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USAID KENYA DAIRY SECTOR COMPETITIVENESS PROGRAM

QUARTERLY PROGRESS REPORT

JANUARY 2009 - MARCH 2009

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

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List of Acronyms

ABSTCM Ltd	African Breeders Services Total Cattle Management Limited
BDS	Business Development Services
CAIS	Center for Artificial Insemination Services
DTF	Dairy Task Force
ESADA	Eastern and Southern Africa Dairy Association
GMP	Good Management Practices
HPI	Heifer Project International
KCC	Kenya Cooperative Creameries
KDB	Kenya Dairy Board
KDSC	Kenya Dairy Sector Competitiveness Program
KENDAPO	Kenya National Dairy Producers Organization
KLBO	Kenya Livestock Breeders Organization
LOL	Land O'Lakes, Inc.
MOLFD	Ministry of Livestock Development
MOLD (DVS)	Ministry of Livestock, Department of Veterinary Services
NGO	Non Governmental Organization
PERSUAP	Pesticide Evaluation Report Safer Use Action Plan
PEV	Post Election Violence
PIS	Performance Improvement Services
PMO	Pasteurized Milk Ordinance
PMP	Performance Management Plan
RMC	Resource Mobilization Centre
SBO	Smallholder Business Organizations
SoW	Scope of Work
SITE	Strengthening Informal Sector Training and Enterprise
SNV	Netherlands Development Organization
USAID	United States Agency for International Development
WWS	World Wide Sires Consortium

Executive Summary

The report summarizes the key activities implemented and the associated accomplishments for the Kenya Dairy Sector Competitiveness Program (KDSCP) in the second quarter of the 2008/09 Fiscal Year. The KDSCP activities contribute to the achievement of intermediate results under USAID/Kenya Mission's SO7 on "Increasing Rural Households Income".

Key Highlights

The key highlights for the reporting period include:

- Exposed **all (38)** Kenya Dairy Board (KDB) regulatory inspectors to the United States (USA) regulatory inspection systems, practices and techniques.
- Facilitated review of **18 industry standards**. The standards, touching on various dairy products, will enhance products' quality and therefore competitiveness of the industry both in the domestic and export markets once adopted.
- Participated in a stakeholders review of the draft Kenya Breeding Policy.
- Selected **three (3)** additional milk sheds and contracted facilitators for program implementation. This now brings the total number of KDSCP milk sheds to eight. The facilitators have so far recruited (and are providing short term training to) **65** farmer groups with a total active membership of **42,962** farmers. Over **200** service providers have also been recruited so far.
- Leveraged an estimated **US\$ 21,875¹** in non project resources in three key areas: Institutional capacity building of key dairy institutions following the program sponsored dairy institutions capacity assessment (strategic planning for the Kenya Livestock Breeders Organization (KLBO) and for the Kenya Dairy Producers Organization (KENDAPO); private traders investment in milk chilling to enhance milk quality – (working with milk processors to identify strategic locations for new milk coolers); production of training materials (visual and audio) for service providers in the program area; and cost sharing with the beneficiaries (including own transport costs to action planning venues and back, own hire of meeting venues, among others).
- Ratified the findings of the Business Development Services diagnostic report, and designed action plans to address the identified constraints in a stakeholders workshop held on 12th March, 2009 in Nairobi.
- Two key sector institutions (Kenya Livestock Breeders Organization (KLBO) and the Kenya Dairy Producers Organization (KENDAPO) have received funding for capacity building (to develop strategic plans) as a result of the Dairy Institutions

¹ 1US\$=Kshs. 80

Assessment and the dissemination of findings – weaknesses that should be addressed - to industry stakeholders.

