketing system.

At that stage it was planned that two AID direct technical assistance contracts be financed. The first for the provision of the proposed technical assistance to the MOA and MOPW. This was planned to be a joint US/Kenyan proposal using as much Kenyan technical assistance as possible. The second contract was to be awarded to the Universities of Stanford and Arizona through a buy in to the centrally funded Agricultural Policy Analysis Project (APAP) to assist in applied research and development using the Policy Analysis Matrix (PAM) approach.

## **3.2 THE REQUEST FOR PROPOSAL**

### **3.2.1 The Description of the Program**

Whilst the strategy, rationale and goal of the KMDP remained unchanged from that in the PAAD, the purpose changed its focus in the Request for Proposal. The development of an more efficient national maize and bean marketing system was still seen as providing greater incentives to producers. The Program was to provide overall support and specific assistance to:

- the elimination of movement restrictions on maize, beans, processed maize products and millet and sorghum;
- the dissemination of information concerning market regulations and prices on a regular basis;

- the identification, planning, financing and investment in road improvements and maintenance; and
- the increased capacity of the Ministry of Agriculture, the Central Bureau of Statistics (CBS) and the Ministry of Public Works to analyze, design, monitor and implement investment and policy decisions.

The technical assistance called for in the RFP had changed from the envisaged two advisors in the MOA/FMD to one advisor whose length of assignment would be three years in the MOA/FMD and one advisor in the CBS for one year during the first contract year.

The contractor was required to assist the FMD in undertaking the following tasks<sup>2</sup>:

**1 Market Information System Administration and Organizational Development**

- Establishing the MIS Working Group composed of the Ministry of Agriculture and Agricultural Information Center representatives. Where appropriate, solicit Central Bureau of Statistics' participation;
- Reviewing scopes of work and lines of authority for the MIS personnel in Nairobi and at the district level and assisting the MOA in implementing any appropriate clarifications or changes.

**2 Data Collection and Transmission**

- Reviewing the results of previous surveys identifying potential public and private users of market price information;
- Reviewing geographic distribution of existing data collection points. determining whether upgrading of market information should be done on a national or "pilot" basis;
- Assessing the capacity of the MOA staff at the district, location or sublocation level to collect market price information accurately and to efficiently transmit it to Nairobi for distribution;
- Designing a market price information systems operation manual for data collectors and supervisors;
- Soliciting and evaluating feed back concerning the operations manual from the district and provincial MOA staff;

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<sup>2</sup> The task list is a summarized from the RFP. This task list remained the same in the Contract.

- Implementing a national workshop on the market information system. The workshop should discuss data collection methodology, constraints to implementing instructions in the manual, etc.. The workshop should also enhance FMD staff appreciation of the usefulness of accurate price data for traders, farmers and public decision makers;
- Selecting the most highly competent district level staff to receive "training of trainers" instruction;
- Designing and implementing a second national workshop during which the final operations manual is introduced and discussed;
- Providing follow up training to location and sub location marketing officers and in developing schedules of follow up visitations to ensure MOA officer's collection and transmission of accurate market price information;
- Providing, or arranging to have provided, training for district marketing officers in simple manual price data analysis.....to form extension messages on the use of market price information in planting and marketing decisions.

### 3 Farm Management Division: Data Analysis

- Transferring all price data previously collected to the SPSS/PC+, or similar statistical package, in order to facilitate market price analysis;
- Developing data verification procedures. Sensitize FMD to the need for consistent data verification;
- Obtaining training for FMD staff in the use of the appropriate computer software.
- Developing and training FMD staff in systematic data processing. Assist FMD staff in developing methodologies for using wholesale market price information in estimating farm gate prices, monitoring national and regional food security and assessing the impact of cereals sector reform on marketing efficiency and farm revenues.

### 4 Agricultural Information Centre: Price and Extension Message Distribution

Collaborating with the Agricultural Information Centre in:

- Designing a pilot mass media campaign to distribute market price information and marketing extension messages;
- Identifying the commodities to be covered by different news media. Assisting in determining the most effective time slots and languages for market price announcements;
- pretesting market price and extension message radio programs;

- producing radio and newspaper price announcement format, determining vernacular and geographic coverage, distribution channels from MOA to Agricultural Information Center (AIC) and from AIC to the public, and frequency of announcements.
- negotiating long term radio airtime and newspaper space contracts. Where possible obtain private sector sponsorship.
- obtaining the capacity to monitor media broadcasts.

Additionally, 14 person months of short term technical assistance was to be provided to the MOA to:

- identify market price information users;
- produce an extension workers guide to the use of market information;
- assist in mounting campaigns to announce market regulations;
- update the baseline study conducted in 1989 on maize and bean marketing.

The purpose of technical assistance to the CBS was stated to be to revitalize and refocus existing market price monitoring systems, undertake straightforward analysis and clear presentation of price data, and demonstrate price data's usefulness to public decision makers concerned with agricultural trade and food security policy issues. The ultimate objective was seen as the establishment within CBS of a cost effective, sustainable and accurate market price data collection, compilation, analysis and distribution system. It was contended that, as maize and bean marketing became progressively decontrolled in Kenya, collection analysis and distribution of accurate price data was emerging as a top priority for government and donor analysts and planners. The frequent and routine CBS provision of retail price data on major food items across rural and urban market centers was seen as serving this priority.

The thrust of the technical assistance was seen as developing collaboration with other Kenyan agencies active in market price collection and/or distribution; enhancing the CBS institutional capacity by eliminating operational constraints, providing training, etc.; and improving the quality of the market price data and encouraging the use of the data by Kenyan and donor policy analysts and decision makers.

Short term technical assistance to CBS was aimed at:

- improving data accessibility by retrieving earlier data currently on a main frame computer system; and,
- assessment of training needs.

In the Contract the technical assistance to the CBS was modified and the Long Term Technical Assistance (LTTA) post eliminated.

The position of Chief of Party was seen as not requiring day to day supervision of the technicians. The contract was therefore to include funding for quarterly visits to Nairobi by the COP and administrative support which would include office space, transport, clerical support, etc..

Equipment to be supplied to the MOA comprised:

20	Motorcycles	2	Laser Printers
60	Weighing scales	1	SPSS software
1	4wd Vehicle		Diskettes
4	Computers		Other appropriate software & furniture

The CBS was also to receive two (2) computers, a laser printer and SPSS software, in addition to a 4WD vehicle. In the Contract the motorcycles, the weighing scales for the MOA and the 4WD vehicle for the CBS were eliminated.

### 3.3 THE ABT ASSOCIATES TECHNICAL PROPOSAL FOR THE MIS

#### 3.3.1 The Abt Associates Technical Approach

Abt Associates prefaced its description of their technical approach by a problem statement which endorsed improved market transparency of staple crop markets would help traders to respond to market opportunities and provide policy makers with a better picture of changing supply and demand conditions for key crops. It was also recognized that an important element of market liberalization was the dissemination of information about market policies and regulatory reform.

For the MIS component of the program Abt regarded an important strengthened capacity of local institutions to:

- monitor and evaluate the impact of reform measures;
- collect and analyze market information and interpret it skillfully to policy makers;
- use improved market information to anticipate regional deficits and emerging food needs;
- disseminate market information effectively to private users.

What were described as the distinguishing features of the then current MIS and the Abt team's proposal to upgrade MIS were:

- that MOA/FMD was collecting data for far too many horticultural crops. Data should be collected for a maximum of 10-12 key commodities, of which half horticultural crops and the others being maize, beans, millet, sorghum and potatoes. Wholesale data were to be disseminated through newspapers (daily) and radio (weekly);
- KMDP would strengthen the capacity of CBS to collect and analyze retail price data on the nine agricultural commodities for which it currently collects data;
- monthly and annual price reports would be produced jointly with CBS and MOA/FMD and include analyses of both wholesale and retail price data. These would be widely disseminated within GOK, Kenyan agencies and donors. Annual market information summary reports were to be more analytical;
- facilitation and promotion of improved coordination in MIS collection, analysis and dissemination between MOA/FMD and CBS. Every effort would be made to avoid duplication and encourage data sharing and collaboration in MIS strengthening.

### **3.3.2 The Proposals for Accomplishment of the Tasks**

Abt's proposals for task accomplishment were discussed with reference to the RFP listing.

#### *RFP Task 1*

To address the MIS administrative and organizational development, the establishment of a Working Group cochaired by the MOA/FMD MIS director and the head of the CBS/ASS and consisting of key managers and technical specialists of MOA/FMD, MOA/AIC, and CBS was proposed for the first month of the LTТА's tenure. The COP and the LTТА to the CBS would also participate in the Group meetings. It was proposed that the Group would meet biweekly in the first quarter, then monthly, and during years two and three at least quarterly.

The review of MIS job descriptions at all levels of the MOA (headquarters and district), and the organization and management of the MIS subdivision of the MOA/FMD, with a view to improving information flows within MOA would be conducted during the first quarter.

#### *RFP Task 2*

During the first quarter the results of previous surveys, principally that done under the AMIS Project in June 1990 would be updated selectively and stratification by region, commodity and transaction level used as a basis for defining user preferences on price information reporting, means of dissemination and price presentation and analysis. It was proposed that ten key wholesale markets would be identified and that the number of commodities would be reduced to ten (maize, beans, millet, sorghum) and six horticultural crops.

Additionally, at the end of the first quarter an STТА would assist the LTТА and GOK counterparts identify more precisely price information users and outputs, to aid in the design of

an MIS operations manual. The STTA to design the manual was proposed for the third quarter of the first year and was to be followed by a national workshop to discuss the manual and as a forum to sensitize staff to the value of accurate price information. A second national workshop for the introduction and discussion of the final version of the manual was to take place at the beginning of the second year.

It was also proposed that an extension worker MIS guide would be produced following the second national workshop.

The 1990 AMIS report had revealed considerable weaknesses in the capacity of the MOA field staff to fulfil their function of accurate price collection and transmission. This implied training, but Abt pointed out that to provide this in all 43 districts in the country would take more than three years. The project would therefore focus on the eight KMDP districts initially. Seven districts were listed in the PAAD, but in the RFP and in the Contract there were eight, viz. Kakamega, Kisii, Nyamera, Kitui, Uasin Gishu, Nakuru, Nyeri and Narok, because one district, Kisii, had been divided in two.

### *RFP Task 3*

Since MOA/FMD had done little data analysis<sup>3</sup> of recent years, training was proposed for the staff to enable them to do their own price analysis. This was perceived as a means of adding value to the data and so generating demand for MOA/FMD data collection and analysis services. To this end STTA tasks 6, 7 & 8 were timetabled to succeed each other in months six to twelve of the project.

### *RFP Task 4*

Price dissemination through AIC was seen as an effective way to transmit data to private users (traders and farmers). However, it was considered that although AIC worked closely with MOA/FMD in developing and transmitting extension messages it would be inappropriate to consider widespread dissemination of price information until the system had been "rehabilitated". Neither would enhanced newspaper and radio price and extension reports be produced until the end of the first year. Pretesting of market price and extension radio programs would be carried out in the ninth and tenth project months and these would be monitored by the MOA/FMD team through interviews with market operators.

### *Short Term Technical Assistance to Reinforce LTTA*

Abt claimed over twenty years of cumulative formal survey research experience in developing countries and that most members of the Abt team had worked on formal surveys in the recent past.

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<sup>3</sup> In fact the MOA/FMD had only limited capacity to do price analysis since they were not computerized. Equally, they perceived their role as predominantly data assembly to service other departments rather than as disseminators. (See chapter 4)

The formal survey was aimed to produce rapid results to help shape the KMDP and to gauge the impact of the program on private producers and traders. The sample was to consist of some 160 producers (20 producing households in each district) and a minimum of 20 staple crop (maize and beans) traders.

The STTA proposed to assist with:

- an annual survey to cover household food security. The STTA would design and analyze aspects of the producer survey that pertained to this issue (STTA task 10);
- an analysis of changes in farm enterprise mix in response to market liberalization (STTA task 11);
- an examination of the viable options for improving private sector marketing and processing of maize (STTA task 12);
- an examination of the response of private buyers, transporters and distributors of staple food crops to liberalization under KMDP (STTA task 13, to be undertaken in year 3).

### **3.3.3 Management - Chief of Party**

The management of the project with its diverse components was recognized as needing a well thought out management plan. Abt Associates would provide technical leadership and responsibility for overall management. The proposed team was:

- the corporate officer in charge of the contract, Jerry Martin, Vice President and Manager of Abt Associates Agriculture Group;
- the COP, Dr. John Holtzman who would provide technical leadership;
- the long term advisor (LTTA) to the MOA/FMD Philip Steffan would represent Abt on the MIS Working Group in Kenya during the absence of the COP;
- the home office project manager would be the responsibility of Tom Wittenberg. The day to day administration of the affairs of the project was described as the key personnel position;
- a local project administrator from the Deloitte Haskins and Sells Management Consultants Ltd (DH&SMC), Nairobi was to provide administrative support.

The Management Plan detailed its proposals as follows:

- Jerry Martin would conduct quarterly contract reviews attended by the COP and representatives of each subcontractor;

- the COP would visit Nairobi quarterly to ensure that the LTTAs and STTAs perform well;
- the US based project manager, supported by the local project administrator working out of the team's local office in DH&SMC and the central services provided by Abt would be responsible for administrative, logistical and financial management and reporting.

#### 3.3.4 Phasing

The TA input to the MOA was deliberately front loaded in the first 18 months of implementation with the MOA/FMD adviser continuing to support, advise, monitor, and evaluate during the last 18 months. With the expected outputs from the MOA/FMD consisting of monthly and annual price bulletins, extension price information and analysis of findings through periodic producer/trader surveys, the market information system, upgraded in the first half of the project, would be used to maximum policy advantage in the last half.

#### *Long Term Technical Assistance to the Central Bureau of Statistics*

The Abt Technical Proposal reiterated the objectives stated in the RFP, proposed a LTTA and defined the scope of work. At the contract negotiation stage this post was omitted and the role of CBS in the KMDP was confined to cooperation with the MOA/FMD in dissemination of their data jointly through the market price bulletins.

### 3.4 THE CONTRACT

#### 3.4.1 The KMDP Goal and Purpose

The preamble to the contract does not restate the goal of the KMDP. It restates the purpose of the program to be the development of... "a more efficient national maize and bean marketing system that will provide greater price incentives to maize and bean farmers". The development of the more efficient maize and bean marketing system would be ..."accomplished through:

- the implementation of policy reforms that eliminate administrative restrictions on the movement of maize, beans, millet and sorghum from surplus to deficit areas within Kenya;
- the routine distribution of information on market prices and regulations; and,
- the improvement and sustained maintenance of gravel roads that carry maize and beans to market or from primary market to Kenya's paved road network".

The Technical Assistance Project component was to provide technical assistance, short term training, and commodities to support the Program's policy and administrative reform agenda and road improvements for a three year period.

The goal and purpose of the Program originally in the PAAD were subsequently restated. The first item to be supported under the Program was the elimination of movement restrictions on maize, beans, processed maize products and millet and sorghum and not as formerly, on selected agricultural commodities.

### 3.5 OBSERVATIONS

- 1 The goal of the Program was stated to be .."to assist Kenya in achieving increased agricultural productivity and increased net farm incomes". The strategy was to achieve "shifts to higher valued cropping mixes" by increasing market transparency through an MIS.

It was claimed in the PAAD that improved marketing information would reduce marketing costs and that policy reform would provide greater price incentives to maize and bean producers. Given the large subsidies to the maize marketing system through budgetary support to NCPB for the 40 percent to 50 percent of annual maize production which was not consumed by the producer, it was possible that marketing cost reductions to the producer would not have been so marked. It is possible that the economic return to the program would have been substantial but the financial return less favorable.

To justify the emphasis on maize and beans it was argued that these were important in the cropping patterns. It was also stated that profitability was not the reason for this predominance but the fact that maize constituted over 50 percent of the Kenyan diet. This implies that many farmers are not price responsive as far as maize production is concerned. Therefore to raise net farm incomes the small farmer, whose maize was grown for subsistence, would look to other higher value crops - probably horticulture. According to the PAAD the major beneficiaries would be the medium scale farmer who concentrates on maize production, but among these must be the farmers to whom the country looks to raise their productivity by a shift to higher value crops.

