USAID | KENYA AND EAST AFRICA
FROM THE AMERICAN PEOPLE

Issuance Date:	June 22, 2017
Due Date for Submission of Questions:	June 30, 2017, 8:00am Nairobi, Kenya time
Anticipated Date for Response to Questions:	July 07, 2017
Closing Date for Submission of Applications:	**July 24, 2017**
Closing Time for Submission of Applications:	**08:00am Nairobi, Kenya time**

SUBJECT: **Notice of Funding Opportunity No. RFA-615-17-000006 – Kenya Feed the Future – Crops and Dairy Market Systems Development Activity**

Ladies/Gentlemen:

The United States Agency for International Development (USAID) is seeking applications for one (1) Cooperative Agreement from qualified U.S. and Non-U.S. organizations to provide funding in support of the Kenya Crops and Dairy Market Systems (KCDMS) Activity. Eligibility for this award is not restricted. See Section C of this NOFO for eligibility requirements.

Eligible organizations interested in submitting an application are encouraged to read this funding opportunity thoroughly to understand the type of program sought, application submission requirements and evaluation process.

Subject to the availability of funds USAID anticipates making one (1) award to the responsible applicant whose application best meets the objectives of this funding opportunity and the selection criteria contained herein. While one (1) award is anticipated as a result of this Notification of Funding Opportunity (NOFO), USAID reserves the right to fund multiple or none of the applications submitted.

For the purposes of this NOFO the term "Grant" is synonymous with "Cooperative Agreement"; "Grantee" is synonymous with "Recipient"; and "Grant Officer" is synonymous with "Agreement Officer". Eligible organizations interested in submitting an application are encouraged to read this funding opportunity thoroughly to understand the type of program sought, application submission requirements and evaluation process.

USAID encourages cost-sharing to the maximum practicable extent, and any proposed cost-sharing (matching) will be assessed by USAID as part of determining which applications offer the greatest value to the US Government.

An applicant under consideration for an award that has never received funding from USAID will be subject to a pre-award audit to determine fiscal responsibility, ensure adequacy of financial controls and establish an indirect cost rate.

To be eligible for award, the applicant must provide all information as required in this NOFO and meet eligibility standards in Section C of this NOFO. This funding opportunity is posted on www.grants.gov, and may be amended. Potential applicants should regularly check the website to ensure they have the latest information pertaining to this notice of funding opportunity. Applicants will need to have available or download Adobe program to their computers in order to view and save the Adobe forms properly. It is the responsibility of the applicant to ensure that the entire NOFO has been received from the internet in its entirety and USAID bears no responsibility for data errors resulting from transmission or conversion process. If you have difficulty registering on www.grants.gov or accessing the NFO, please contact the Grants.gov Helpdesk at 1-800-518-4726 or via email at support@grants.gov for technical assistance.

Any questions concerning this NOFO should be submitted in writing to the Agreement Officer, Ms. Caroline Bertolin Hillas, via email at cbertolin@usaid.gov with a copy to the Acquisition & Assistance Specialist, Ms. Charity Igweta at cigweta@usaid.gov by the date stated above. Questions sent to any other e-mail address will not be responded to. The e-mail transmitting the questions must reference the RFA number and title on the subject line of the e-mail. Receipt time is when the application is received by the USAID/Kenya and East Africa Internet Server. Responses to questions received prior to the deadline will be furnished to all potential applicants through an amendment to this notice posted to www.grants.gov.

If you decide to submit an application, please note that only electronic submissions will be accepted. Applications must be sent as e-mail attachments to cbertolin@usaid.gov and cigweta@usaid.gov.

Should your organization decide to submit an application, it must be received no later than the time and date set forth above and in accordance with the instructions set forth in Section D of the NOFO. Applications received after the closing date and time may not be considered. Applicants should retain a copy of their application, and any enclosures thereto, for their records.