1.0 Introduction

Land O'Lakes is implementing the Kenya Dairy Sector Competitiveness Program (KDSC) with the financial and technical support of the United States Agency for International Development (USAID). The KDSC is a five year program that aims to improve Kenya's dairy industry competitiveness. Under this program, Land O'Lakes, Inc. employs a market driven value chain approach, utilizing a Business Development Services (BDS) methodology. The KDSC will help transform the Kenyan dairy industry into a globally competitive, regional market leader, with the overall goal of increasing smallholder household income from the sale of quality milk. Land O'Lakes is facilitating this transformation, while the industry stakeholders are leading it.

The Program objectives are threefold:

- Increase competitiveness of the Kenyan dairy sector through collaboration among sector stakeholders and increased capacity of public sector agencies to serve the needs of the sector;
- Increase marketing of milk meeting quality standards by producer-owned milk bulking/cooling businesses; and
- Enhance access to market-linked business development services and technologies by male and female dairy farmers and processors producing dairy-related inputs.

In its implementation, the program pays particular attention to environmental and gender concerns and effects corrective action as appropriate. The KDSCP takes into account the varying roles, assets, knowledge and skills that men, women and youth bring to dairy farming. The program therefore facilitates the implementation of opportunities for integrating youth and family members into dairy value-chain economic activities.

Towards Strategic Objectives

The KDSCP contributes to the USAID Strategic Objective 7.0 on "Increased Rural Household Incomes". The Program is implemented through a range of activities grouped into three broad components. The components and the associated deliverables are:

Component 1: Enhanced Capacity for Milk and Production Input Quality Certification and Market Promotion

Deliverables comprise:

- Increased smallholder household income
- Increased use of technology
- Improve and enact industry policies and acts that enhance competitiveness

- Develop and implement/enforce quality certification frameworks and work towards a graded payment system
- Dairy enterprises achieve national/international certifications and enforcing quality regulations on suppliers
- Increase feed marketed under new quality standards

Component 2: Dairy Smallholder Business Organization (SBO) Development

The key deliverables are:

- Producer organizations strengthened
- Increased number of MBCs with HACCP and /or SBOs with national certifications
- Increased raw milk sales by SBOs under agreements that pay premium for quality
- Increased gross revenue of milk bulking/cooling businesses from sale of inputs and services other than milk
- Increased number of SBOs transformed into sustainable businesses entities
- Increased number of cooling units installed/rehabilitated by SBOs

Component 3: Availability of dairy Business Development Services

Key outcomes/ impacts will include:

- Enhanced range of business services to producers
- Increased value of services/inputs provided by business service providers
- Increased number of smallholders purchasing private sector services at full commercial rates
- New technologies or management practices made available for transfer
- Increased number of dairy farmers receiving loans from financial service providers
- Increased number of smallholders engaged in new, diversified dairy related enterprises
- Increased number of dairy farmers receiving short term training

Geographic Focus and Target Group

The KDSCP generally targets small scale producers in Central and Rift Valley Provinces, which currently account for an estimated 80% of all processed milk. However, to ensure that USAID resources are utilized to capture the highest return on investment, KDSCP targets geographic areas best suited for milk production. To this end, the program commissioned a study to identify areas (referred to as Milk Sheds) with the potential to competitively deliver 50, 0000 – 100,000 liters per day of quality milk to processors. Using a Geographical Information System (GIS)-based information tool, a series of maps that guide selection of such geographic areas based on agro-climate, cattle populations, combined with detailed information on infrastructure, milk marketing points – including bulking centers and processing plants, human populations and urban centers were developed and are being used to target program interventions.

The study identified 14 milk sheds. Out of these, the program has identified eight milk sheds in which farmer level activities in the reporting period were focused. These were carefully selected in collaboration with, to avoid duplication of efforts of, other major dairy projects in the country especially the east African dairy development project (EADD) and the Smallholder Dairy Commercialization Program (SDCP). They include Kinangop, Kericho, Nakuru, Kabete, Nyeri, Trans Nzoia, Lessos, and Gatanga. These have major potential and there is minimum possibility of duplication. Additional milk sheds will be added with time.