Despite continued control on marketing of maize and beans the domestic marketing of other crops had been largely decontrolled - as were beans in April 1992. The opportunities for farmers to "shift to higher value crop mixes" were not lacking in the other crops. Therefore, provided the price signals which the Program proposed as its purpose were made available, farmers could improve their productivity and net farm incomes and the Program could have achieved the purpose without further liberalization of the maize market.

- 2 Among the Outputs from the Program was to be improved capacity in government policy analysis, policy implementation, investment planning and market information dissemination. The RFP repeated this as an area to which the Program would provide overall support and specific assistance. It was envisaged in the PAAD that support would be given not only to the MIB but also to the MOA Development Planning Division. This area of support had been abandoned by the time the RFP was drafted. Market information dissemination is a legitimate function for an MIS organization, such as MIB, but it should

feed other institutions - public, private or donors - for them to do their own analysis on the basis of more accurate, regular, timely and relevant price information. The analytic function is the responsibility of those institutions to provide answers to their particular concerns. This might include profit maximization, formulation and evaluation of policy or managing policy implementation. The MIS organization needs to concentrate on collection, collation and dissemination of data, with its analysis confined to verification of the data and simple interpretation clarifying the results to the recipient.

- 3 As a demonstration of the GOK's commitment to agricultural marketing, the upgrading of the FMD market information system capability and the posting of 80 university graduated marketing officers at district level was cited in the PAAD. The evaluators too would have applauded this development given the general low priority accorded to marketing extension in most countries. The system was described as constrained by a low level of transportation, communication and computer resources which were inputs from the Program. Thus the MIS component of the Program can be described as institution building which AID has, in the past, considered a long term commitment when it embarking on it.
- 4 Unfortunately for the institution building component, AID documentation shows that even at the PAAD development stage the Program was seen as a tool for policy change in the cereal sector. This was emphasized more as the Program developed to the RFP and Contract stages where the first Purpose became "to eliminate movement restrictions on maize, beans, processed maize products and millet and sorghum"

It is the view of the evaluators that this emphasis on maize and beans caused an unnecessary difference of agenda between the GOK officials and USAID/Abt. The latter appear constantly to have been seeking a reduction in the number of horticultural crops reported and concentration on maize and beans, whereas FMD/MIB saw the other crops as important. Given that the FMD remit was to service the farmer through the recently reinforced marketing extension system, they were right to concentrate on crops other than maize, and to await the day when maize marketing would be liberated, by which time they would have a functional MIS in place.

- 5 The evaluators' view is that attaching a policy change conditionality to a project aimed at increasing market transparency through a Market Information System was ill judged because:
  - as the evaluators have been told repeatedly by GOK officials and donor representatives, the idea of freely available market price data was unacceptable to many politicians. For a donor to have received acceptance of the concept of strengthening the major MIS agency in the MOA was a significant step on the way to opening the commercial sector;
  - although market information is vital to an industry at any time, it is even more vital at a time of transition such as Kenya has been undergoing. The existence of

accurate time series market data would have enabled the policy analysts to measure the impact of liberalization and, if positive, to demonstrate to their political masters that a liberalized market was not all bad.

- agricultural data have also been described as being vital to donors and the activities of MIB being of considerable value in contributing to the data bank for negotiating with the GOK, signalling impending crises for relief agencies and assessing the impact of their own programs;
  - developing countries are accustomed to the activities, stimulated initially by donors, deteriorating to the point of disappearance. Therefore, particularly in the case of a relatively low profile activity such as MIS, there is no impact on the politician or his constituency in the case of failure.
- 6 Strengthening the MIS capability in MIB is a valuable brick in the foundations of agricultural institutional support. It is unfortunate that due to the exhaustion of funds the MIS TA component had to be terminated. This particular component was invaluable in being the source of data for measuring the impact of liberalization in the future.

# **4 EVOLUTION, ROLE AND ACTIVITIES OF THE MARKETING INFORMATION BRANCH**

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## **4 EVOLUTION, ROLE AND ACTIVITIES OF THE MARKETING INFORMATION BRANCH**

### **4.1 EVOLUTION OF THE MARKETING INFORMATION BRANCH**

Agricultural wholesale and retail price collection activities were initiated in 1976 in the Agricultural Statistics Section of the Central Bureau of Statistics with support from the FAO Agricultural Marketing Development Project (MDP). Responsibility for wholesale price collection and dissemination was transferred to the Development Planning Division (DPD) of the Ministry of Agriculture (MOA) in 1979. In 1984, the MDP was absorbed into the Project Planning Development Unit of the DPD.

Marketing information activities were again relocated in 1987, this time in the Inputs, Credit and Marketing Branch of the newly created Farm Management Division (FMD). The mandate for the Branch included, among others, advising government on marketing of agricultural produce. At this time wholesale price collection and dissemination activities did not enjoy high priority. In 1990 the name was changed to Marketing Branch as input and credit activities were transferred to a separate branch in the FMD. The Marketing Branch retained its marketing advisory activities to government policy managers.

KMDP support to Marketing Branch data collection and dissemination activities was initiated in 1991 and intensified in May 1992 with arrival of the LTTA under the Abt contract. At the end of 1992 the name of the unit was again changed, this time to MIB to better reflect the need for improved and more timely marketing information as a result of ongoing GOK market liberalization policies. Additionally, the MIB no longer had Marketing policy advice as part of its scope of work.

Institutional reforms designed to reduce public outlays and duplication of functions brought about the merger, in 1993, of the MOA, the Ministry of Livestock Development (MLD) and the Ministry of Supplies and Marketing (MOSM). The restructured Ministry was renamed as the Ministry of Agriculture, Livestock Development and Marketing (MOALDM). Marketing activities in the MOSM were merged into the MIB and the MOSM Statistics Section was transferred to DPD. However, livestock marketing information activities formerly located in the MLD were not transferred to the MIB but remain in the Livestock Development Department of the MOALDM. Moreover, the posts associated with staff transferred to MIB from MOSM remained with the transferred individuals. As they left government service the posts were retired with them.

### **4.2 ROLE AND ACTIVITIES OF THE MARKETING INFORMATION BRANCH**

#### **4.2.1 MIB Role and Activities**

The overall goal of the MIB is to provide market price and other marketing information to farmers, traders and other public and private sector organizations. Envisioned uses for these data and information include:

- commercial decision making by producers marketing farm commodities and by all other participants in the marketing chain;
- private and public sector individuals and organizations involved in commodity price and policy analysis and policy formulation and monitoring; and,
- public sector individuals and organizations charged with commodity policy management.

The type, sophistication and frequency of data and information needs varies by users and by commodity. For example price and quantity information for highly perishable fruit and vegetables require more frequent updating than storable commodities such as maize and beans. Moreover, persons needing data for commercial trading activities and for day to day policy management may require updated information on a daily or weekly basis, while analysts engaged in policy monitoring or new policy formulation require time series data usually updated no more frequently than monthly.

To meet these varied data and information needs specific MIB tasks include:

- develop and maintain a market information collection system;
- develop and maintain a market information dissemination system;
- conduct market surveys for both local and export markets as needed;
- coordinate MOALDM data collection activities to support marketing of agricultural crops;
- liaise with marketing institutions such as Horticultural Crop Development Authority (HCDA), National Cereals and Produce Board (NCPB), etc.; and
- liaise with the Extension Division on issues relating to agricultural marketing.

The MIB mandate extends to all agricultural commodities including fruit, vegetables and grains. With the recent removal of marketing restrictions on formerly scheduled commodities, including maize and beans, market price and related information services provided by the MIB have taken on a new importance. Market price data for scheduled products, previously maintained in the form of official government gazetted prices must now be provided by accurate data collection and dissemination from appropriate market sources.

The MIB operates largely as a headquarters information coordination and dissemination unit for price information gathered by enumerators and DMOs employed by the District Agricultural Extension Service. Consequently, the MIB does not have direct line control over data collection personnel, but does have recognized responsibility for developing and training enumerators in data collection methodology and procedures and for assisting District Marketing Officer (DMOs) in developing marketing extension activities. By and large the cooperation between the district agricultural offices and the MIB appears to function quite well. The major problems revolve

around lack of travel related funding to cover lodging and per diem costs associated with MIB training and field oversight activities.

During our field visits to Nakuru, Kisii, Kisumu, Kitale and Mombasa we spoke at length with district officials including DAOs, DMOs, District Farm Management Officer (DFMOs), DCOs and enumerators. We were impressed with the dedication and importance accorded to market price data collection. In most districts data from smaller market centers were being collected and used for local purposes with data from the major market being sent on to Nairobi for further processing and dissemination. Unfortunately, the marketing function was not adequately represented in district budgets so that funds from other accounts were often used to defray data collection costs. Even operating under severe budgetary constraints the involved district staff were generally enthusiastic and dedicated to this activity. Our major concern was that not all enumerators were following price collection procedures as developed in the Enumerator's Manual. As noted above lack of funds prevents appropriate follow up from MIB, but often DMOs themselves are not well versed in data collection methodologies.

In the course of our field interviews we also discovered that the district extension service is the primary source of production, price and other related agricultural information used by GOK and donor researchers, policy analysts and managers, (for example, the DAOs are the only source of district level production data available in Kenya). CBS/ASS data deal only with national aggregations and with marketings through the national marketing boards. With previous commercial marketing information being provided exclusively by the national marketing boards an important implication of market liberalization is that both donors and the GOK will need to think seriously about alternative national sources of such data. In the short run, expanding support to existing Extension Service data collection activities may be the best use of scarce resources.

#### **4.2.2 Current Organizational Structure and Budget Arrangements**

Figure 4.1 identifies the MIB within the current MOALDM structure. The MIB headquarters' staff is small, in keeping with their central coordinating role for district data collection activities. The MIB is one of several Branches within the Farm Management Division which is located within the Extension and Training Services Directorate of the Department of Agriculture. The Branch contains three sections; Domestic Marketing, Export Marketing and Price Analysis. Three Technical Assistants are responsible for daily price collection at the Nairobi Wakulima Wholesale Market.

The Branch currently has 7 headquarters' staff, including the Head. In addition to the 3 Technical Assistants, 2 of the remaining 3 staff hold positions of Agricultural Officer, the third is a Supply Management Officer who joined the staff after the MOSM was dissolved. The position of Officer in Charge of Domestic Marketing is currently vacant and a replacement is being recruited. Since the start of the KMDP Project in 1992 headquarters staff have varied between 6 and 7, plus 3 support staff consisting of a secretary, messenger and driver. In addition to compilation of field data the headquarters' staff are responsible for training and providing other logistical support to some 40 DMOs and over 50 district level enumerators. The KMDP

supported development budget has been, since 1991, the major source of funding support to carry out these activities.

The MIB GOK FY 1994/95 recurrent budget is K£ 9,574 exclusive of staff salaries<sup>4</sup>. About K£ 5,228 is allocated for transport, travel and field accommodation expenses. Only K£ 273 is allocated for maintenance of plant, machinery and equipment. These are priority cost items for the MIB as daily fax communication with districts and maintenance of computer and related hardware are essential elements of its core data compilation and dissemination activities. Approximately K£ 3,700 is required to meet annual costs of equipment operation and maintenance. An additional K£ 3,000 is needed to meet fax communication costs, including daily faxing of market summary reports to government policy analysts and policy managers and the fifteen districts from which data are regularly collected.

As noted above, the recurrent budget is grossly underfunded for purposes of maintaining essential equipment in operational status. But, the cumbersome review and approval process for obtaining items such as printer ribbons, toner and minor computer hardware repair, requires careful planning and budget management, even if sufficient funding were available. The KMDP-MIS Project foresaw use of a special Ksh development budget account as the modality to address servicing of computer and communications equipment after withdrawal of direct Project dollar funds. However, as discussed in Chapter 5, access to these funds was often restricted during much of the active Project life due to the precarious GOK financial situation.<sup>5</sup>

Funds are again available to the MIB through the development budget, but MIB activities, although essential to maintaining public dissemination of market prices, does not seem to enjoy a high priority with MOALDM accounts authorities who have the final say over development budget allocations. The MIB requested K£ 566,229 for FY 1994/95 but received just over a quarter of that amount even though USAID had certified that sufficient funds were on deposit to cover the full requested amount. More importantly, K£ 64,939 was requested for important equipment operating and maintenance expenditures, and an additional K£ 21,000 for fax and telephone services. Only K£ 1,500 was received for the first set of expenditure categories and K£ 500 for additional fax and telephone service. The major allocation, K£ 120,812 is to purchase much needed fax machines for district use.

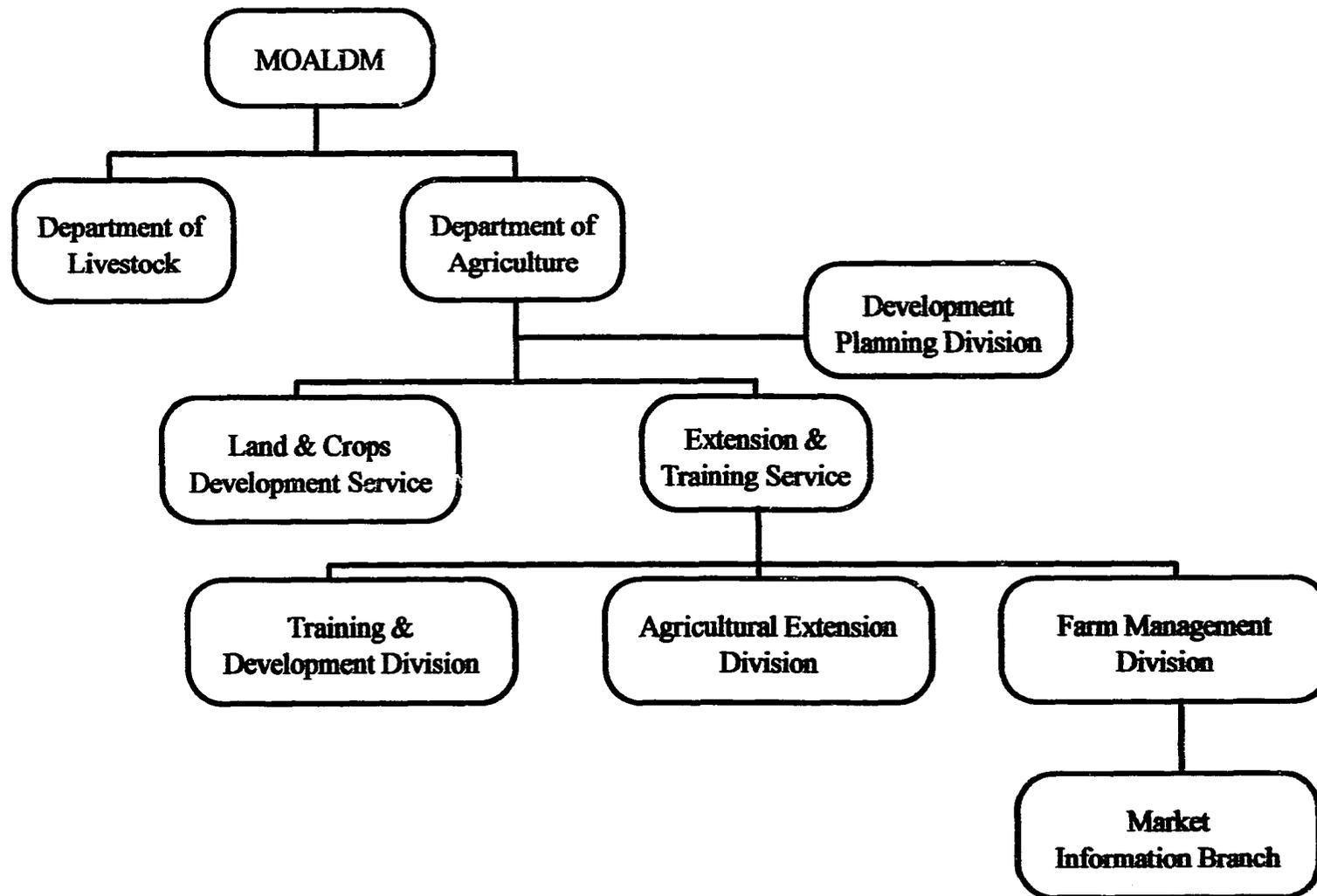
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<sup>4</sup> The current exchange rate is US\$ 1 = Ksh 43.

<sup>5</sup> From May 1992 through early 1994 these MIB operating expenses were paid out of Contractor US\$ funds to facilitate the administrative process.