Award will be made to the responsible applicant whose application best meets the requirements of this NOFO and the selection criteria contained herein. Issuance of this notice of funding opportunity does not constitute an award commitment on the part of the U.S. Government nor does it commit the U.S. Government to pay for any costs incurred in preparation or submission of comments/suggestions or an application. Applications are submitted at the risk of the applicant. All preparation and submission costs are at the applicant's expense. In addition, final award of any resultant agreement cannot be made until funds have been fully appropriated, allocated, and committed through internal USAID procedures. While it is anticipated that these procedures will be successfully completed, potential applicants are hereby notified of these requirements and conditions for award.

The successful Applicant will be responsible for ensuring the achievement of the program objectives. Please read each section of the NOFO thoroughly.

Thank you for your interest in USAID programs.

Sincerely,

Caroline Bertolin Hillas
Agreement Officer

Contents

SECTION A – PROGRAM DESCRIPTION

ADMINISTRATION OF AWARD RESULTING FROM THIS NOFO

The prime award and subsequent sub-awards resulting from this NOFO will be administered in accordance with the following:

- Code of Federal Regulations, 2 CFR 200
- Chapter 303 of USAID's Automated Directives System (ADS 303).
- 2 CFR 220 Cost Principles for Educational Institutions (formerly OMB Circular A-21).
- Office of Management and Budget's Grants Management Circular, OMB Circular A-133.
- USAID Mandatory and Required-as-Applicable Standard Provisions for U.S. Non-Governmental Organizations found in ADS-303.

PROGRAM DESCRIPTION

A. FUNDING OPPORTUNITY

USAID/Kenya and East Africa's (KEA's) Office of Economic Growth (OEG) is issuing a five-year, $60 million Request for Applications (RFA) for a *Crops and Dairy Market Systems Development Activity*. This activity is part of an inter-related suite of activities issued by USAID/KEA Feed the Future under the Global Food Security Act (GFSA) and the associated Global Food Security Strategy (GFSS), using shared approaches in different geographic areas of Kenya. The suite includes: the *Crop and Dairy Market Systems Development Activity* (to be implemented in western and eastern Kenya; additional detail provided below)[1]; the *Livestock Market Systems Development Activity* (to be implemented in northern Kenya),[2] and the *Kenya Investment Mechanism Activity* (KIM)(to be implemented in all FTF counties for agriculture). This suite of activities will aim to advance the objectives of GFSS: inclusive and sustainable agriculturally-led economic growth, strengthened resilience among people and systems, and a well-nourished population, especially women and children. The activity will support the Kenyan people, and will also contribute towards enhancing economic opportunities and security for the American people.

[1] See Annex F: Geographic Priority for definitions of western and eastern Kenya
[2] Turkana, Marsabit, Isiolo, Wajir, and Garissa

B. BACKGROUND

Kenya's northern and eastern zones have the highest rates of wasting (weight for height) in the country. According to the World Bank,[3] Kenya's economic growth rates have outperformed the regional average for eight consecutive years. The share of Kenyans living below the poverty line has fallen from 47 percent in 2005 to about 39 percent in 2012.[4] The agriculture sector is an important contributor to inclusive growth. Over 10 million working-age Kenyans are engaged in small-scale agriculture and pastoralism, and small-scale production (less than 5 hectares) accounts for 75 percent of the total agricultural output and 70 percent of marketed agricultural produce. Across Kenya, households have been diversifying their economic activities over time. Some households have diversified the range of crops they produce, while others have been engaging in more off-farm activities made possible by the availability of finance, education, and access to roads.[5] Meanwhile, urban growth, including growth of secondary and tertiary towns, has been generating strong demand for grains, fruits and vegetables, and meat and milk products. Private firms, large and small, have been investing in production, processing, aggregation, value-addition, marketing, capacity building and other support services. While the growing Kenya economy is creating more jobs now than in the past, 80 percent of these are informal and low productivity jobs.[6]

The Government of Kenya (GOK), through its 2030 Vision[7], aims to transform Kenya into a "newly industrialized, middle-income" country, in part through agricultural policy reforms meant to boost the contribution of agriculture to economic growth. In that direction, the GOK, through its 2010 Constitution, devolved agriculture to the counties, which are developing and implementing County Integrated Development Plans that promote agricultural development.[8] Meanwhile, the national Government has introduced reforms to improve the enabling environment for private sector investment, such as making it easier to start a business and registering property.[9]