Implementation Strategy and Key Activities

The KDSC Program is implemented using innovative, international best practice approaches and methodologies that ensure achievement of expected results and sustainability of impacts long after the end of the program. Using this methodology, Land O'Lakes, Inc., the implementing agency, using local service providers and facilitators, supports market-based services/solutions, and action-oriented policy research to overcome both industry-level and enterprise-level constraints to competitiveness at key points along the dairy value chain. Industry stakeholders have since been engaged to identify competitiveness constraints, and propose solutions to these constraints.

2.0 Program Implementation

This section expounds the key activities undertaken during the period under review, and the associated accomplishments/progress realized. As previously mentioned, the interventions under KDSCP are grouped into three broad areas/components, namely; activities for enhancing dairy productivity including policy review and advocacy activities; Dairy smallholder business organization development activities; and dairy business development services availability activities. Achievements in the reporting period include:

2.1 Component One: Enhanced Capacity for Milk and Production Input Quality Certification and Market Promotion

Activities under this component continued to build the sector's capacity for milk and input quality certification at two key levels - human and institutional. These included review of industry standards and enhancing the completeness and rigor of controls. Specific activities included exposing the KDB regulatory inspectors to the United States (USA) regulatory inspection systems, practices and techniques; facilitating the review of industry standards; participation in the draft livestock breeding policy review; Facilitating capacity building (strategic planning) of two key sector organizations, facilitating meetings of the National Dairy Task Force (DTF), among others. Some of the activities implemented in the reporting period and the associated results are detailed below.

2.1.1 Exposed all KDB regulatory inspectors to the United States (USA) regulatory inspection systems, practices and techniques

In the last quarter progress report, we mentioned the need for a second phase of regulatory training, to be facilitated by a United States (US) regulatory inspector, which would expose local inspectors to the US regulatory inspection systems, practices and techniques, reported to be highly effective, to further enhance their capacity. This was realized in the reporting period, and now completes the program organized and facilitated trainings on Pasteurized Milk Ordinance and regulatory inspection.

The four day training on milk pasteurization covered the history, US regulations, equipment construction, equipment design and application, system design and construction, system testing procedures and a field trip to a plant to practically demonstrate classroom discussions. **35** KDB regulatory inspectors, (the team was made up of members of the field inspection staff and their supervisors) attended. The object of this training was to better prepare the Inspectors to evaluate milk plant pasteurization systems, their operation, quality and safety under the new Kenya Dairy Ordinance/Code currently being developed by the KDSCP program in collaboration with the KDB. This new ordinance will be fashioned after the PMO but designed to fit the needs of the Kenya dairy industry.

All the inspectors were provided with copies of the PMO and FDA inspection forms for plant inspection, pasteurizer tests and for equipment evaluation. Although these forms are more detailed and inclusive than what the Kenya Dairy Ordinance/Code will likely be, it was a good foundation for the training. It is felt that through this series of KDSCP sponsored trainings the dairy inspectors will be better prepared to conduct a meaningful dairy product safety inspection of dairy plants and their pasteurization systems under the new Ordinance. This should more adequately insure that “every particle of milk has been properly pasteurized, packaged and stored” so that dairy products produced in Kenya will not be of a public health concern to the consumers.

The whole training exercise was a great success. The inspectors attending indicated that the session had added value to their skills and knowledge and that it would enable them to better accomplish their work. The trainer, Mr. William Coleman, dairy regulatory inspection specialist, said he had seen a marked improvement in the ability of the inspectors. Some specific comments are indicated below;

“When the workshop was completed and the visit to the plant finalized, a review meeting was held to discuss the observations everyone had made. There were a number of problems with the construction of the plant’s pasteurizer and with its operation. It was obvious from the responses from the participating inspectors that they were now better able to document most of the problems and were aware of the product safety concerns that could result”

Mr. Coleman, Dairy Regulatory Inspection Specialist.

