

PROJECT APPRAISAL REPORT (PAR)

6150148 (11)

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1. PROJECT NO. 615-11-140-148	2. PAR FOR PERIOD 6/1/75 TO 5/30/76	3. COUNTRY Kenya	4. PAR SERIAL NO. 76-8
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Agriculture Credit

6. PROJECT DURATION: Began FY <u>71</u> Ends FY <u>77</u>	7. DATE LATEST PROP Feb. 12, 1976	8. DATE LATEST PIP Nov. 1, 1972	9. DATE PRIOR PAR June 27, 1975
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 1,005,000	b. Current FY Estimated Budget: \$ 644,000	c. Estimated Budget to completion After Current FY: \$ 210,000
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Agricultural Cooperative Development International (ACDI)	AID/afr-856

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION NO.			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
YEARS	AID A	HOST		
X		X	Request Extension for 1 year of one ACDI technician	July 1976
X		X	Advise AFC re short term participants	July 1976
X		X	Hold joint meeting with Ministry of Agriculture, and AFC re ranch development problems under Phase II Livestock Program	August 30, 1976
X			Establish policy decision as to whether EOP indicators for large farmers and ranches should be included in the revised PP logical framework	September 30, 1976

D. REPLANNING REQUIRED						E. DATE OF MISSION REVIEW	
REVISED OR NEW:	<input type="checkbox"/> PROP	<input type="checkbox"/> PIP	<input type="checkbox"/> PRO AG	<input type="checkbox"/> PIO/T	<input type="checkbox"/> PIO/C	<input type="checkbox"/> PIO/P	June 16, 1976
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Harold M. Jones Sept. 14, 1976				MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE William A. Sigler (9/17/76)			

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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW		MEDIUM		HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. Ag. Coop. Dev. International (ACDI)				X									X
2.													
3.													

Comment on key factors determining rating

Two of the three technicians furnished by the contractor are of high professional competence. The general overall job performance of one of the technicians was less than satisfactory and he was requested by the host organization to depart Kenya prior to completion of the two year tour. Timely recruitment, dedication to assignment and good rapport with host country officials are key factors in determining rating.

4. ADOPTED TRAINING								X						X
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Comment on key factors determining rating

Scheduling of participant training was carried out as planned, and returned participants are being fully utilized.

5. COMMENTS: N/A														
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Comment on key factors determining rating

N/A

6. PARTICIPATING COUNTRY	a. PERSONNEL					X								X
	b. OTHER													

Comment on key factors determining rating

Excellent support is being provided by host country institutions; the high standard of personnel selection and performance and low turnover of staff help to keep up a continuing pattern of satisfactory project results.

7. OTHER DONORS				X									X	
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(See Next Page for Comments on Other Donors)

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II. 7. Continued: Comment on key factors determining rating of Other Donors

Technical and capital assistance continue to be provided by several donors, which contribute substantially to the viability of the project. The World Bank and Germany continue to provide capital assistance; technical assistance is coming from Germany and Sweden.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage Rate/Amount)					
		CUMU- LATIVE PRIOR FY	CURRENT FY 76		77		END OF PROJECT
			TO DATE	TO END	FY ____	FY ____	
1. Large Scale Farm Loans	PLANNED	2,975	3,175	3,175	3,475	--	3,475
	ACTUAL PERFORMANCE	2,756	3,004				
	REPLANNED			3,175	3,475	--	3,475
2. Small Scale Farm Loans	PLANNED	15,300	17,300	17,300	20,000	--	20,000
	ACTUAL PERFORMANCE	15,282	19,794				
	REPLANNED			20,000	20,000	--	20,000
3. Ranch Loans	PLANNED	115	160	160	200	--	200
	ACTUAL PERFORMANCE	115	167				
	REPLANNED			167	200	--	200
4. Participant Training - Long Term	PLANNED	3	6	6	6	--	6
	ACTUAL PERFORMANCE	3	6				
	REPLANNED			6	9	--	9
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1.		COMMENT:					
2.		COMMENT:					
3.		COMMENT:					