C. PROBLEM STATEMENT: Challenges & Lessons Learned from Past Programming

1. Challenges

Key problems constraining the potential contributions of Kenya's agricultural sector to poverty reduction and nutrition include:

Poverty in the midst of growth. Economic growth in Kenya has been accompanied by a declining poverty rate—with the share of Kenyans living below the poverty line falling from 47 percent in 2005 to about 39 percent in 2012. Yet inequality remains high, with the richest 10 percent of the population receiving 40 percent of the nation's income. There are also significant differences in poverty, across geographies.

---

[3] World Bank (2016). *Kenya Economic Update: Beyond Resilience: Increasing Productivity and Public Investments.* October, Edition No. 14

[4] World Bank (2014). *FY2014-2018 Country Partnership Strategy for Kenya*.

[5] World Bank (2008). Kenya Poverty and Inequality Assessment Volume 1: Synthesis Report. Poverty Reduction and Economic Management Unit. Africa Region Report No. 44190-KE
http://siteresources.worldbank.org/INTAFRREGTOPGENDER/Resources/PAKENYA.pdf

[6] 2016 World Bank Economic Update

7 http://www.vision2030.go.ke/

[8] http://www.worldbank.org/en/country/kenya/brief/kenyas-devolution

[9] According to the World Bank's Doing Business 2017 report, which studies regulations from the perspective of small and medium-size firms, Kenya was among the three countries with most improved performance over the past year.

The incidence of poverty ranges from 3.9 percent for Nairobi to 87.9 percent in Turkana County.[10] Seven counties within the GFSS zone of influence (ZOI) – Busia, Kisii, Migori, Nyamira, Bomet, Makueni, and Kitui – are among the poorest in the country, each with nearly half of its population living in poverty.

Undernutrition and stunting. Within the GFSS ZOI, stunting of children under five ranges from 15 percent in Nyeri to as high as 46 percent in Kitui. National child nutrition trends have been very positive with a 35 percent reduction in stunting between 2008 and 2014 from 35 percent to 26 percent (DHS 2008/09, 2014). At the same time, there are areas of serious malnutrition throughout the country and in the GFSS zones. The counties in the eastern and western ZOI (Western, Eastern, Central, Rift Valley regions) have some of the highest rates of stunting. Counties with critical or serious levels of stunted children also have high levels of poor sanitation and drinking water quality, are relatively food insecure, poor and lacking in education (see Table in Annex C for stunting rates by county).[11]

Gender equality and women's empowerment. As documented in the FTF mid-term assessment, the Women's Empowerment in Agriculture Index (WEAI) data in Kenya show that women across zones are far from achieving adequate levels of empowerment - only about one third of women have achieved adequate empowerment in all five domains of the sector, which includes production, resources, income, leadership and time use. Under ongoing FTF activities, women comprise more than 55% of beneficiaries. Given women's critical role in agriculture, unless they become more empowered it will be difficult to sustain productivity growth and have an impact on malnutrition and stunting.

Uncompetitive agriculture dominated by smallholders and limited commercialization. While some sectors in Kenya have highly commercial production systems, e.g., horticulture, floriculture, tea, coffee, and—in some places— dairy, the majority of smallholders continue to subsist on low-input, low-output rain-fed agriculture on very small plots. As a result of this low productivity that results in high cost production[12], Kenya's agriculture sector is not competitive. Currently 56 percent of rural households have less than one hectare, and increasingly farms are fragmented into smaller parcels that are not physically contiguous. Small holding size, fragmentation and insecure land tenure limit the potential for sizeable commercial farming. Moreover, land tenure arrangements create disincentives for investing in improved productivity.

Enabling Environment for agricultural growth. Although the Kenya Agriculture Development Strategy (ASDS)[13] notes that the private sector is the key driver of agriculture growth, it also acknowledges that the current policy environment is not supportive of private sector-led agricultural development. Multiple complex laws and regulations have evolved in the agricultural sector, which do not allow for investment in a liberalized economic environment.
To accelerate the transformation of Kenya's agriculture sector and reduce poverty a supportive policy environment is needed to encourage farmers to diversify from low- to higher-value activities as well as encourage individuals, especially youth, to invest in small and medium enterprises (SMEs).