“There are a lot of mistakes in the processing plants but no one knew what should be done or even how to carry out quality inspection. What we have been exposed to here is not covered in the local Universities. It was a world class session.”

Mr. Mburu, KDB Regulatory Inspector (Nairobi Region)

As a result of the workshop, The KDB requested the program to prepare a course and train a selected few (about 10 inspectors and engineers) on Dairy Processing Equipment. The course content as requested was to include topics such as Evaluation of Equipment, Inspection of Equipment, Regulatory Approval of Equipment, and Instructions for the Regulator on how to inspect and approve Equipment Operation.

A manual titled “A Guideline for Evaluating Dairy Processing Equipment” has since been produced and contains all the material requested for use by KDB inspectors and processing plant managers and engineers. Training on the same is planned for the second year of program implementation.

2.1.2 Review of Industry Standards

In the reporting period, the program organized and facilitated a highly successful workshop that reviewed **18** industry standards for a wide variety of milk products. The program has now surpassed the targeted maximum of three (3 industry policies/acts improved). The week long workshop, attended by the Kenya Bureau of Standards Dairy

Technical Committee members reviewed and approved the texts of 18 milk products. The reviewed standards include;

- ✓ Raw Whole Goat Milk – Specification KS2147:2007 (This standard now becomes a Kenya standard)
- ✓ Milk and Milk Products – Guidance on Sampling ISO707 3rd edition 2008. (This standard replaces an older existing standard, and is an ISO standard that has been adopted)
- ✓ Pasteurized Camel Milk – Specification
- ✓ Evaporated Milk – Specification (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Cheese-Specification –Part 3: Gouda Cheese (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Fermented/Cultured Milk – Specification (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Animal Ghee-Specification (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Cheese-Specification-Part 6: Cream Cheese (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Cheese-Specification-Part 5: Cottage Cheese (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Cream for Direct Consumption-Specification (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Cheese-Specification- Part 4: Tilister Cheese (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Milk and Milk Products-Code of Hygienic Practice (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Code of hygienic Practices in the Dairy Industry for Milk Carriers (This standard will be incorporated into the Code of Hygienic Practice).
- ✓ Cheese-Specification-Part 2: Cheddar Cheese (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Cheese-Specification-Part 1: General requirements (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Flavored UHT Milk-Specification (This standard will be submitted to EAC and when approved there in April, will then become a Kenya standard)
- ✓ Code of Good Manufacturing Practice for the Dairy Industry
- ✓ Mozzarella Cheese-Specification (This standard now becomes a Kenya standard).

Program focus now shifts to the legal aspects of the process and advocacy to make sure the new standards are enacted and implemented.

2.1.3 Dairy Institutions/Associations Capacity Building

The KDSCP program finalized the Dairy Institutions capacity assessment in the reporting period and widely circulated the report to industry stakeholders through the national Dairy task Force. The associations assessed were Kenya National Dairy Producers Organization (KENDAPO), Association of Kenya Feed Manufacturers (AKEFEMA), Kenya Livestock Producers Association (KLPA), Association of Kenya Business Service Providers (Lengo Center), Kenya Dairy Processors Association (KDPA), Kenya Livestock Breeders Association/Kenya Stud Book (KLBO/KSB) and Dairy Traders Association (DTA). The questions the study sought to address were what the associations would do to support the wider dairy sector nationally and how the identified constraints can be addressed so that the associations can play a strategic role in the industry. Key developments have taken place following the completion of the audit of dairy institutions. Some of the developments include:

Capacity building (strategic planning) of two key sector organizations

Some of the glaring constraints discovered by the assessment were the lack of appropriate structures to reach the grassroots and a lack of prioritizing activities and services to meet the changing needs of the association's membership and industry needs. The lack of these structures means that associations will be slow to adopt innovation and pass these benefits to their members. Most were lacking in terms of a strategic plan and in financial procedures and reporting measures. Some of the recommendations were that associations should be assisted to develop and implement strategic interventions, read strategic plans, consolidate their strengths and opportunities and also clearly articulate their basis of competitive advantage in the value chain.