**Figure 4.1**

**MOALDM Organogram, March 1995**





Item	Item Name	Requested 1994/95 K £	Received 1994/95 K £	Requested 1995/96 K £	Requested 1996/97 K £	Requested 1997/98 K £
100	Transport Operating Expenses	66,880	1,000	70,224	73,735	77,422
110	Travelling and Accommodation	79,880	500	83,349	87,516	91,892
120	Postal & Telegram	3,600	300	3,780	3,969	4,167
121	Telephone & Fax	21,000	500	22,050	23,153	24,310
174	Stationery Purchase	11,153	500	11,711	12,296	12,911
190	Miscellaneous	49,786	1,000	52,275	54,889	57,633
194	Training Expenses	129,940	29,940	136,437	143,259	150,422
210	Motorcycle Purchase	150,000	0			
220	Plant & Equipment Purchase	50,000	120,812			
250	Plant & Equipment Maintenance	4,000	0	4,200	4,410	4,630
Total		566,239	154,552	384,026	403,227	423,387

#### 4.2.3 Commodity Market Data Collection Activities

Data collection activities are conducted by enumerators employed by district and divisional extension offices. Enumerators are directly supervised by DMO, who in turn are subordinate to DAOs. However, DMOs receive back stopping, training and technical direction from MIB. The only exception to this supervision pattern is for the Nairobi wholesale market where enumerators attached to the MIB conduct actual data collection. But, as noted above we did not notice a conflict of goals and directives between MIB and the DAOs. The major difficulty lay in the lack of travel related funding necessary for MIB to conduct field oversight and training activities.

Most districts collect data from minor local markets as well as the major district market, but information sent to Nairobi is limited to the 10 wholesale markets of interest to MIB. The remaining data are used for local analysis and distribution. We note this departure from strictly nationally mandated requirements as an indication of the importance and usefulness of the data in the eyes of local officials. In this regard, an ongoing source of difference between the USAID and Contractor staff and MIB staff revolved around the number of commodities for which price data was being collected and the markets from which prices were being reported. Once the Project was under way USAID officials were very tightly focused on the impact of maize and bean policy liberalization on 8 districts selected because they were representative of surplus, deficit and self sufficient areas. MIB staff continued to maintain that data collection and national

level reporting should occur in ten districts with important wholesale markets and that commodities that are substitutes for maize and bean should also be regularly reported.<sup>6</sup>

Maize market liberalization is already bringing new participants into the marketing chain and increasing the importance of existing participants. This is especially true in areas producing a commercial surplus. For example a posho mill operator whom we interviewed moved a daily volume of maize well in excess of average marketing through the wholesale market. In addition, commercial grain assemblers, (similar to country elevator operators in the United States) are becoming active in surplus production areas. In the future they will, most likely, become major market participants and thus, important market price leaders, unless new legal restraints are placed on their activities. In general, prices paid in this market segment were from Ksh 50 to Ksh 100 above prices recorded at the wholesale markets. MIB and District marketing staff need to begin collecting systematic price information from these new players, at first on a pilot basis, but later on a permanent basis. In the case of posho mill operators and intermediate assemblers, price information can usually be readily obtained either from the buyer or from sellers on a daily basis. Additional KMDP technical assistance may be useful in devising and teaching methodologies to bring these important market participants into the data collection network.

#### **4.2.4 Training for Data Collectors**

The KMDP project supported DMO and enumerator training activities with several workshops, including at least one devoted, in part, to enumerator training. However, the project training strategy was to provide "training of trainers" instruction to DMOs who in turn were to train and supervise enumerators. In practice, there tends to be less turnover in enumerators than among DMOs. Consequently, we believe that the overall project performance could have been improved by including direct training for enumerators by MIB and project contractor staff.

We were disappointed that a draft Enumerator's Manual, which was to have been one of the first Project outputs, was not completed until September 1993. We understand the delay was due, in large part, to the opposition from the former MIB Head (who was replaced in February 1993). He was not opposed to enumerator training, indeed two such training sessions were held in 1992 using funds from the KMDP Ksh budget, prior to the arrival of the contractor LTTA. But preparation of an enumerator's manual was not a high priority because he did not think that common methodologies could be found to address the differences in market price conditions found in rural areas.

We do not believe that this delay was warranted as the existence of differing rural market conditions actually strengthens the need for a common set of interviewing rules. The current MIB Head, concurs with this assessment as did the contractor LTTA. Unfortunately, by the time work was initiated on the manual (August 1993) the decision to curtail the LTTA had been already

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<sup>6</sup> As discussed in Chapter 3, the PAAD envisioned that data collection would include cereal, horticultural and vegetable crops. But, at the contract stage the focus tightened considerably to maize and beans. This introduced a basic difference of emphasis between USAID and MIB which plagued the Project throughout its life. Further discussion on this topic appears in Chapters 5 and 6.

made (April, 1993). Hence, the project was unable materially to improve data collection activities which was initially one of its most important tasks.

The inability of the MIB head in Nairobi to exert direct line control over enumerators and DMOs makes it more difficult to attain and maintain the same degree of data quality as that obtained by CBS/ASS enumerators responsible for collecting commodity retail price data for use in calculating the CPI. However, in our field visits to Nakuru, Kisii, Kisumu, Kitale and Mombasa we found all DAOs and DMOs strongly supportive of field data collection activities. Moreover, all DMOs and enumerators strongly supported the KMDP-MIS led efforts to develop a MIS data collection manual. Most felt that it should have been done earlier.

Gathering price information at wholesale markets is both an art and a science. Ideally, enumerators should witness actual price negotiations between buyers and sellers, but this is not always possible. When real negotiation is taking place participants rarely appreciate the intrusion of a third party, especially a government representative. On other occasions, it is not always in the interest of traders to give accurate information when asked directly. For example, one Rapid Appraisal (RA) analysis of maize marketing reported that wholesale buyers, in at least one instance, systematically gave enumerators false information of prices higher than they were actually paying. This was done as a ruse to entice farmers to bring more grain to market thereby driving down the price.

Similarly, brokers buying on account for restaurants and hotels prefer that enumerators report higher prices so that they can gain additional margin from their clients. Since this type of behavior is well known to enumerators systematic procedures, including price verification from sellers, can be employed to counter potentially erroneous information. This issue came up several times in our discussions with enumerators and others. The behavior is not uncommon within a private sector context where each actor has his or her own self interest in mind. The challenge to the enumerator is to devise procedures to neutralize the provider of incorrect information rather than to accept that there is a moral obligation of the particular market participant to relay objective information at all times. In our estimation, alternative procedures to witnessing bargaining transactions need to be systematically used by enumerators and should be discussed in the Enumerator's Manual and included in enumerator training courses

The issue of enumerator mobility was raised by staff in all districts visited. Enumerators often travel to several markets each morning to collect price data and are usually moderately to severely handicapped by lack of a ready vehicle. Moreover, the emergence and expansion of the new private maize market segment including posho mills and first level assemblers will increase future travel needs for district enumerators. As noted in Chapter 3 the PAAD included plans for motorcycle purchase to relieve the existing pressures, however these were not included in the RFP. This was unfortunate and should be addressed in the event that future assistance is contemplated.

#### **4.2.5 MIB Data Analysis, Dissemination, and Information Users**

In addition to coordinating and generally supervising field data collection, MIB is charged with editing and compiling these data and preparing what can be called first level data dissemination to other public sector and private sector individuals who will then use data within their own institutional settings. The Branch does not have a mandate to conduct formal research, or policy formulation or policy management analysis. Rather it sees its role as providing information to the private sector and other government agencies which have a direct policy analysis or policy management role.

##### *Radio, Television Market News Releases*

A project objective was to disseminate, market information using regular radio dissemination channels. Coordination with the AIC was envisioned as the facilitating mechanism. This linkage was largely unsuccessful as the severe GOK budget squeeze precluded using the KMDP Ksh funds to support AIC coordinated activities. Consequently, the hoped for project liaison activities between MIB and AIC never really materialized. Moreover, the government controlled radio and television networks were forced to adopt a "fee for service" approach about the time that KMDP project activities got underway. Consequently, they would not agree to run MIB market price information at favorable time slots on a guaranteed basis without remuneration. The User Needs Survey found the early evening to be the most favored time. However, national radio broadcasts of regular market information news is aired about 7:00 am after local news. In several districts local stations also carry the broadcasts using primarily local information not sent to Nairobi for compilation.

##### *Newspaper Releases*

Market price information appears daily in "Nation". Other newspapers have, as yet, not agreed to publish the data free of charge. The "Nation" originally agreed to print the data on a trial basis and then stopped for a short period to gauge reader reaction. Sufficient readers complained about the lack of the market information that it decided to reinstate the service as a public service. The MIB provides daily information for the 10 markets for which it receives data but publishes information only for 4 or 5 districts. This daily market report, while quite modest by western standards is a major achievement of the Project and the MIB, especially when put in the context that prior to 1992 it was illegal to publish maize market price information. At that time many public officials held the view that only government should have the benefit of knowing daily market price movements. Our discussions in Nairobi support the early experience of the "Nation" publishers. A wide segment of the population involved with agricultural production or commodity trading, including the donor community depend on these daily reports. The primary disadvantage is that this newspaper is not readily available in local areas at prices affordable to farmers. Price reporting in local newspapers written in regional languages could alleviate this deficiency.

### *Monthly Market Bulletin*

Monthly Market Bulletins were published and distributed to some 450 groups and individuals from May 1993 through July 1994. Most were government employees. Our discussions indicate that most recipients found the publications useful. In particular, donor organizations expressed the strongest concern at its demise. The Bulletins generally contained a descriptive analysis of price trends for major commodities in the four major wholesale markets of Mombasa, Nairobi, Nakuru and Kisumu. Each issue contained a methodology statement and contained about 10 pages of graphs and tables comparing price trends of major commodities in the four selected markets.

Retail prices, gathered and compiled by the CBS/ASS, were initially included in the Bulletin but this information was dropped in later issues. The last summary of urban retail prices appeared in the March 1994 issue. Although CBS/ASS was an early KMDP collaborator the agency does not have a mandate to disseminate information, consequently its submission of data was not without a degree of reluctance. Moreover, data were not comparable in all cases as some market locations differed from wholesale markets which were the focus of MIB activities.

The monthly bulletins are still being produced by MIB staff and stored in the computer. Lack of operating funds to purchase laser printer toner and pay for distribution has curtailed formal release of market price information since July 1994 and this is not likely to improve, given current funding levels.

### *Data Analysis*

Throughout the project life both USAID and the Contractor LTTA encouraged the MIB to include more analytical articles, include guest analysis and provide discussion of changes in regulations affecting scheduled products, especially maize.

The MIB staff feel comfortable with the level of descriptive analysis contained in the *Monthly Market Bulletins* and the daily crop prices sent to the Nation for publication. There are two major reasons for MIB resistance to Project efforts to include more analytical articles in the Bulletin. First, local staff capacity to carry out more sophisticated analysis was limited during the KMDP project period and remains so today. Second, and perhaps more important, the type of discussion issues that were suggested for inclusion dealt largely with ongoing developments of maize price and movement policy liberalization. At the time this topic was very controversial and politically sensitive. MIB staff were of the opinion that most of the suggested articles required prior clearance by MOA officials. MIB staff did not think that their mandate extended to the publication of articles drawing policy inferences.

Our conclusion parallels that of the MIB staff. Government employees in all countries operate within very strict policy guidelines and are not free to publish articles or analysis contrary to existing government policies or programs. Thus, dissemination of price data by the MIB in a basically policy neutral form should be the limit to which the agency should be expected to provide their information to non government users.

*Data Dissemination to District and Provincial Agricultural Offices*

MIB does not fax its daily market price compilation back to districts nor to government organization such as the DPD. Lack of operating funds are cited as the primary reason. In the past, most Districts did not have fax machines and telephoned daily prices to MIB. During this year all participating districts will have access to fax machines which will reduce their transmission costs by 50 percent or more. To broaden the scope of price information and expand the potential market for local radio and newspaper dissemination we believe that the MIB should send daily fax summaries of the data prepared for the "Nation" to the 10 districts from whom the data is collected. These could be disseminated locally by DMOs and Division level extension staff and could also be posted at the local markets.

*Unsolicited Requests for Market Price Information*

Since 1993 unsolicited requests for market price information have averaged about 10 to 12 per month. These are usually from researchers, farmers and private organizations requesting data filed for use in their analysis. In some cases request are received to prepare specific tables or graphs. The current lack of publishing capacity precludes responding to the latter requests.

**4.2.6 Observations**

- 1 The MIB has developed a clear mandate within the MOALDM to coordinate district level market price data collection, assemble edit and develop consistent tables for distribution as radio and press releases. They have established the authority to guide District DMOs and enumerators data collection activities and provide training even though they do not have clear line responsibilities over District staff.
- 2 Since the end of direct KMDP TA Project assistance in March 1994 MIB funding, especially for equipment repair and operating costs have been precarious. Although Ksh funds are again available through the development budget which is replenished from KMDP grant and commodity assistance sales, the amounts allocated for FY 1994/95 do not cover the important equipment operating and maintenance; nor travel and accommodations costs needed to carry out expected training functions.
- 3 Although all data users interviewed in the course of this evaluation cited the importance of the price information generated by the MIB it is necessary for the agency to promote its product to MOALDM policy analysts and policy managers. Taking the initiative to provide the DPD and others with daily price reports may help sell the program and its activities to officials with authority to influence MIB budget allocations.

## **5 PROJECT OPERATION**

## 5 PROJECT OPERATION

### 5.1 MIS COMPONENT WORK PLANS

The KMDP task list in the RFP (which were the same as those in the Contract), and the Abt Technical Proposal have been compared and summarized in Chapter 3. This section makes the comparisons between what was proposed and what was achieved as reported in the documentation. This section relies heavily on the KMDP Semi annual Technical Progress Reports supplemented by review of USAID documents and interviews with Project related individuals.

#### 5.1.1 The Tasks Contained in the Plans

The LTTA took up his post on 25 May 1992. He had first to use the timetable prepared for the Abt Technical Proposal as his initial workplan. Figures 1-5 show the workplan in the Technical Proposal as well as the First Year Workplan prepared during the first few months of the MIS project and delivered in September 1992. The tables include a comparison of the planned program and progress achieved. The LTTA's first progress report covered the period to 30 September 1992 and the final report was for the six months ended 31 March 1993.

Compared to the Abt Technical Proposal the task numbering system was modified slightly in the Year One Annual Workplan reflecting changes and additional tasks. The examination which follows is based on the numbering system in the Year One plan which the LTTA used for reference in his earlier reports.

#### 5.1.2 Period ended 30 September 1992

- Task 1*      *Market Information System Organization and Coordination*
- Task 1A*      Establish MIS Working Group: this was achieved and the first meetings were held in June with a further four meetings before the end of September.
- Task 1B*      Review SOWs and Lines of Authority: the current SOWs and lines of authority of the MIB were examined by the LTTA, as well as those of the legal/institutional mandates of the CBS/ASS. There is no record of a written evaluation.
- Task 1C*      Develop a Proposal for a Joint MOA/CBS Market Information System: On the basis of this examination a proposal was developed collaboratively for a joint MIS combining the weekly urban and rural retail price data collection system of ASS and the daily wholesale data collection of MIB. The Director of CBS and the PS of the parent ministry as well as the Chief of the MOA/FMD gave written approval.
- Task 1F*      Field Trip: a field trip to Kitui was made by the LTTA and the head of MIB from 28 July-1 August. Informal interviews were held with farmers, traders and consumers of market information needs. The results of field trips were documented

in the form of back to office reports. However, there was a perception of reluctance on the part of the LTTA to undertake field visits.

*Task 2 Data Collection and Dissemination*

*Task 2A* Review/Update User Needs Surveys: the information needs of farmers and traders collected by MIB officers in four districts in early 1992 was found to be flawed from a statistical point of view. Nevertheless analysis of the questionnaires was expected to provide a starting point for future user need surveys. The subsequent User Needs Survey was undertaken by STTA Patricia Krisjanson but the evaluators have not seen a report of the results of the review of the earlier surveys.