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II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY 76		FY 77	FY _____	
			TO DATE	TO END			
5. Participant Training - Short Term	PLANNED	5	13	13	13	--	13
	ACTUAL PERFORMANCE	5	13				
	REPLANNED			13	19	--	19
6. Decentralization Program-Authorization of branch loans up to K.Shs.10,000	PLANNED	14	19	19	25	--	25
	ACTUAL PERFORMANCE	12	17				
	REPLANNED			19	25	--	25
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT						
1. In-service and on-the-job training provided 235 central and field office personnel.	260 field and central office personnel have been trained at various levels on the job.						
2. Farm management advice available to farmers from AFC field office increased in scope and effectiveness.	COMMENT: Only moderate amounts of advice are being offered to date. This aspect of the program needs strengthening.						
3. Improved organizational structure and financial management for AFC due to (a) the institution of a data processing, accounting and financial management system; (b) computerization of AFC's financial management system to provide	COMMENT: No substantial improvement to date. Inputs planned under PP Revision No.2 are expected to contribute mainly to this output.						

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

To assist in increasing the capability of the Agricultural Finance Corporation central and field offices to implement and manage effective credit programs directed towards expanding credit availability to Kenyan farmers and ranchers. This includes AID's and GOK's shift in emphasis to make more credit available to the small farmer.

a. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
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1. Branch offices having more authority over loan functions and decisions in the field
2. Streamline AFC administrative structure and improved headquarters liaison with the field.
3. Field offices making final loan decisions.
4. Reduce time required to approve, authorize, make and implement an average loan from about six weeks to two weeks.

1. Seventeen branch offices have full responsibility over loan approvals, servicing, collections and record maintenance. A pilot activity to allow branch offices to make loan disbursements has been planned for the Mt. Kenya area, to start in early CY 1977.
2. Five area branch manager posts have been established and staffed to supervise and improve branch operations as a direct link with headquarters. Headquarters staff and top field staff are now holding monthly meetings.
3. Present policy provides for a 10,000 shillings lending limit to 17 approved branches.
4. Loan processing has been reduced from four to five months down to two to three weeks by: a much shortened application form; helping farmers prepare applications; and reducing the number of AFC personnel required to handle each application.

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V. PROGRAMMING GOAL

Increase the production return to Kenya farmers by making more credit available.

b. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem to be solved?

Yes. There is a growing evidence that credit is needed to develop and realize Kenya's agriculture production potential in both large and small farm enterprises. Credit is presently being provided in kind through a large network of suppliers, representing the only source of improved technological inputs available to the poorer smallholder and group farm operators.

PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

B.1. Conditions which will exist when above purpose is achieved (Contd.)

2. Evidence to date of progress toward these conditions.

5. An expansion of lending not only numerically, but to include an increase in the percentage of AFC's loan portfolio made to small farmers from 27.2% in FY 1974 to about 50% in FY 1977.

5. The present percentage of loans to small farmers is approximately 30%.

6. Reduction in delinquency rates on loan repayment from 20% to about 5% in FY 1977 for small farmer loans.

6. The delinquency rate in the small farmer loan program is approximately 6.5% with the AFC overall rate being 18%.

7. AFC to be a financially sound lending institution with less dependence on external inputs of loan funds and technical assistance.

7. The decentralization program is progressing as planned. AFC is now planning its second reorganization to improve management. There are no indications that AFC is becoming less dependent on external supplies of capital. PP Revision No.2 will add a financial management specialist to the AFC staff to assist in asset and liability management.

8. Average annual increase of 2,000 in the number of loans made to small farmers throughout the life of the project from a base of 12,000 loans in FY 71 to 20,000 loans by the end of the project.

8. The total number of small farmer loans in CY 1975 was 16,500. This is an increase of approximately 2,500 over the previous year. The loans to date are approximately 20,000.