As a result of this assessment, the KLBO and KENDAPO have been sponsored in the development of their strategic plans. The strategic planning workshop for the KLBO was held on 24th February, 2009 and was attended by the KDSCP project team. KENDAPO's strategic planning workshop, sponsored by Heifer Project International, will be held in April. All stakeholders will participate.

Capacity Building of the Kenya Dairy Board: Tendering for the supply of portals for the E dairy system

The Dairy Task Force (DTF), through the KDB, has identified the need to develop a Management Information System that will generate and disseminate information to the Industry Stakeholders; provide traceability mechanism for milk and milk products; enable registration of milk producers and livestock; facilitate electronic transaction between milk sellers, milk buyers, BDS providers among others to improve efficiency along the entire value chain.

In the reporting period, the KDSCP advertised for bids for the supply of hardware which will form the infrastructure within the Kenya Dairy Board information centre to process, manage and disseminate information to stakeholders. Four (4) bids were received and are awaiting evaluation.

2.1.4 Facilitated meetings of the National Dairy Task Force

The Dairy Task Force is now living up to its billing as originally proposed. The DTF is currently leading the implementation of policy changes and action plans that are critical to increasing dairy sector competitiveness in Kenya. In the reporting period, the DTF held six meetings to discuss the various issues affecting the dairy industry in the country. The KDSCP used these meetings to disseminate the assessment findings and the related recommended interventions of a number of sector studies.

Following presentations of the results of industry assessments, a number of task force members have supported the implementation of some of the proposed interventions (e.g. strategic planning for both KLBO and KENDAPO). The open nature of the discussions has also realized additional benefits of reducing duplications and the associated resource wastage among donor funded programs. Processors, who are heavily represented in the task force, have agreed to liaise with the program in identifying strategic locations for their milk coolers to be placed in the program area. They are also collaborating in the organization of Field days with KDSCP facilitators.

The KDSCP has managed to leverage an estimated **US\$ 21,875²** in non project resources through these collaborations via the DTF. In addition, the KDSCP and the Netherlands Development Organization (SNV) are currently exploring the best way to collaborate in building the capacity of KENDAPO, and to work with farmers in some target areas. Continued collaboration will result in efficient use of resources in the sector.

² 1US\$=Kshs. 80

2.2: Component 2: Dairy Smallholder Business Organization Development

In the reporting period, activities under this component focused on identifying the final beneficiaries following the selection of milk sheds and contracting of facilitators. The program team introduced all facilitators to the regional working groups to ensure that the contracted facilitators are accorded maximum cooperation. Specific activities carried out in the reporting period include:

2.2.1 Selection of additional milk sheds and facilitators

Three additional milk sheds were selected in the reporting period. They include Nyeri, Trans Nzoia, and Lessos, and bring to eight (8), the total number of milk sheds working with the program. The selection of program facilitators for the respective milk sheds was also completed in the period under review.

The three facilitators were selected from the pool of KDSCP registered firms who had initially attended the bidders' conference and been given an overview of the KDSCP program and the BDS methodology to guide them in preparing the proposals. **11** well prepared proposals were received, reviewed and the three selected. The selected firms were World Wide Sires Consortium (Trans Nzoia Milk shed); Apex Consultants (Lessos Milk shed); and Performance Improvement Services (PIS) (Nyeri Milk shed). The firms have since signed their contracts. These firms will facilitate the implementation of action plans as set by the regional working groups within their milk sheds, using the Business Development Services (BDS) methodology. The facilitators are currently on the ground and have been introduced to representatives of the Dairy Task Force (DTF) and the Regional Working Groups (RWGs) – processors and the Kenya Dairy Board (KDB) regional representatives.