*Task 2B* Review Geographic Distribution of Data Collection Points & Commodity Coverage: the issues of the distribution of markets and selection of commodities for price collection was addressed in the proposal for a joint MIS. The number of collection points would be limited to about 25 retail markets for CBS and about 10 wholesale markets by MOA/MIB. The number of crops would be reduced to about ten in each case. Price analysis would focus on maize, beans and two horticultural crops. However, the number of markets from which data were collected did not drop. The collection markets numbered 12 in 1992; 16 in 1993; 17 in 1994; and 15 in 1995. Similarly the number of crops for which data were collected did not decline. In Mombasa, for example, data are collected for 27 vegetables and fruits and 11 cereal crops.

*Task 2C* Investigate Appropriate Units of Measure for Collection and Dissemination of Market Prices: The Terms of Reference for this study were prepared and a small team from the core MIS agencies would explore the advantages and disadvantages of standardizing units of measure. The study was not started at this time.

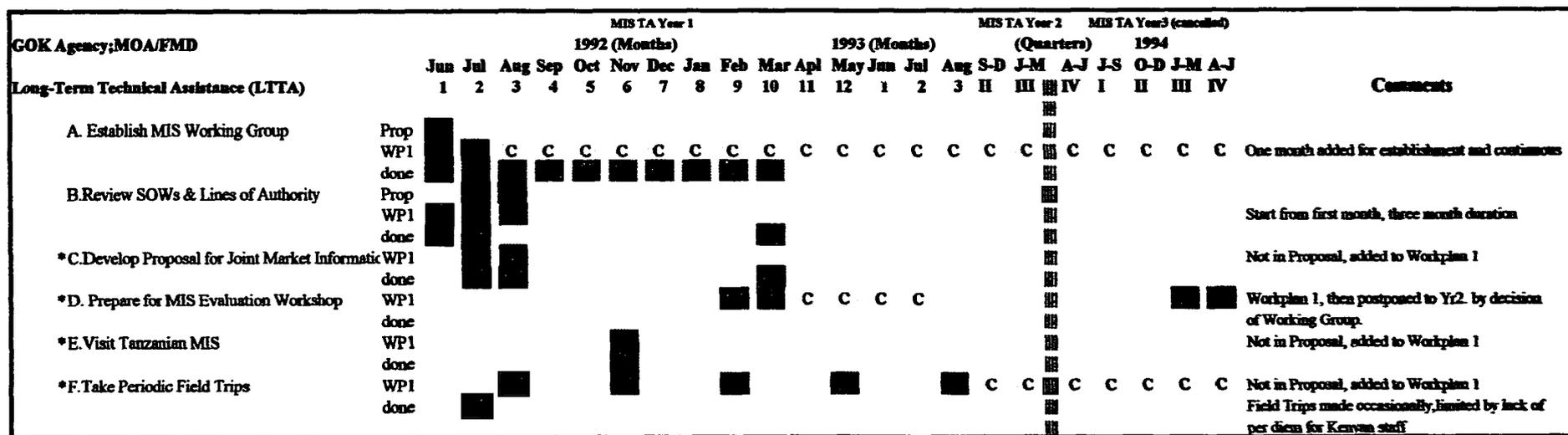
*Task 2D* Assess the Capacity of the MOA Field Staff: The assessment of the field staff and their training needs was reported to be underway. This was planned to be a continuous activity in the First Year Workplan. Because of the limited number of field visits undertaken this task appears to have been somewhat neglected. Documentation of the results was not available.

*Task 3 Data Analysis and Dissemination.*

*Task 3A* Establishing SPSS/PC+ Data Base: Whilst the ASS was reported to have computer entered and cleaned its retail price data and brought its data files up to date using STTA assistance, MIB was hampered by the lack of computer access (one computer to seven staff).

*Task 3B* Developing Data Verification Procedures: again this was being done by ASS but not by MIB since their data were not yet entered into a computer. However, range of entry checks had been instituted at the latter institution.

**Figure 1**  
**Task 1 - Market Information System Administration & Organizational Development**



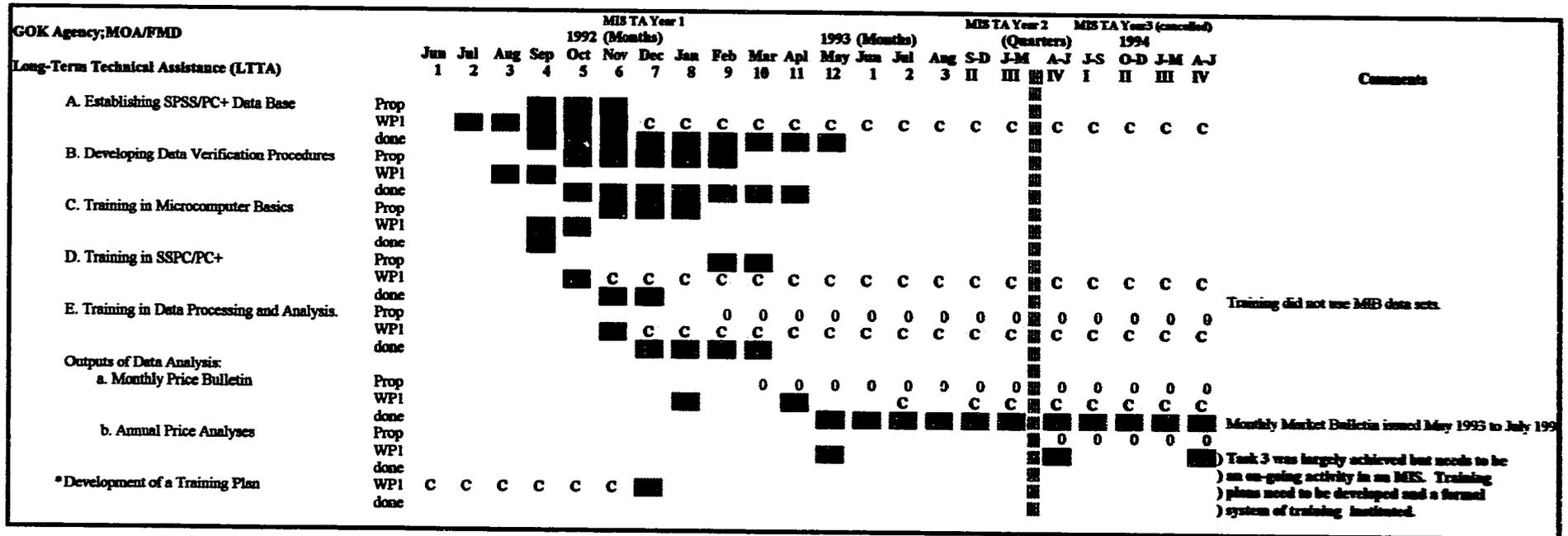
\* Added in First Workplan not in Technical Proposal  
 \*\* Transferred to LTTA task-list from SITA list  
 Prop=Technical Proposal; WP1= First Workplan; done=achieved

■ Technical Proposal  
 ■ 1st. Workplan  
 ■ Achieved  
 C = Continuous Activities  
 ■ = LTTA terminated

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**Figure 3**  
**Task 3 - Farm Management Division: Data Analysis**



\* Added in First Workplan not in Technical Proposal

\*\* Transferred to LTTA task-list from STTA list

Prop=Technical Proposal; WP1= First Workplan; done=achieved

Technical Proposal  
1st. Workplan  
Achieved

C = Continuous Activities

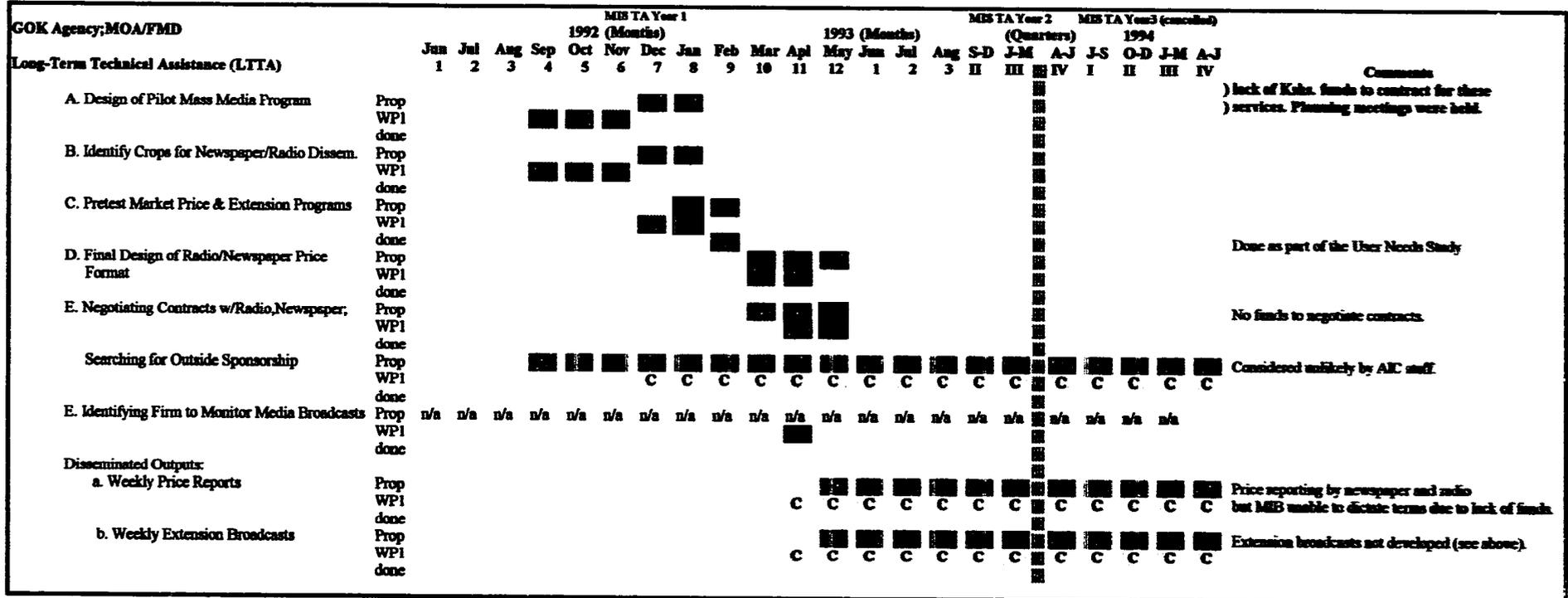
■ = LTTA terminated

Task 3 was largely achieved but needs to be an on-going activity in an MES. Training plans need to be developed and a formal system of training instituted.

Training did not use MIS data sets.

Monthly Market Bulletin issued May 1993 to July 1993

**Figure 4**  
**Task 4 - AIC Price & Extension Message Dissemination**



\* Added in First Workplan not in Technical Proposal  
 \*\* Transferred to LTTA task-list from STTA list  
 Prop=Technical Proposal; WP1= First Workplan; done=achieved

■ Technical Proposal Achieved  
 ■ Ist. Workplan Achieved  
 C. ■ ■ ■ = Continuous Activities  
 ■ = LTTA terminated

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**Task 3C** Training in Microcomputer Basics: this was done during the period 7-18 September under a subcontract with a local company COMPUTECH. The Semi Annual Report for the period ended 31 March notes that training in computer basis was not repeated as it was felt that the staff had a good working knowledge of the subject.

**Task 4** *AIC Price and Extension Message Dissemination.*

**Tasks**

**4A. & 4B** Design of Pilot Mass Media Program and Identification of Crops for Radio Dissemination: Following a meeting in June with the AIC Director and several announcers, the Head of MIB, the COP and the LTTA, these two activities were postponed until September. In September work had not begun due to lack of access to the Kenya shilling budget.

It was signalled at this time by AIC staff that it was premature to seek sponsorship from the private sector to fund market price dissemination.

*Short Term Technical Assistance*

Three tasks were proposed for the use of STTA in the first four months of the Project. These were the Identification/Evaluation of Market Price Information Uses, the Design of the MIS Operations Manual and Basic Microcomputer Training.

**5.1.3 Period Ended 31 March 1993**

The reimposition of maize marketing regulations took effect from 30 October 1992 reinstating controls on the transport of maize between districts and the intention of the government to build the SGR to 10 million bags (900,000 tonnes).

During this period, in January 1993 the COP was involved in a car accident and was therefore unable to fulfil his role. The LTTA was nominated Project Director and COP, Tom Wittenberg was named as deputy Project Director and Ms. Marcia Jerrett, Project Manager at Abt Head Office. The incumbent Head of MIB was replaced by his deputy.

The KMDP received only a fraction of its planned shilling budget during the reporting period.

Deloitte Touche (formerly Deloitte Haskins & Sells Management Consultants Ltd.) were dropped as subcontractors for the KMDP. The project manager's local counterpart was therefore not available to assist the LTTA in taking responsibility for administrative, logistical, financial management and reporting as suggested in the Technical Proposal. It appears that Abt home office did not insist on providing an administrative assistant for the LTTA. It is the view of MIB staff that this resulted in the LTTA spending a lot of his time on administrative tasks.

**Task 1**      **Market Information System and Coordination.**

**Task 1A**      The MIS Working Group met on twelve occasions during the six month period. They made plans and operational decisions on the following subjects:

- Visit to the Tanzanian MIS and report writing;
- design of the user need survey questionnaire, field testing and surveying. This survey was undertaken in February 1993 and the report delivered to USAID in August 1993.
- preparation of the Units of Measure Study terms of reference. This was an activity which began in the previous reporting period.

Meetings alternated between the MIB and ASS offices.

**Task 1B**      Review Scope of Work (SOWs) and Lines of Authority: A further review of the SOWs and lines of authority was necessitated by the recruitment of new staff and the beginning of published outputs. The Head of MIB with the assistance of the LTTA were preparing these at the end of the period. There are no records of the results of these reviews.

**Task 1C**      Develop Proposal for Joint MOA/CBS Marketing Information System: as reported previously the concept was officially accepted. It was considered that the joint publication of the *Monthly Market Bulletins* would reinforce the collaboration.

**Task 1D**      Prepare for MIS Evaluation Workshop: this proposed inter agency workshop to verify that the MIS is meeting user needs and to endorse the division of labor between MIS and CBS had been postponed to Year Two of the project. This was to allow participants to evaluate better the MIS on the basis of the three reports laying the groundwork for the joint MIS and following the distribution of four or five *Monthly Market Bulletins*.

**Task 1E**      Visit Tanzanian MIS: Five MIB and ASS officers travelled to Tanzania to investigate the organization, funding, scope of crop and market coverage and standard operating procedures. A jointly authored mission report was produced.

**Task 1F**      Periodic Field Trips: Few field trips had taken place during the period due to difficulties over funding for fuel, per diem, the absence abroad of senior officers, long leave and national elections. There appears to be no documentation of the field visits that were made by the LTTA/Abt.

**Task 2 Data Collection and Transmission**

**Task 2A** User Needs Survey: A User Need Survey was conducted in February by STTA, Patricia Kristjanson of Abt Associates, with MIB and ASS officers in four districts. The report was to be published in May after the STTA had completed the analysis, it was, however, finalized in July and distributed to DMOs at the Mombasa workshop in August.

**Task 2B** Review Geographic Distribution of Data Collection Points and Commodity Coverage: this had gradually reduced the number of crop units surveyed and prioritized the crops and markets for daily newspaper coverage. The Working Group had also identified six crops and four markets for detailed price analysis for the *Monthly Market Bulletin*. It is clear from discussions with MIB that they did not want a reduction in the number of crops to be reported to be reduced, a view confirmed during the User Needs Survey. Farmers and traders expressed the desire to have as many crops as possible covered.

**Task 2C** Investigate Appropriate Units of Measure for Data Collection & Dissemination of Market Prices: the terms of reference were approved by the Working Group and the questionnaires drafted by the LTTA.

**Task 2D** Assess the Capacity of the MOA Field Staff: systematic assessment had been hampered due to the difficulties in arranging field trips. Informal assessment was undertaken during the User Needs Survey. A need for periodic training workshops and seminars was identified. Unfortunately the results do not appear well documented.

**Task 2E** Design of MIS Operations Manual for MOA/FMD data collectors and supervisors: originally scheduled for December it had been decided to postpone pending:

- the results of the units of measure survey;
- the design and testing of a new market price questionnaire.

It was thought that experience of publishing several *Monthly Market Bulletins* would be the best time for this STTA activity. It was also hoped that budgetary constraints would be eased by that time.

The evaluators view is that further postponement of the preparation of this essential training tool was unfortunate and the reasons given inadequate.