2.2.2 Selection of farmer groups

The facilitators have so far recruited (and are providing short term training to) **65** farmer groups with a total active membership of **42,463** farmers. The distribution of the groups and membership in five milk sheds is as follows:

Milk shed	Number of farmer groups	Active members
Kericho	14	2,885
Gatanga	13	6,885
Nakuru	10	3,680
Kabete	12	17,205
Kinangop	15	12,307
Total	64	42,962

Additional details on gender and age will be reported in the next quarter report.

2.2.3 Developed a scope of work for SBO performance assessment

The KDSCP team developed a Scope of Work (SoW) and recruited a consultancy firm to assess the performance of the selected farmer groups. 11 bids were received, reviewed and awarded to Spantrack Consults. The objective of the exercise is to assess all farmer groups/SBO's working with the program to identify their relative strengths and weaknesses and provide baseline information needed to develop strengthening interventions. The findings of the assessment will inform the interventions needed to for capacity building of farmer groups working with the program. The exercise should be finalized by end of April.

2.3 Component 3: Increase Availability of Dairy Business Development Services

Accomplishments realized in the reporting period include:

2.3.1 Finalized the Business Diagnostic (BDS) survey

The program team received the final draft report of the BDS diagnostic study in the quarter. A dissemination workshop was then held on 12th March, 2009 for all program facilitators and the dairy task Force members. The well attended event (41 people attended (8 women) was meant to elicit the input of sector stakeholders and program facilitators (all 8 lead facilitators attended) to make sure the report comprehensively brings out the challenges facing BDS providers, and proposes adequate interventions to stimulate sector growth.



The consultant, Mr. Irea presenting the BDS diagnostic survey results at the Intercontinental Hotel, Nairobi.



Participants listen and make notes of the BDS study findings

Participants lauded the event and said that the report was very informative and captured the issues affecting the delivery of business development services in the dairy industry. A similar exercise will be carried out for the newly selected milk sheds early in the next quarter.

2.3.2 Recruitment of Service providers in selected milk sheds

The identification and recruitment process for service providers is currently ongoing in the various milk sheds. More than **200** have been recruited so far in five milk sheds against a target of 250 service providers. The selected service providers will receive capacity building by the program that enables them to perform better and expand their business, while at the same time, better serving the industry.

2.3.3 Capacity building of program facilitators

Business Development Services approach to program implementation is a relatively new methodology in the country. To enable the selected firms get the methodology right, KDSCP has sponsored six lead facilitators in six milk sheds to attend two BDS conferences in the country. The program has also actively sought training opportunities and/or workshops/conferences on a variety of areas important for achieving program results, for the facilitators. Some capacity building activities carried out in the quarter for the facilitators included:

Value chain Financing

Access to credit and cost of financing has been identified in numerous surveys as key obstacles facing entrepreneurs in ***Sub-Saharan Africa***. Access to finance has been recognized as a constraint that the Milk shed facilitators will need to overcome through the creation of appropriate financial products and/or services. ***In the reporting period***, USAID's Kenya Access to Rural Finance (KARF) delivered a day and a half introductory seminar, covering the concept of value chain mapping for financial product design and development using concrete examples from Uganda and Rwanda.

Various financial products/services were explored, including: Inventory credit; Term lending; Leasing (operating and financial); Crop finance; Equipment finance; and Structured trade finance. All KDSCP facilitators attended the workshop and networked effectively with MFIs (Heads of Credit, Product Development Managers and Loan Officers), in addition to practitioners working in value chains and funding agencies.

The KDSCP is now exploring the possibility of collaborating with DAI to conduct a Financial Value chain Analysis. Initial consultative meetings have begun.

THE 5TH National BDS conference

The program facilitated four facilitators to attend the National BDS Conference organized by the Springfield Centre in the reporting period. The Springfield Centre for Business in Development is based in the UK and has been a key influence on the international emergence of the market development approach. As consultant and adviser of many programs and organizations, the centre has helped shape the design and implementation of a number of interventions in the developing world.

The center's training programs are recognized as the leading international programs of their kind and have played a key role in the development of improved thinking and practice. The objective of the exercise was to ensure the facilitators are familiar with the essence of the market development approach, understand the required frameworks and tools to research design and manage interventions. The facilitators were in addition exposed to case studies on innovative programs in Africa, and globally.

Awareness creation on the benefits of ICT to SBOs/providers and processors

KDSCP contracted Agritrace a company that is piloting on e-dairy for the Dairy Board to create awareness to facilitators in KDSCP's eight milk sheds/KDSCP staff /development partners and contracted ICT consultants in the program on knowledge about the e-dairy project in order to prepare them to be part of the first line sensitization activists for the project. Agritrace built their capacity and understanding of the e-dairy initiative such that they are enabled to participate in planned sensitization events targeted at cooperatives, farmers, processors and other stakeholders.

The milk shed facilitators were enabled to design training programs that will ensure expected information required to set up the e-dairy project is obtained from dairy stakeholders in their milk sheds.

2.4 Challenges

- Approvals for certain major assignments like the Kenya Dairy Board (KDB) Information Management Systems (IMS) equipment and trip to the United States has taken longer than expected causing delays in implementation
- Restrictions on giving grants to the Kenya Government institutions that were identified in the proposal has caused delays as we think of alternative ways of funding critical interventions that only these agencies can address
- Reluctance of senior government of Kenya (GoK) personnel to collaborate on activities where their departments are not receiving direct funding has slowed down momentum especially in working on policy issues. A case in point here is the cancellation of the Dairy Master Plan request for proposals.

We anticipate a speedy resolution of these challenges going forward. While approvals for earmarked activities will require that the program team factors in a longer turn around time for approvals of planned activities (early planning), closer and effective collaboration with the GoK officials will need more involvement and advocacy by the DTF. The project team aims to realize this via capacity building of the DTF on advocacy (policy and otherwise). This activity is scheduled for early next quarter.

3.0 Performance Data Table

Impacts					
Performance Indicator	Baseline		Year 1		Comments
	Year	Value	Target	Actual	
Outcomes					
Component 1 - Increased smallholder household income from the sale of quality milk					
Number of industry policies and acts improved and enacted	2008	0	0	18	Considerable progress has been also been realized in the following key areas. Have started writing the milk ordinance for Kenya in collaboration with the Kenya Dairy Board staff Trained 38 KDB Station Managers, Regulatory Inspectors on Pasteurized Milk Ordinance and regulatory inspection. The inspectors have also been exposed too the USA regulatory inspection systems, practices and techniques. Wrote a Good Manufacturing Practice manual. The text has been approved by KDB. The GMP program will be applied to Milk Collection Centers, Milk Bars and Processing Plants throughout Kenya
Number of Quality certification frameworks (Milk product, Animal feeds) developed, implemented/enforced	2008	0	0	0	
Total Value of non-project resources leveraged (US \$)	2008	\$0m	\$5m	\$21,875	
Component 2 - Dairy Smallholder Business Organization (SBO) Development					
Number of producer organizations strengthened	2008	0	20	0	Have contracted a firm to carry out a capacity and performance assessment of all the 65 farmer groups working with the program. The exercise will include action planning that identifies the performance constraints, and

					defines the key interventions required with specific timelines of implementation. This exercise is still ongoing.
Number of cooling units installed/rehabilitated in SBO/MBCs (Number)	2008	0	5	0	Have actively involved farmer groups and private traders, mainly processors, in action planning. The New Kenya Cooperative Creameries is closely working with the program and has agreed to work with the KDSC program in identifying strategic locations for their new milk coolers.
Component 3 - Availability of Dairy Business Development Services					
Number of firms providing new business services to producers (Number)	2008	0	50	0	Have recruited and currently working with a total of 200 service providers in five milk sheds.
Number of producers receiving short-term training	2008	0	5,400	2020	

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