**Tasks****2F & 2H**

First and Second National Workshops for the MIS: to some extent these were intended to introduce the Operations manual and train field staff in price collection and analysis. In view of the decision to postpone the preparation of the Manual

the Workshops were also postponed. The MIB also saw the purpose of the Workshops to be to define the direction of the MIS.

**Task 3**      *Strengthening of Data Analysis and Dissemination Capacity*

**Task 3A**      Establishing an SPSS/PC+ Data Base for Market Price Analysis: this was reported to be well underway and the backlog being eliminated.

**Task 3B**      Developing Data Verification Procedures: these had been developed by STTA Tom Wittenberg some time previously and were being used in MIB and ASS. Other automated procedures had also been prepared by Wittenberg for the *Monthly Market Bulletin*.

**Task 3C**      Training in Microcomputer Basics: this activity was not repeated after the initial training in September 1992 its being judged that the staff had a good working knowledge of the standard software packages.

**Task 3D**      Training in SPSS/PC+: this was carried out in November and December by Tom Wittenberg. This had been delayed from August because of the late arrival of the computers.

**Task 3E**      Training in Data Processing and Analysis: Originally scheduled for August 1993 would now be acquired through on the job training in preparing the *Monthly Market Bulletin*.

**Task 3F**      Development of a Training Plan: The development of a training plan was to be finalized by December. It was introduced in the First Year Workplan and proposed as a continuous activity from the beginning of the project. This was postponed due to staff turnover necessitating an assessment of needs of the new personnel but a formal training plan was never completed.

**Published Outputs**

The *Monthly Market Bulletin* was originally scheduled for January 1993 as a quarterly. The Working Group had decided this should be a monthly publication but that due to pressure on CBS/ASS for the annual *Economic Survey* and the backlog of unentered data at MIB the first issue should cover May 1993 with a target publication date of 10 June. A trail bulletin was issued in May 1993.

**Task 4**      *AIC Price and Extension Message Dissemination.*

**Task 4A**      Design of Pilot Mass Media Program: constant contact between LTTA and AIC but delays due to confusion over non availability of the GOK KMDP shilling budget to pay survey and production costs.

**Task 4B** Identification of Crops for Radio Dissemination: was part of the User Needs Survey. In order of preference for the top five crops farmers and traders requested that prices be broadcast regularly for maize, beans, Irish potatoes, millet and cabbage. The MIS would share its respondent crop preferences with AIC as part of a general exchange of preliminary survey results between AIC and MIS teams planned for May.

**Task 4C** Pretesting Market Price & Extension Program: originally scheduled for December/January would now be handled by AIC in September 1993. Financing would depend on budget outlook for Year Two of KMDP.

A note by the LTTA in his semi annual report says that although CBS/ASS has no TA of its own, its role in the joint MIS was critical - not only because it supplies retail prices to match MIB wholesale data. He cited:

- the professional statistician's perspective brought by CBS/ASS;
- their experience in designing and implementing surveys, managing large data sets and the discipline needed to meet publication deadlines;
- a little healthy competition to the MIB staff.

Two person months of STTA stretching over the period October-March had been scheduled. Following a review by the COP it was recommended that the KMDP support to CBS/ASS should be modest, reflecting the modest shilling budget support to ASS. This should mainly focus on SPSS training. In the light of this, a paper setting CBS/ASS priorities *vis-à-vis* KMDP was no longer critical as long as CBS/ASS and MIB continued to collaborate. Following the earlier warnings from USAID regarding funding shortages this appears to be an attempt to reduce peripheral activities.

Developing an ASS Operations Manual, originally scheduled for January-February was postponed because, as with the MIB manual it was now felt that there should be a few months experience of producing the *Monthly Market Bulletin*. It is not clear why one depended on the other nor is there a subsequent record of its having been done.

#### 5.1.4 Period Ended 30 September 1993

USAID created a new KMDP management structure nominating Mr. Sam Mwale as the first point of contact with the MIB. Mr. James Kigathi would help with KMDP financial management in terms of planning KMDP shilling budgets and systems implementation. Mr. David Soroko would continue as overall Project Officer. The new management structure, together with the biweekly meetings that were instituted were seen as strengthening the donor recipient communications for Project implementation. Although originally planned as biweekly, MIB report that they were held less frequently than this.

Dr. John Holtzman returned to fulltime active COP, visiting Kenya from 26 July - 14 August. This freed the LTТА to focus exclusively on his technical advisory role.

#### *The Second Annual Workplan and Concept Paper*

A Second Annual Workplan was submitted in April and discussed and approved in principle in May. The Workplan was superseded by a reorientated project implementation plan (entitled "Concept Paper") which was drafted in August 1993 and revised in September (it was revised yet again in October). By the end of September that revision had been informally accepted by USAID and the LTТА and MOALDM/FMD/MIB staff were preparing to implement it. The Concept Paper specifically terminated institution building support to the MIB. In its place Abt agreed to undertake 3 RAs of maize, beans and potatoes.

Reporting of the KMDP MIS project no longer followed the First Workplan format since this had been overtaken by events. The following is a description of the activities.

#### *District Marketing Officer Workshops*

Workshops for DMOs were initiated in Nakuru in June 1993 where the concentration was on KMDP/MIS objectives, MIB activities and price collection issues. The workshops were continued in Mombasa 3 - 6 August where the theme was "Price Collection in Markets - Situation and Techniques". The workshop was led by Dr. Merle Menegay on an STТА mission to prepare the Operations Manual for Market Data Collectors. The manual was critiqued and revised, with significant input from a committee of five data collectors. A final manual was never completed but some district officers are referring to the draft manual as a guide.

#### *Short Term Technical Assistance*

In addition to the STТА mission of Dr. Merle Menegay which resulted in the Operations Manual, Tom Wittenberg spent six weeks in Kenya from 1 April -11 May finalizing the development of the price data base and automation of the SPSS/PC+ procedures for generating price reports and plots at MIB.

Other planned STТА did not materialize. USAID had identified a former Permanent Secretary to carry out a political economic analysis of whose interests were at stake to explain why the GOK continued to resist complete liberalization of the of maize marketing. This was to be undertaken through a subcontract with Mwaniki Associates. However, the budget prepared by the subcontractors on the basis of terms of reference prepared by USAID for a five weeks level of effort was considered to be too high by both USAID and Abt and the study was aborted. The MIB perception is that the need for this study was guided more by a policy imperative than technical rationale.

The "Units of Measure" study, the terms of reference for which had been prepared and approved by the Working Group in September 1992, was planned to be carried out by Mwaniki Associates. Because of further difficulties over the shilling budget the MIS Working Group proposed that the

dollar budget should be used. The subcontractors prepared a budget, which USAID questioned and which was scaled back by Tom Wittenberg for submission for USAID approval. Approval was not forthcoming. The study had been included, but not completed, in the First and Second Annual Workplans. The delays to this study are difficult to explain. It appeared to be considered urgent early in the Project but was postponed for various reasons which do not appear very strong.

USAID suggested that accuracy of price reporting in units of measure in units of measure was not a burning issue with farmers and traders. MIB held the view that the accuracy of data reporting depended on the units of transaction and that this should have been regarded a priority issue. Questionnaires were prepared for DMOs to administer to farmers and traders to test their feelings. Results of the analysis of the questionnaire were not available at the time of the semi annual report for 30 September 1993. The report based on these questionnaires has not been seen by the evaluators.

#### *The Reorientation to the MIS Improvement Effort*

Dr. Menegay's criticism that the inconsistency of price data collection concepts and methods applied to different marketplaces raised fundamental questions about the reliability of the MOALDM/FMD/MIB MIS. USAID raised these issues at a meeting with COP Holtzman in July. USAID called for a rethinking of the MIS project objectives and a reformulated plan. A draft "Concept Paper" was drafted by the COP and finalized on the basis of written comments from USAID in August. The September draft was approved by Mr. I. Kirimi, head of FMD in September. (A further revision was written in October 1993 outside this reporting period).

The preamble to the Concept Paper explained the context of the KMDP. The KMDP project paper called for improving market information for maize and beans, since these were two key staple crops. The KMDP MIS was designed to monitor and evaluate the implementation and impact of market liberalization. Furthermore, improved market information would allow farmers to make informed choices among cropping alternatives and thus maximize their incomes.

Once market liberalization was reversed for maize, it was claimed in the Concept Paper that "... any pretence of monitoring a liberalized maize market has to be abandoned".

On the basis of this reasoning the objective of the KMDP were changed as follows:

*"Objective 1* Increase MIB understanding of marketing system participants, channels, units of measure and commodity flows. Use this improved understanding to upgrade MIB headquarters and national staff capacities for collecting, transmitting and interpreting market price and conditions more accurately.

*Objective 2* Based on MIB's better understanding of marketing systems, identify key information users.

**Objective 3** Based on research results under objective 1, the experience gleaned in ranking and implementing under objective 2, and other considerations, the MIB will identify, describe, justify and plan the elements of an improved MIS. This plan is intended to provide the basis for GOK and other donor decisions on what is desirable, durable and supportable in the area of market information."

The KMDP technical assistance project would be reoriented to selected activities limited in scope. The MIS in future would concentrate primarily on collecting, processing, analyzing and disseminating wholesale prices for key horticultural crops and beans. Further technical assistance to improve field data collection activities would not be provided.

The following are the key assumptions underlying the refocused program to strengthen the MIB MIS:

- "Wholesale marketing of horticultural crops is diverse, geographically dispersed, yet seemingly integrated at the national level. Since the current economic and policy environment is far different from that prevailing at the time of the KMDP TA project design and different from the forecast course of policy reform implementation, it is important to examine how horticultural crop and bean systems are organized and operate. This understanding will best be gained by intensive field study of key commodity subsystems.
- MIB may face pressure to expand commodity coverage under a reorganized MOA (as MOALDM), where a Marketing Division is created. KMDP assistance to the MIS will strive to reinforce the need to prioritize commodities for price data collection, rather than expand commodity coverage.
- Based on KMDP/MIS contract team experience to date, complete rehabilitation of CBS collection, processing and analysis of retail price data will require more resources than KMDP can provide at this time. Hence, KMDP will continue to focus its assistance on MIB and the DMOs. CBS/ASS will be invited to continue participating in the MIS working group, providing valuable insight into data collection and analysis issues.
- Given the high turnover at MIB at the DMO level, KMDP will document how selected agricultural commodity subsystems are organized and operate, with particular attention to commodities produced in the KMDP districts; price data collection, processing analysis and dissemination procedures and processes; and user needs in selected production zones.
- In the remaining months of the KMDP/MIS TA contract, the contract team will lay in place elements of an improved MIS which may be further strengthened and integrated by the GOK alone or with the financial and technical assistance of donors *other than USAID* (evaluation team's italics). Prospects for the long term sustainability will be determined in large part by follow up GOK resource allocation decisions, maize market decontrol and donor assistance".

The key KMDP/MIS Activities for the remainder of the Project were:

- "rapid Appraisals of three selected commodity subsystems; the commodities chosen were dry maize, beans and Irish potatoes; STTA was to provide technical leadership;
- training workshops for DMOs and enumerators; the LTTA with a MIB training coordinator to develop a workshop training program;
- the Monthly Market Bulletin should be simplified and deemphasized
- the MIS evaluation workshop which was included in the First Year Workplan for the third fourth quarter of the third year of the Project would have an expanded agenda. This would include the interim findings of the RAS, and some implications of this research for MIB organization and operations, the effectiveness of the monthly bulletin, the manuals for price collection, the user needs survey and the DO workshops. It was also proposed that the workshop would focus on establishing commodity and MIB program priorities for 1994 and beyond KMDP; how the contract team should focus its efforts for the remainder of the KMDP/MIS contract; proposed MIB reorganization and expansion".

The other activities under the Project were the consideration of management training courses for MIB staff and an end of project conceptual paper which could be taken up by the GOK or a donor *other than USAID*. The paper was seen as providing detailed information on MIS progress to date and additional staff, training, equipment and technical assistance requirements to achieve the recommended system enhancements.

#### *Monthly Market Bulletins*

The MOALDM/FMD/MIB and CBS/ASS began the publication of the *Monthly Market Bulletin* in May. Five hundred copies were produced and disseminated widely, particularly to public sector users, donor agencies, and researchers. The LTTA encouraged staff of MIB and ASS to write analytical articles but the heads of MIB and ASS instructed staff to produce a reduced form *Bulletin* reporting price movements in tables and graphs and keeping the interpretation of the price data to a minimum. Therefore several articles prepared by an analyst and the LTTA were dropped from the June edition and no further articles were written.

#### *Unified Market Information System*

Throughout the life of the Project there had been discussion of the creation of a unified MIS system, but this had been in the context of a MOA/MIS, CBS/ASS joint organization. However, a preliminary plan for a unified market information system encompassing crops and livestock, prepared by a MOALDM task force was presented by the head of MIB at the Mombasa workshop. The unified MIS would combine officers from the MIB, the former Ministry of Supply and Marketing (MoSM) and the former Ministry of Livestock Development. Field officers from each entity would be retained to collect and transmit data to Nairobi. The proposed unified MIS would have divisional status.

The contract team hoped to put a strategic input into the creation of a new market information division.

### *Field Visits*

Under the Annual Workplan, field visits to DMOs participating in the KMDP by the MIB staff, including the LTTA, were called for every month. Including the STTA visits by Dr. Merle Menegay and those who accompanied him, these planned visits were achieved most months. There were some notes on the field trip by the COP and Dr. Menegay. The annual Work Plan was no longer in effect.

### *Evaluation Workshop*

The First Year Annual Workshop called for an Evaluation Workshop to evaluate the GOK MIS, jointly operated by MIB and CBS/ASS. There were differences in approach to this exercise, the LTTA drafted a basic format/program including TOR for the evaluators. The MIB wished to separate the "evaluation" from the "workshop" and favored an outside consulting firm as evaluator. USAID felt that an evaluation followed by a workshop presented to key GOK personnel would sensitize people to the importance of accurate data and help the long term sustainability. Abt did not favor outside consultants, but saw a workshop as a consensus building tool.

The LTTA reported that decisions on the timing and any evaluation were being left to MIB and Abt Associates.

### *Per Diem for GOK Staff Working on Project Related Activities*

The question of how to pay the MIB staff a sufficient per diem to enable them to make more frequent field visits had been the subject of contention over virtually the life of the Project. The LTTA reported that Abt Associates was making a formal request to USAID for a contract modification to enable contract dollars to be used for numerous expenses, including GOK per diem, this to be retroactive to January 1993. The LTTA made the point that in many cases the activities which the MIB would be able to undertake as a result of this change would enable the MIB to increase its field activities beyond what would have been possible from the GOK budget had it been available.

### **5.1.5 Period Ended 31 March 1994**

#### *Liberalization of the Maize Market Announced*

In late October, one year after the reimposition of movement controls on maize the President relaxed the controls to the previous 88 bag level. In late December the Minister of Agriculture announced sweeping reforms on movement and price (see Chapter 2).

The Head of MIB wrote a summary announcement of the changes for release to the press. This was published in three newspapers, but the MIB did not place an announcement on the radio.

#### *Uncertainty of Tenure of the LTTAs*

During the reporting period there was considerable correspondence between USAID and Abt Associates regarding the funding remaining for the Project and the implications of this for the length of tenure of the LTTAs. During the reporting period USAID/Kenya extended the tenure of the LTTA to the Ministry of Public Works and Housing (MOPW&H) from 24 to 36 months. In principle the tenure of the LTTA to the MOALDM/FMD/MIB cut to 24 months in May 1993 was unaffected by this decision. USAID did not know its operating budget for FY 1994 by mid-November 1993 but appeared willing to drop the LTTA to the MOALDM in order to extend the MOPW&H component. USAID received its FY 1994 budget in late November 1993. On the assurance of this new budget, USAID and Abt Associates agreed to maintain the LTTA to MIB until 22 March 1994 - a further reduction of LOE to 22 months.

#### *Activities Achieved During the Reporting Period*

A DMO Workshop was organized and led by the MIB, the LTTA and the COP in late October 1993, focusing on the theme of Rapid Appraisals of Commodity Subsectors: Concepts and Applications. There were about fifty participants who were introduced to the concept and methodology of rapid appraisals. Working groups were formed to discuss the practicalities of executing the RAs for the three selected crops and interviews were conducted in Nakuru wholesale market.

The RAs were carried out in November led by several STTA but with the participation of MIB staff and selected DMOs. The question of per diem for GOK staff was still not fully resolved within the USAID Mission between the Project Officer and the Contracts Office. The RAs were launched with this matter still unresolved, but trusting that a resolution would be found.

The RAs were judged by the LTTA to have been a useful research *cum* training exercise. It is the evaluators view that they do not, however, substitute for properly programmed training, tailored to the needs of the field staff. Furthermore, the RAs did not address training in price collection methodology employed by the enumerators.

#### *The Sustainability of the Monthly Market Bulletin*

Various suggestions were made for the sustainability of the *Monthly Market Bulletin* which was being received enthusiastically by collaborating ministries, other public sector readers, selected donors, researchers, traders and millers. Cost remained an issue. It was intended that a charge of 100/- be made although there were questions over collection and retention of the revenues. Among the various options considered were requesting more funding from the collaborating ministries, soliciting financial help from donors, restricting the number of free copies and encouraging over the counter sales, making a charge for each copy.

The written and electronic media were approached to discuss their interest in giving the MIS data wider and deeper coverage. All newspapers and the radio expressed willingness to publish/broadcast more market information. It is not clear to the evaluators why they had not been willing to do so before except that by the time of these later discussions the markets had been completely liberalized and the media felt more comfortable with price dissemination.

#### *Further Training for MIB Staff*

New MIB staff received SPSS/PC+ training from a local firm in January 1994; a year after their initial training all MIB staff retrained in SPSS/PC+ tables and further training in advanced applications an introductory statistics was scheduled for June-July 1994, after the KMDP market information TA component officially ended. Two staff members were trained in July 1994 in advanced SPSS/PC+ but needed further training which was not completed.

The KMDP also sent the Head of MIB on a two week management training course at the Eastern and Southern Africa Management Institute (ESAMI) in Arusha, Tanzania in Late January early February.

#### *Biweekly Consultation Meetings and Other Coordination*

Biweekly meetings were continued between MOALDM/MIB and USAID/Kenya. These meetings were considered useful in sharing information and frank discussions as to future direction. MIB's view, however, was that the meetings were frequently inconclusive since the representative of USAID had not full authority delegated to him by the USAID Project Manager.

The MIS Working Group no longer met as the *Monthly Market Bulletin* production had now become routine and the redirected KMDP had dropped the CBS/ASS.

#### *Evaluation of Public Sector Market Information Needs*

In March 1994 the head of MIB and the LTTA interviewed about 25 public sector/public policy users of market information to determine market information needs to complement the formal survey of farmers and traders a year earlier. A report was prepared and the views of the interviewees formed the basis of the final document "Towards a Strengthened and Streamlined Market Information System in Kenya" coauthored by the LTTA and the Head of MIB<sup>7</sup>.

There was a general expression of satisfaction with the level of precision, aggregation and frequency of these market prices - and numerous suggestions for the expansion of the MIS.

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<sup>7</sup> Towards a Strengthened and Streamlined Market Information System in Kenya: a Proposal", Phillip Steffan and John K. Mungai. July 1994.

All interviewees had seen and read the *Bull Pen* and most were satisfied with it, although public policy makers would have liked to see it expanded to include analytical articles focusing on specific new developments in the market.

#### *Market Information System Planning Document*

The Head of MIB and the LTTA wrote a proposal for strengthening the GOK MIS. This was the final task proposed in the Concept Paper reorienting the Project implementation plan. The proposals are built around the following premises, among others:

- Access to accurate, reliable and timely data, including agricultural market information, is essential for economic decision making.
- Collection and analysis of market information is so critical that it cannot be handled under civil service arrangements with its poorly remunerated staff and "business as usual" approach.
- The future market information system should be located outside of the government mainstream, yet linked with government.
- To strengthen and streamline the market information system - and infuse it with a new spirit of professionalism, it must be given a new organizational structure and managerial and financial autonomy with accountability.
- Most importantly, technical progress achieved to date cannot be sustained without first resolving fundamental management, financing and organizational constraints.

After discussing various options - higher salaries for staff, use of non salary motivators and access of the MIS to its own source of funding - the *Proposal* recommends that the MIS be restructured with recurrent financial support from the GOK as well as independent financing; an independent board of directors to oversee all operations of MIS; a managing director answerable to the board to provide overall managerial, technical and financial leadership for the MIS; four functional divisions with directly recruited professional staff (market data collection, market information analysis, market information dissemination and financial management); and field staff with sufficient budget allocations who will remain within the civil service on a trial basis. The evaluators' immediate reaction is that this would not fit the civil service structure but should be considered as an option if donor support to MIS is forthcoming.

#### *Remaining Business*

The LTTA concluded his final report with comments on a few outstanding matters. These were:

- Evaluation and revision of the Wholesale Price Recording Form - the recording form recommended by STTA Dr. Merle Menegay was sent to the field in August 1993 for trial by the DMOs and enumerators. There were a number of criticisms and the form would be modified to meet the criticisms;
- Calibration of Weights and Units of Measure - the LTTA made the point that the determination of crop specific minimum transaction volumes and the verification of the

weights of non standard measures had been included in the *First Annual Workplan* but had not been done. The Head of MIB had asked USAID on 25 October to authorize KMDP to buy scales (as well as two additional desktop computers and a dot matrix printer to accommodate expansion of MIB staff). Because of Project Budget uncertainties USAID advised MIB to include scales and computer equipment in the KMDP shilling budget. This had become caught up the bureaucratic process and the equipment was not likely to be available until late 1994.

## 5.2 OBSERVATIONS

### 5.2.1 Contractor Implementation of the MIS Component

1 The Abt Associates Technical Proposal describes their approach to satisfying the objectives of the TA to the MIS as spelled out in the RFP and the Contract. They proposed the following steps:

- standardize price collection procedures, proper training and effective supervision of enumerators;
- improve data transmission, entry, processing and tabulation methods;
- strengthen the capacity of MOA/FMD, in concert with MOA/DPD, to interpret, analyze and present market information for key policy makers to use in policy formulation and dialogue; and
- improve the capacity of MOA/FMD and MOA/AIC to disseminate market information to private sector users (traders, farmers, processors) and to receive periodic feedback from them to further improve capacity and satisfy user needs.

The planning horizon to achieve the objectives was three years and the Workplan in the Proposal and the subsequent First Year Workplan reflected this. In the evaluators' view the emphasis on price collection training and the establishment of a sound data base was the correct approach. There appears to have been considerable pressure to emphasize dissemination.

The LTТА arrived in May 1992 and broadly the tasks proposed for the first year were put in hand. There was some slippage in staff training in computer use and the establishment of the data base by the entry of past data against the planned times. This was largely unavoidable given that the computers were not available on time due to Customs delays.

The most serious cause of delay was the Design of an MIS Operations Manual which would have been a key element of the training for DMOs and enumerators. This, the then Head of MIB told the enumerators, MIB did not regard as very high priority and the activity was delayed until July 1993 (13 months after the arrival of the LTТА). The logic of its being a tool for basic training of enumerators had been lost by this time and the STТА, Dr. Menegay's, calling into question the methodology being used led to the reorientation of the Project towards its demise.

Delays were also experienced in completing the User Needs Survey and the Units of Measure Study both of which were included for completion by the LTТА in the first six months of the

TA contractor's Work Plan. The latter was ultimately abandoned as agreement could not be reached by USAID and Abt over its usefulness and completion cost by a STTA. The evaluators believe that Abt performance could have been improved in these areas. However, Abt TA performance in training and establishing the computer data bases in both MIB and CBS/ASS were well completed and on time.

Work Plan 1 required that field staff evaluations be performed and that new MIB Scope of Work and staff job descriptions be developed. The LTTA reported that informal evaluations of district staff had taken place over an extended period. There was, however, a perception, both at USAID and MIB, that the LTTA did not visit the field sufficiently and therefore staff assessments were not rigorously pursued. Likewise, the MIB scope of work became more concentrated on compiling, editing and preparing price data for dissemination by radio, newspapers and the Monthly Market Bulletin over the first fifteen months of contractor supplied TA, but a formal agency SOW and staff job descriptions were not prepared to document this development. Improvement in MIB capacity to interpret and analyze market data for policy makers did not occur, but efforts to improve price collection procedures, training and enumerator supervision and dissemination of market price data to farmers and traders were under way when the original design was abandoned in favor of the new Concept Paper.

The LTTA and the Head of MIB were successful in creating the Working Group which served as the coordinating mechanism between MOA/FMD/MIB and CBS/ASS. Other bodies were invited but rarely attended. By mid 1993 the Working Group, became effective in launching the Monthly Market Bulletin and served as a steering committee for improving market price data improvement and guiding the direction of the MIS component.

Throughout the entire TA Project there were the difficulties with the GOK controlled Ksh budget and the question of per diem payments for local staff. The former problem prevented the MIB interacting as was envisaged with the AIC since this body operates semi autonomously as far as its funding is concerned. This means that they perform a task for another MOALDM department for an agreed price. AIC is required to generate funding to pay all their costs other than staff costs.

The lack of per diem for the Kenyan counterparts was cited by the LTTA as a deterrence to his making many field visits during the first year of contractor TA activity. The USAID Project Manager did not concur with this assessment. This difference of opinion over lack of field travel for the LTTA during the early contractor implementation period was never fully resolved, but a contract amendment in January 1994, just prior to the departure of the LTTA, permitting local staff to be paid per diem out of the contractor dollar budget was approved by the USAID Contracting Office. The facts surrounding this late approval remain clouded.

It appears to the evaluators, that given the constraints, the LTTA and the STTA, who undertook training and establishing the computer data bases in both the MIB and CBS/ASS, performed relatively satisfactorily.

There appears to have been some delay on occasions in delivering reports on time and that insufficient field visits were made. Various suggestions for the reasons have been advanced but the evaluators cannot make definitive judgements so long after the events and when most of the actors have left the stage.

### **5.2.2 Contractor Project Management**

Because the TA team was to be very small (and was in fact reduced further by the elimination of the proposed TA to CBS/ASS) the RFP called for a COP whose incountry input would be quarterly visits to Nairobi and back stopping from the home office. The full management team proposed by Abt Associates is listed in Chapter 3.

It appears to the evaluators that the lack of a local administrative assistant, as was proposed, burdened the LTTA with tasks for which he had not the time nor in which he had any expertise. To deal with the complex accountancy management and administrative issues associated with a policy reform program such as KMDP requires a great deal of time and experience, particularly at a time when GOK was undergoing a severe funding crisis and Project activities were delayed as a result. It is not clear why Abt Project management did not make other arrangements when their negotiations with DH&SMC failed. A full time administrator could have assisted with preparation of workshop details and RA reports in addition to the other tasks proposed in the Technical Proposal.

The reason for an absentee COP is explained in the RFP, but the evaluators feel that the presence of the incountry COP was desirable. Clearly, neither the changes in GOK policy, which ran counter to the Project Agreements' Conditions Precedent, nor the unfortunate accident (both personally and for the Project) which befell the COP could be foreseen. His absence at a period when (April 1993) when an initial decision not to plan for TA beyond 30 June 1994 was critical (Originally the funding for MOA was to continue to June 1995 and the road component funding completed in June 1994). However, the perception at USAID was that despite sending Tom Wittenberg to assist the LTTA, Abt did not replace the COP (Holtzman) with a sufficiently senior person in the company to deal with the situation.

USAID seemed to have some problems with Abt's accounting style and lack of precision in presenting summaries of the funds remaining. It could be anticipated that a company with the experience Abt has with USAID accounting requirements would have no problem but this does not seem to have been the case. Perhaps this adds further justification for local administrative assistance.

### **5.2.3 USAID Project Management**

The USAID Project Manager was associated with KMDP from early project design and throughout contractor TA implementation. He actively provided hands on technical assistance during the period prior to selection of the implementing contractor. Under his guidance the GOK had developed a detailed precontractor Implementation Work Plan and had developed a

satisfactory working relationship with the incumbent MIB Head. These two had made periodic field trips to districts and had assisted in providing enumerator training.

It appears that warning signs of contractor implementation problems and an emerging personality clash between the Project Manager and the LTTA were evident early in the TA Project period. The evaluators were asked to decide whether early termination of the MIB TA was made on sound technical and institutional grounds. A high proportion of the technical capability to compile, edit and prepare data for dissemination in the bulletin and radio and press releases had been achieved by the contractor technical team by 1993. Intensive field staff training was the next logical step following the successful STTA development of the MIS Enumerator's Operations Manual. Instead, this was the point at which the original Project concept was refocussed and the new Concept Paper written.

It is not clear why the Concept Paper, which did not contribute to either furtherance of data collection or dissemination of market information, was substituted at a time when the early implementation obstacles, eg preparation of an Operations Manual, District staff training and a working integration of headquarters and field staff, including the LTTA, appeared to be in the process of being resolved. The reimposition of maize marketing controls does not seem to be sufficient justification for the abrupt change in project direction. Moreover, it is not clear why discussion of the termination of LTTA contract after two years was linked to the complete change of implementation strategy contained in the Concept Paper.

It is clear that the impact of early termination on the MIB as an institution has been to cripple it financially. With the end of access to dollar funding and the insufficiency of funding through the GOK shilling account, the MIB is no longer able to produce its bulletin, fund maintenance contracts for the hardware supplied under the project, or to travel to the districts to liaise with and provide training to the DMOs upon whom the MIS depends heavily. The necessary funds are in the Treasury but the overall budget cut at the MOALDM has been applied to the MIB also (Chapter 4. Section 4.2.2). Effectively, USAID has to await a request from the Head of MIB via the MOALDM channels.

**6 SUMMARY FINDINGS,  
CONCLUSIONS AND  
RECOMMENDATIONS**

## 6 SUMMARY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Major findings and conclusions from discussion and analysis presented in the previous Chapters are drawn together in Sections 6.1. Section 6.2 addresses alternative institutional locations for the MIS. Recommendations for future USAID KMDP-MIS activities are developed in Section 6.3. based on the findings and conclusions of the evaluation.

### 6.1 IMPACT OF MIB/MIS ACTIVITIES

#### 6.1.1 KMDP Design Issues

##### *Finding # 1: Conceptual Consistency of the Program Strategy*

The Program goal was stated as.. "to assist Kenya in achieving increased agricultural productivity and increased net farm incomes". The strategy was to achieve "shifts to higher valued cropping mixes" by increasing market transparency through a Market Information System. The PAAD claimed that improved marketing information would reduce marketing costs and that policy reform would provide greater incentives to maize and bean producers to shift to other more profitable crops. Crops other than maize and beans, for example horticulture, were emphasized as it was argued that they were important to existing cropping patterns. According to the PAAD the medium scale farmer would be the major beneficiaries of the increased transparency, presumably because subsistence farmers were not price responsive to maize and beans as they were part of their fixed annual crop rotation. The implication was that liberalization of the maize and bean markets was needed to make the market price information useful as a tool to improve farmers' production and marketing decisions.

##### *Finding # 2: Identification of Appropriate GOK counterpart agencies*

Among the Program Outputs identified in the PAAD was improved capacity in government policy analysis, policy implementation, investment planning and market information dissemination. The RFP repeated this set of outputs. It was envisaged in the PAAD that support would be given not only to the FMD/MIB for MIS activities, but also to the MOA DPD presumably to improve the policy analysis capability of this agency. But technical and/or financial support to the DPD had been abandoned by the time the RFP as drafted. The implication is that the FMD/MIB was expected to conduct policy analysis and similar types of market analysis using market price data collected from district level wholesale markets.

##### *Finding # 3:*

A reason, cited in the PAAD, for upgrading FMD/MIB as a MIS institution was the GOK commitment to improving agricultural marketing demonstrated by the recent posting of some 80 university graduates as District Marketing Officers (DMO). Unfortunately for the institution building component, the PAAD indicates that the KMDP was seen as a tool for policy change in the cereal sector. This was emphasized at the RFP and Contract Agreement stages where the first purpose became "to eliminate movement restrictions on maize, beans, processed maize

products and millet and sorghum". Financial disbursements of USAID grant funds were contingent on GOK demonstration of achieving specifically designated actions toward liberalizing domestic cereals markets.

*Finding # 4: Sensitivity of the MIS Component Program Design to Gender Related Issues*

The Program design makes no specific reference to targeting information or Project assistance to women or other minority group. A large proportion of the producers and traders are women whose incomes and opportunities should be enhanced in a more transparent market.

*Conclusions*

- 1 Despite continued control on maize and beans the domestic marketing of other crops had been largely decontrolled, at the time the PAAD was being written, as were beans in April 1992. Thus, the opportunities for farmers to "shift to higher value crop mixes" were not lacking in the other crops. Therefore, if price signals, which the Program proposed as its purpose, could improve farmer's productivity and net farm incomes this could have been largely achieved without further liberalization of the maize market.
- 2 Dissemination of market information is a legitimate activity for a MIS organization such as the MIB, but it should feed other institutions - public, private or donor - to enable them to do their own analysis on the basis of the most accurate, timely and relevant price information. The analytic function is the responsibility of those institutions to provide answers to their particular concerns, be they profit maximization, policy formulation and evaluation or policy management. An MIS type organization should be expected to concentrate on collection, compilation, editing and dissemination of its data with analysis confined to data verification and simple interpretation to clarify results to immediate users.
- 3 Attaching a cereal policy change conditionality to a project component aimed at increasing market transparency through a low profile Market Information System is counter to the working philosophy of an institution strengthening program component. Strengthening the MIS capability of the MIB is a valuable brick in the foundations of agricultural institutional support to achieve improved maize market efficiencies once policy reform measures had been put into place. It is the evaluators' view that this emphasis on maize and beans as a conditionality for withholding donor support caused an unnecessary difference of agenda between the GOK officials and USAID/Abt.
- 4 Market price information collected by the MIS which is the target of the Program design is gender neutral. In fact, the major providers and users of market price data are women operating at both wholesale and retail market levels. Daily market news reports reach a wide range of users interested in market price movement.

## 6.1.2 Enhancing Data Collection by District Agricultural Officers

### *Finding # 1: Preparation of Data Collection Manuals and Enumerator Training*

KMDP-MIS components outputs included increasing government sector policy analysis, targeted policy implementation, investment planning and dissemination of market prices for the purpose of bringing about cereal market liberalization in Kenya. Improving data collection and data quality were first identified as Project Tasks in the RFP and the resulting Project contract with Abt Associates strongly emphasized this set of implementation tasks. The first Contractor Work Plan included preparation of Supervisor and Enumerator Manuals and district level training in data collection activities within 3 months after Project start up.

Development of Data Collection Manuals and targeted training of DMOs and enumerators did not take place until fifteen months after the Abt contract was signed. In part, the delay was due to opposition by the existing MIB Head who left the position about 9 months after arrival of the LTTA. By the time action was taken, the decision to shift project implementation activities to a series of Rapid Appraisals to assess market operations for three selected commodities curtailed any future systematic attention to this topic which is crucial to the long run development of any MIS system. A Workshop held in Mombasa at the end of August 1993, at which the STTA findings were reported, effectively opened the dialogue between and among field data collection and headquarters staff. Closure was reached on some issues, but approved Enumerator's Manuals were never prepared.

### *Finding # 2: Data Collection Methodology*

Field level data collection activities first received serious project attention in July-August 1993 when STTA was brought in to review data collection activities and prepare draft enumerator manuals. At this time serious concerns were raised about price data collection methodologies used and the resulting data quality of data generated. Suggestions for improvement included:

- classify data reporting by type of market: eg terminal or end, transshipment or intermediate, and assembly;
- collect daily information on commodity market supply and quantity marketed;
- sample a minimum of 3 and preferably 5 transactions during peak trading period and at 10-20 minute intervals, observing actual price negotiations between buyers and sellers;
- develop minimum transaction volumes (MTV) for each commodity to determine whether the transaction is retail or wholesale.
- develop a common unit of weight measure for reporting prices rather than continue with the current procedure of reporting a "bag", "extended bag", etc.

***Finding # 3: Market Coverage***

During field visits the evaluators discovered that new and important private sector marketing channels are being formed in response to maize market price liberalization. Major quantities of maize are being sold to posho mill operators who clean and rebag them for sale to millers or the NCPB. Also, new maize assemblers (filling functions similar to U.S. country elevators) are becoming important channels for marketing maize onward to millers and the NCPB. Both these channels handle more maize than is sold at traditional wholesale markets in surplus maize producing areas. Moreover, prices in these channels were consistently above those reported for wholesale market in the same area at the time the evaluators' visits

***Conclusions***

- 1 The MIB is charged with training district level DMOs and enumerators in data collection and reporting procedures, but does not have the staff, technical background or financial capacity to carry out this responsibility. Additional outside resources are necessary in the short run if the Branch is to meet these training expectations.
- 2 Field observations during this evaluation confirmed that most of the issues raised during the data collection consultancy still need to be addressed by the MIB and district staff. However, we are not confident that the suggested price determination approach, eg taking formal observations of actual trading, is an appropriate strategy under existing Kenya wholesale market conditions. Enumerators are usually well known to regular market participants who will usually be hesitant to conduct negotiations in the presence of the government price reporter. The evaluators observed that most experienced enumerators develop a "feel" for when they are being given the wrong price by either a seller or a buyer. In these cases taking additional observations from the other party to the sale can provide a useful cross check.
- 3 Rapid development of new private sector maize marketing channels requires that priority attention be placed on collecting this data by the MIB and by DMOs and enumerators. Consistent data collection procedures must be formulated and adopted and field training conducted. Because of added travel associated with this activity additional motorcycles are needed in districts where these new marketing channels are operating. When developing these activities the following points should be considered:
  - price ranges representing different marketing channels should be reported rather than a global average; and
  - reporting these prices should not replace reporting of other commodities in wholesale markets as the value of market price reporting is to provide sufficient information about prices in different marketing channels (and among different crops) so as to promote production and marketing efficiencies associated with transparent prices.

### 6.1.3 Enhancing Dissemination of Marketing Information

#### *Finding # 1: First Level Dissemination of Market Price Data*

At Project inception, the Branch had virtually no experience with computer data compilation, editing and reformatting into basic output tables. Project supplied computers and short term intensive training rapidly brought the Branch up to operating speed. Preparation of the Monthly Market Bulletin was effectively transferred to Kenyan staff and achieved its purpose of providing interested users with timely commodity price data. The MIB disseminates daily price reports for publication by the *Nation* as a public service. Other publications require payment for printing this information. Technical capacity now exists in the MIB for responding to user requests for special time series price tabulation. For the past two years approximately 10 unsolicited requests for such data come to the Branch monthly.

All MIB staff indicated that they benefitted from the SPSS/PC+ training but felt that it was not sufficiently directed at data sets associated the type of market price data collected by the MIB. CBS/ASS staff also voiced this concern. SPSS/PC+ is designed for social science research typically using field survey interview data from respondent questionnaires. MIB staff indicated that SPSS/PC+ training courses did not address data base issues associated with price reporting data nor did it provide training examples using actual MIB collected data.

#### *Finding # 2: Data Analysis and Dissemination of Reports and Articles*

A major objective of the KMDP-MIS was improving the institutional capacity of the MIB (and the CBS/ASS) to conduct data analysis leading to articles interpreting market price trends and interpreting maize policy regulations to farmers and government policy makers. Attempts by the KMDP expatriate project staff to systematically improve policy analysis skills met with stiff resistance in both agencies. Attempts by the LTTA assigned to the MIB to have analytical articles printed in the Monthly Market Bulletin were singularly unsuccessful.

#### *Finding # 3: Preparation and Dissemination of Marketing Extension Messages*

The MIB, when it was still called the Marketing Branch, had responsibilities to improve the actual marketing of agricultural commodities and assist in the preparation of extension marketing messages. It had never successfully carried out these functions. Additional staff were not provided to focus on these functions during the project life. Improving GOK ability to prepare radio, press releases and extension marketing messages was another important Project task. The AIC was expected to collaborate with MIB in this effort.

The Project design anticipated that regular price bulletins and feature news releases would be aired by radio and printed in newspapers. As noted above the MIB prepares daily market reports for newspaper publication, but to date only the *Nation* has released these basic reports as a regular public service. Prices are quoted on national radio at 7:00 am as a public service, but the stations require payment if other time slots are to be used. Some people maintain that an evening

broadcast after all market participants have gone home for the day, would be a better broadcast time.

### *Conclusions*

- 1 In retrospect it is the evaluators' opinion that USAID chose two quite inappropriate agencies for achieving improved government analytical capacity and ability to produce and disseminate reports providing policy related interpretation of price and related marketing data. This should not come as a surprise for people familiar with the institutional "culture" of public sector data collection agencies. Both CBS/ASS and MIB are primarily oriented to primary price data collection, compilation, editing and preparation of tables or computer based data sets for further analytical use. Within this context CBS/ASS was grateful for the initial STTA provided to edit and store backlogged retail price data and develop basic table formatting programs. But it never had any real intentions to change its basic operating philosophy to meet that of the KMDP-MIS.
- 2 The Project had a major impact on improving the ability of the MIB to gather, compile, edit and disseminate market price information to private sector businesses, public and private sector research and policy analysts and to public sector officials responsible for policy management. Technical capacity has been built to continue this work and expand data dissemination to a wider audience if funding modalities can be developed. But the very small recurrent operating budget available to the MIB makes it impossible for the Branch to effectively implement these capabilities
- 3 The Project was not successful in its task of promoting consistent preparation of press releases, feature radio articles or extension marketing messages or developing the technical capability to do so. The continuing GOK budget crunch, the new policy of the Kenyan national radio and press outlets to charge for articles used, and the lack of Project dollar funds to cover costs of generating and disseminating these messages all took their toll in defeating efforts to meet expected project outputs.

#### **6.1.4 Developing Institutional Capacity**

##### *Finding 1: Strengthening MIB*

The KMDP-MIS focused financial and technical resources on increasing the institutional capacity of MIB headquarters staff to compile, edit and prepare market price data for wider dissemination to other end users including farmers, traders, research and analytical staff and government policy managers. Although field level data collection capacity was improved as a result of Project further training is needed, but there is no training officer at MIB. By and large headquarters MIB staff strongly resisted USAID and Contractor technical assistance efforts to upgrade policy analysis skills and publication of policy related articles in the *Monthly Market Bulletin*.

***Finding 2: Coordinating MIB and CBS/ASS Activities***

During contract negotiations USAID and the GOK determined that the one year LTTA position originally designated for CBS/ASS was unnecessary. Based on the evaluator's interviews with ASS staff the decision to drop this position was strongly supported by CBS. Their primary needs were met by the initial purchase of computer hardware and by Contractor supplied STTA who wrote a SPSS/PC+ data base, editing and table generation program.

Interest in collaborating with MIB staff remained good throughout the tenure of the MIB LTTA as ASS staff participated in the joint MIB/ASS Working Group. They provided valuable input regarding data collection, compilation and editing techniques. For about one year they contributed retail price data for publication in the *Bulletin* but missed several deadlines. In most cases CBS data was not collected for the same markets and there was little overlap in crop coverage as the primary purpose for this price data was calculation of the Consumer Price Index.

***Finding # 3: Coordinating Crop and Livestock MIS Activities***

In early 1993, the GOK merged the Ministries of Agriculture, Supplies and Marketing and Livestock Development. As a result, some district level MOSM employees were reassigned to the MIB. The transfer did not expand the number of MIB posts. Marketing Information staff from the former Ministry of Livestock Development were not immediately folded into the new structure. The MIB Head was a member of a MOALDM Task Force charged with developing options for coordinating livestock market price information with crop market price information. At the time of this evaluation no decision had been made regarding organizational restructuring.

***Conclusions***

1 Anticipated Project directed institution building capacity to improve the MIB policy analysis capability did not take place. However, the Project was successful in building MIB capacity to compile, edit and prepare table presentations of price information for use in press and radio dissemination, and respond to special data requests from public and private sector users. A start toward improving district level data collection capability has been made. None of the above activities will continue unless GOK support is demonstrated by increasing budget allocations for:

- staff training in data collection techniques; and,
- operating and maintaining computers, printers and fax equipment needed to carry out data compilation, editing and table report generating programs

Moreover, the District Extension staff are the only reliable data source for timely and recurrent market price data. In addition they also provide basic production data for all crops. As market liberalization reduces the value of marketing data generated by marketing parastatals, the District Agricultural Offices will, no doubt be asked to expand into collection of other marketing related data. In the short run it would be far too

expensive for either donors or the GOK to create another data collection agency with the nationwide institutionalized data collection capacity of the Extension Service.

- 2 The expanded professional contact between MIB and CBS/ASS strengthened MIB technical capacity to collect and process data and prepare basic market price reports and time series data files. But, the joint publication of ASS generated retail price data with MIB generated wholesale price data did not become institutionalized. It is not likely that future collaborative efforts at price data dissemination will succeed unless users are willing to pay for this service. However, continued technical collaboration between the two agencies, which was started by the LTTA, should be encouraged.
- 3 Continuation of the initial discussions to find modalities for joint or cooperative reporting of livestock and crop market prices should be encouraged by both the GOK and the donor community. Publishing livestock market prices promotes market transparencies and ultimately market efficiencies. Livestock/crop price ratios are also important measures to gauge the economic well being of rural populations. However, a formal merger between crop and livestock price reporting activities should not be rushed as technical staff from each side need time to develop common operational approaches. In the short run discussions should continue between staff responsible for generating livestock and crop statistics so as to foster collaboration on common technical issues.

#### **6.1.5 Effectiveness of Project Management: USAID, Abt and GOK**

##### *Finding # 1: Contractor Management and Administrative Support*

The RFP called for a non resident COP whose incountry input would be quarterly visits to Nairobi. Financial backstopping would be from the home office staff. A local administrative assistant was proposed by Abt but was not provided when contract negotiations with the designated subcontractor DH&SMC failed. Consequently, the LTTA was required to handle many administrative and accountancy issues, as well as simple clerical and typing functions that would normally be carried out by an incountry administrative assistant. USAID also had some difficulty with the Abt financial reporting which might have been clearer had there been an incountry administrative assistant.

##### *Finding # 2: USAID Management Style*

Based on extensive interviews by the evaluators, and judging by the reported progress made by the Head of MIB and the USAID Project Manager during the first year of the project before the TA contractor commenced, it might appear that he was at ease in personal execution of the Project rather than when interacting with the Contractor staff.

From USAID documentation it is clear that the Project Manager lost confidence in the capability and motivation of the LTTA to such an extent that the evaluators feel that it would have been preferable had Abt been requested to find a replacement LTTA.

The Project Manager closely supervised the development of the Concept paper which guided Project activities from October 1993 through to completion of the LTTA tour of duty on March 22, 1994. This completely refocused the MIS component and diverted the Project from its original path. The major activities during that period were data collection, analysis and report writing for Rapid Appraisals for three market studies.

*Finding # 3: Soundness of the USAID Decision for Early Project and LTTA Termination*

The initial notification that the MIS TA component would be terminated early because of budgetary considerations was conveyed to the LTTA in April 1993. It appears that this was suggested by Abt in response to a warning about doubts as to the adequacy of funding by USAID. By August the intermediate decision was made to terminate activities contained in the Second Annual Work Plan. In November the formal decision was made to terminate the LTTA prior to completion of his 3 year assignment.

*Conclusions*

- 1 It appears to the evaluators that the lack of a local administrative assistant burdened the LTTA with tasks for which he did not have the time nor in which he had any particular expertise. It is not clear why Abt did not insist that the LTTA hire a local administrative assistant. The reason for the absentee COP is explained in the RFP but the evaluators believe that the presence of a resident COP would have been desirable.
- 2 It is difficult to understand the basis for the three RAs when the Concept paper argued that..."as the KMDP/MIS was designed to monitor and evaluate the implementation and impacts of market liberalization...and once liberalization had been reversed any pretence of monitoring a liberalized maize market had to be abandoned". Having made this statement, a Rapid Appraisal of the maize market was then conducted. Moreover, the concept paper further argued that "The wholesale marketing of horticultural crops is diverse, geographically dispersed...it is important to examine how horticultural and bean subsystems are organized and operate." With that having been said the other two markets chosen for study were dry beans and potatoes. The second is relatively non perishable and the third is generally considered a field crop.
- 3 On the evidence available to the evaluators, the reasons for early termination of the Project and of the LTTA are not at all clear. In the evaluators' view a high proportion of the transfer of technical capability to compile, edit and prepare data for dissemination in the *Bulletin* and by radio and press releases had been achieved by the LTTA and various STTA by mid 1993. Intensive field staff training should have followed to build on this positive technology transfer. Instead it was at this point at which the original Project concept was abandoned and the decision made for early TA Project termination. The effect of this early termination was to financially cripple the MIB. Dollar funds used to provide equipment maintenance were terminated in March 1994 and remaining GOK recurrent and development budget funds were inadequate for the needs at hand.

From interviews with a wide range of individuals with detailed knowledge of the Project and the LTTA, the evaluators conclude that the LTTA was technically competent, even though he may have lacked some managerial skills. He was well liked by his colleagues but was described as preferring to communicate through memoranda rather than discussion. There does, however, appear to have been a personality clash between the LTTA and the USAID Project Manager.

#### **6.1.6 Impact on Food Marketing Efficiency**

##### *Finding: Impact of Maize Liberalization on Farmer Returns*

Maize markets were completely liberalized in December 1993 after full controls had been reestablished in October 1992. Some positive benefits are immediately measurable but full efficiencies will take several years to work through the system. Although the NCPB still handles a considerable quantity of maize its monopoly trading position has been broken. Posho mill operators are now major maize buyers in surplus areas and in lower income urban areas. New grain assemblers are fulfilling functions similar to those of country elevators in the United States. They buy maize directly from farmers, clean and grade it and sell it onward to millers or to the NCPB who buy primarily to build up a strategic reserve. The entry of new traders will, over time, reduce relative transportation costs and profit margins if free competition is allowed to develop.

Analysis of farm gate and wholesale prices gathered by USAID since 1990/91 indicates that farmgate prices averaged over 80 percent of wholesale prices during the 1993/94 marketing season. The previous year, when controls had been reintroduced, farmers received about 70 percent of the average wholesale market price. Similarly, seasonal price differentials were reduced to 15 percent from about 34 percent in 1991/92.

Farm gate and consumer prices increased immediately after full liberalization but then gradually drifted downward. Increased competition between posho mills and larger mills resulted in a 16 percent reduction in the consumer price for maize flour in February 1995 while farm gate prices remained relatively constant.

##### *Conclusions*

The longer run effects of market liberalization on consumer and producer prices are more difficult to discern. Government is the major near term beneficiary from elimination of NCPB subsidies as the private sector assumes a greater responsibility for handling and storage costs and import purchases. Clearly, there will be a major savings in GOK expenditures if the NCPB role is limited to maintaining a strategic reserve. Given the easy access to world markets a GOK strategic maize reserve of about 2 months supply (about 5 million metric tons) would most likely be politically adequate while a reserve of no more than 3 million tons would be technically adequate. The GOK will continue to cover these purchase and storage costs. Longer term gains in producer profits will most likely come as a result of increased farm yield as inefficient producers switch to other crops in response to market price signals and remaining commercial

maize growers become more efficient by increasing land planted to maize and more effectively using purchased inputs to decrease per kg production costs.

### 6.1.7 Capacity of USAID/GOK to Achieve Successful MIS Interventions

#### *Finding: Successful and Unsuccessful Interventions*

KMDP anticipated that MIS Project interventions would occur in expanded collection and dissemination of market price information, increased dissemination of radio, newspaper and extension marketing messages and increased capacity to conduct market policy analysis within the GOK agencies targeted for technical assistance and Project grant funds.

#### *Conclusion*

Project interventions to increase dissemination of extension messages and feature news and radio releases were not successful. Likewise, the ability to enhance the capacity to conduct commodity policy analysis was largely unsuccessful. Some major successes were achieved by the MIB as it was able greatly to expand its ability to compile, edit and disseminate daily market price data for quick turnaround press releases and radio spots.

Unfortunately, the potential to improve on this record was not realized as USAID Project management insisted that further institution building assistance to the MIB be halted by March 1994, even though the PACD carried through to 15 May 1994, and was subsequently amended to 30 June 1995. In hindsight, the decision to curtail the MIS TA component appears to the evaluation team to have been unwarranted given the long term focus of an MIS type project and the complete liberalization of maize markets which occurred shortly after the decision to abort the MIS component had been taken.

## 6.2 POTENTIAL FOR MIS ACTIVITIES IN OTHER INSTITUTIONS

The evaluators held interviews with a wide range of interested GOK officials and donor agency representatives. All were convinced of the necessity for market information but none has been able to suggest alternatives to a situation similar to that pertaining currently.

### 6.2.1 Funding Market Information Systems

Clearly the price data are of use to a wide constituency. The information that the MIB has been collecting and generating has helped to fill the gap in agricultural data that exists in Kenya, although much still needs to be done. Market information has three primary aims and one secondary. These are:

- immediate information for commercial decisions by farmers and traders;
- longer term for the determination of the food product situation and outlook;

- time series to enable policy analysts and decision makers to evaluate the effects of policy changes; and,
- assist the donor community to measure more exactly the needs of the government, as a secondary aim.

Unfortunately, at the stage of development of the agricultural produce market there appears to be no user who is likely to want to buy market information. The MIB reported unsolicited requests for information at a rate of 10 to 12 per month. These were generally from researchers, farmers and private organizations. Whether they would be prepared to pay or would consider such data should be in the public domain is difficult to know without testing.

The consensus of opinion of the people interviewed was that general agricultural data collection and dissemination would remain the responsibility of government for some time to come.

Given the current state of the economy and the level of demands on the public purse there appears to be no alternative but to seek donor assistance.

However, those potential donors to whom the evaluators spoke were unable to indicate a willingness or ability on their part to fund a market information system in the near future.

### **6.2.2 Institutional Location**

Currently the data collection network is dependent on the MOALDM extension network. As was described in the PAAD the agricultural extension service has been reinforced by a marketing extension arm. This is an encouraging development and will assist in the development of the markets, particularly if the data flow in both directions can be improved<sup>8</sup>.

The marketing information system was in the Development Planning Division but was transferred to its current Farm Management Division via the Input and Credit Division. As discussed above it currently has direct links with extension but has no direct line control over the field staff. Should it be decided that the MIS should include livestock price reporting, which would be the logical development now that the MOALDM embraces both branches of agriculture, then the MIB would probably have to have divisional status in order to serve both divisions of the MOALDM. The evaluators spoke with several senior MOALDM staff and all expressed themselves very supportive of market information services, but whether they would back a major reorganization is not certain.

There are unlikely to be any trade associations which are broad enough based to cover the range of crops grown in general Kenyan agriculture. In any case it doubtful if they would wish to share their information with the entire agricultural producing and trading community.

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<sup>8</sup> This is becoming easier physically as various districts acquire fax machines, some of them funded through the KMDP. The problem, however, is the cost of telephone bills and the maintenance of equipment on the limited budget made available to the MIB.

NGOs are hardly likely to want to take on a nationwide task such as this. Additionally, such an undertaking would entail a long term commitment.

The main thrust of donor policy appears to be to rid Kenya of parastatals. GOK would not court donor popularity if it suggested giving a parastatal responsibility for market information. As with trade associations there would be the problem of coverage and a series of fragmented systems would not serve the purpose desired.

In any case, each of the above alternatives would rupture the link between the Marketing Information System and the marketing extension service. Furthermore, a new price collecting network would have to be established at considerable cost. The current system needs a limited amount of funding to pay its marginal costs.

The Agricultural Management Project is currently charged with finding private sector alternatives to agricultural support functions currently undertaken by Government. In discussion with the Coordinator, J.K.Karanja, he said that the matter of data had been explored by the group engaged in the agricultural task forces and it had been agreed that there was no option currently to the government undertaking this task. He also endorsed the need for the Marketing Information System to maintain its links with the extension services and to feed other Divisions, such as Planning and Project preparation with the data.

### 6.3 RECOMMENDATION FOR FUTURE ROLE FOR USAID INTERVENTION IN MIS ACTIVITIES

#### *Background*

The conclusion of the evaluation of the MIS component is that the Project has strengthened a Kenyan market price collection, compilation and dissemination system which was approaching a capability to meet the objectives originally set out for it. It is recommended that the support which was originally envisaged be refined and, probably, a longer term commitment made. Assistance is needed for two reasons, because:

- the price collection methodologies need to be adapted to Kenyan market conditions and the newly developing cereals market;
- the training of enumerators and DMOs at district level based on sound data collection methodology was not completed, needs doing and costs money which the MIB does not currently have.

The goal of the KMDP was to assist Kenya in achieving increased productivity and increased net farm income. It was argued with the agricultural marketing system had been distorted by past interventions and that its being developed through the project would lead to the emergence of an open and more efficient system. Furthermore it was argued that with a transparent marketing system, through access to price data, Kenyan farmers would be able to adapt cropping patterns to include higher value crops and so raise their net farm incomes. The target beneficiaries of the

KMDP were seen as medium sized farmers. This was mainly, as discussed earlier in this report, because the USAID intervention was concentrated on maize which the small farmers grow mainly for their subsistence needs. Small farmers have been identified however as being a group which is increasingly being forced to move to ecologically fragile areas in search of sufficient land to provide a livelihood. This trend might be slowed if they were able to turn to more rewarding crops on their existing farms, assisted by marketing information through the media and the marketing extension service.

The MIS TA Component was effectively abandoned at the very moment when the market was about to be liberalized. This was the point when the MIS through the MOALDM/MIB was beginning to have an impact on market price users and when its value would be tested to the full. Furthermore, as the maize market in particular, adapted to liberalization and as new actors entered the cereals trade the MIB has to adapt and broaden its coverage to capture and report the changes. This must be done to prevent the exploitation of any group, be they farmers, merchants, processors or consumers.

#### *Rationale for Alternative Scenarios for Agricultural Marketing Development*

The PAAD for the KMDP described how the GOK had built up the marketing extension service by the recruitment of graduates as DMOs to lend support to the DAOs. Earlier in this report the value of this approach was expressed, and visits made during the evaluation mission to a (admittedly small) number of districts impressed us with the quality of the DMOs and the work they were doing with very limited resources. The evaluators were also impressed with the Extension Coordinators in the districts who expressed their support for marketing extension and were trying to make resources available to the DMOs. The DMOs have a data collection network within their own district and these data are used at that level for the preparation of farm budgets, extension messages regarding marketing decisions, etc.. It appeared to the evaluators that the DMOs were keen to improve their advice to farmers and that they welcomed what had been done under KMDP. They expressed appreciation of the (belated) Enumerators Operations Manual on data collection methodology. The evaluation team was impressed with the marketing analysis guide prepared by the LTTA in May 1994 which, if the opportunity for training had presented itself would have helped the DMOs to offer farmers advice on, for example, storage which was the preoccupation of the farmers met in the course of the evaluation mission.<sup>9</sup>

Since the beginning of KMDP the former Ministries of Agriculture, of Livestock Development and of Supply and Marketing have merged to form the MOALDM. Whilst this may appear a very logical development it brings a further player into the field of agricultural market price reporting in the sense of encompassing crops and livestock, which to most farmers would be realistic. The Livestock Development Division has a Marketing Branch whose work parallels that of the MIB and which services the needs of the Livestock extension arm. As with its agricultural counterpart, however it is hampered by lack of funds and of institutional support.

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<sup>9</sup> Some Fundamentals of Market Price Analysis - Phillip Steffan - May 1994.

The KMDP gave some support to the Central Bureau of Statistics/Agricultural Statistics Section (CBS/ASS). This mainly took the form of some computer hard and software, assistance in reorganizing their data base and staff training. They expressed their gratitude to the evaluation team for what had been provided and they appear to have worked collaboratively with the MIB on the production of the *Monthly Market Bulletin* which has received such good notices from its recipients. Future assistance needs of this agency may not be great but the complementarity between retail and the wholesale price data of MOALDM should not be overlooked.

Future support to market information systems should first of all be based on the concept that their principal function is to provide the various users with price data to do with what they will. The emphasis for the MIS has therefore to be on collecting acceptably accurate price data, maintaining a sound database and the ability to do a limited amount of analysis to verify the data and to present it to the clientele in a comprehensible form.

In so far as it was the conclusions of the STTA brought in to design the Enumerators Operations Manual that called into question the validity of the data then being accumulated, the question of accuracy is one which plagued the KMDP/MIS. This triggered the refocussing of the MIS component and its truncation. Clearly, the MIB now needs to adapt the proposals made by the consultant to suit Kenyan market conditions and the field staff trained. In discussions with the PAM team leader it was learned that they had been collecting their own data both for market price analysis and generating crop budget because they did not consider MIB data sufficiently "accurate". However, he also stated the MIB was the only source of nationwide time series market price data which allow the analysts and government officials to measure the integration of various markets and to observe trends. Data are being collected by DMOs at district level and this resource available to Kenya should be optimized by applying an agreed methodology and avoiding duplication of effort. Furthermore, farm budget data disaggregated to district level would enable PAM to widen the scope of their farm level data<sup>10</sup> to represent a larger number of ecological zones in its models. Any future project should attempt to create a committee consisting of representatives of users and of people experienced in data collection, to examine data collection methodologies periodically to ensure universal acceptance. It would clearly be preferable that analysts, from whichever organization or institution, should be using the same data rather than self generated data which cannot be verified and which do not provide the time series needed to conduct policy analysis. It should be borne in mind that it is the volatility of prices of agricultural commodities which makes the recording of price changes necessary. Accuracy is therefore difficult to define and it is the changes in price which gives traders and farmers the opportunities for improving their position *vis à vis* their competitors.

The size and scope of the Project depends on the level of support to agriculture proposed by the donor. This can be defined on three levels:

- first, the project could confine itself to attempting to complete what was originally envisaged under the KMDP/MIS component, but with a commitment to longer term

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<sup>10</sup> The need for farmgate prices for forecasting purposes was also strongly emphasised by the FAO Representative.

support and sufficient available resources to assure MIB that there is a trained, mobile network of data collectors and a functional communications system;

- second, the project could embrace the livestock sector, which is a logical development since the creation of MOALDM. Livestock price reporting would be logical in the eyes of many farmers for whom livestock production is a part of their farming business and not a separate activity. Furthermore, livestock prices in themselves or the relationship between livestock prices and other food prices are early indicators of crises - valuable for the relief agency analysis;
- third, strengthening the marketing extension services at district level. These services currently operate with limited resources. As the suppliers of local prices they play a crucial role currently in the creation of a market price data bases and could play a greater role if their capacity were increased and, through training, a common methodology ensured.

#### *The Market Information System Project*

The **Project Goal** proposed for the KMDP remains valid in promoting increased agricultural productivity and net farm incomes.

The **Project Purpose**, as with KMDP, would be the development of a more efficient marketing system. It should be recognized that a Market Information System would be a major contributor to improved efficiency, but that this will be achieved by the people operating in that market - be they farmers, traders (domestic traders, importers or exporters), policy analysts and policy makers and policy managers, donors, relief agencies, researchers, among others.

The **Activities** of the project would include:

- ensuring the integrity of the wholesale market price database at MIB through maintaining their computer systems, maintaining the capability of the staff and constant review of their price collection methodologies. This would include the collection points, as the marketing channels for different products change over time, and constant training of the enumerators and their DMO supervisors as collection methodologies are adapted to the changes;
- receiving the wholesale market price data through the network of district level agricultural DMOs and the enumerators who work with them;
- disseminating the data through whatever channels are found to be most effective. Clearly, the various recipients require the data in different forms. The KMDP developed the *Monthly Market Bulletin* and tried to create the necessary links with the electronic and

printed media, as well as the AIC. However, with MIB lacking funds, and the push for financial viability which has been encouraged in the radio system and AIC and the newspapers being reluctant to provide free space, publicizing price data met little enthusiasm;

- disseminating information on marketing regulations and policy or fiscal changes, e.g. import levy changes, changes in overseas market requirements for exports, etc.;

It would be essential that great care be taken over the **Institutional Analysis** aspects of a MIS project covering both crops and livestock. The amalgamation of the two principal ministries was not wholeheartedly welcomed by all the staff, particularly those from the Ministry of Livestock Development. They harbor deep suspicions of domination of livestock interests by the crop divisions. An examination of the creation of an integrated MIS was conducted by a MOALDM task force and its findings presented at a KMDP MIB/MIS workshop at Mombasa. These proposals which were not examined by the evaluators would probably serve as a basis for the future, but would need careful examination by the project designers and MOALDM officials at all levels. Currently, expressions of support for the concept of an effective MIS are heard at all levels in the MOALDM, as well as outside it. The concept of a unified MIS have to be examined in the harsh realities of GOK civil service rules and the realities of GOK funding constraints in the coming several years.

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