---

[10] 2016 Kenya Bureau of Standards report. http://inequalities.sidint.net/kenya/national/poverty/2/

[11] The Comprehensive Food Security and Vulnerability Analysis (CFSVA) Kenya 2016

[12] Milu Muyanga & T.S. Jayne, *Emerging Land Constraints in Kenya's Densely Populated Rural Areas: Implications For Food Policy And Institutional Reforms*, Agricultural, Food and Resource Economics Department Michigan State University, 28th International Conference of Agricultural Economics August 18-24, 2012, Rafain Convention Center, Foz do Iguacu, Brazil

[13] http://www.fao.org/fileadmin/user_upload/drought/docs/Agricultural%20Sector%20Development%20Strategy.pdf

*Barriers and threats to SME growth***.** Expanding the role and presence of the private sector in key areas is critical to expanding markets, linking SMEs and smallholder farmers, and encouraging breakthrough innovations. The growing demand for fresh and processed foods in Kenya is creating opportunities for SMEs to provide services to farmers and other value chain actors.
However, limited capital and market access, poor infrastructure, inadequate knowledge, and low skills constrain the extent to which these enterprises are benefiting from these opportunities.[14] The GOK has introduced reforms to improve the enabling environment for private sector investment, such as making it easier to start a business and registering property.[15]

Lack of affordable financial services Lack of access to finance for smallholders and SMEs in the agriculture sector is widely reported by key informants and focus group discussions with youth, farmer groups, and agribusinesses. Value chain finance, access to savings, nonfarm credit, remittance services, and insurance strengthen the resilience of households and farmer groups are critical to the modernization of agriculture and to strategies that bolster the capacity of households to withstand risks of market engagement.

Burgeoning youth population. In Kenya, young men and women (15-34 years) form 35 percent of the population and make up most of the over one million people who enter the labor force each year.[16] Unemployment rates estimated in the last two national surveys and the 2009 Kenya Population Census suggest that unemployment among youth aged 15-19 and 20-24 years is significantly larger than for the entire working-age population; underemployment is widespread; and among employed young people, 84 percent are in vulnerable jobs.[17] In this context, generating employment for young men and women is one of Kenya's biggest challenges.

FACTS ON KENYAN YOUTH IN AGRICULTURE

- 78 percent of the population is below the age of thirty;
- Youth engagement in agriculture is declining despite rising youth unemployment;
- Youthful farmers are concentrated more in agricultural production;
- A lower percentage of youth use improved inputs (such as improved seeds, fertilizers, agricultural chemicals and veterinary drugs) to increase productivity or move out of subsistence production;
- A majority of youth lack exclusive ownership rights to land, a critical asset for agricultural production;
- Youth are less likely to access credit, extension services and social capital (farmer group membership), which are all key factors in agricultural transformation; and
- Youth with at least secondary education, males (both married and unmarried) and young people residing in households with a large share of adults are less likely to engage in agriculture.

(Afande, et al. 2015)

Climate variability. The livelihoods of Kenyan farmers are closely linked to climate conditions. Almost three-quarters of the labor force depend on agriculture, and almost all farmers depend on timely and adequate rainfall for crop production and husbandry. Only two percent of cultivated area is under irrigation.
Thus, climate variability will have an increasing impact on agricultural livelihoods and food security in the country, making adaptation essential for rural areas in Kenya. Trends suggest increasing variability in rainfall events, with intense rains, off-season rains, and increasing frequency of drought, although there are likely to be differences according to agro-ecological zones. For example, the semi-arid eastern ZOI is much more vulnerable to negative impacts of more frequent droughts, whereas the western ZOI, with its higher rainfall, will likely be less vulnerable. Climate variability affects not only agricultural activities but also the functioning of market systems that are linked to agriculture.

[14] Deloitte Kenya Economic Outlook 2016
[15] According to the World Bank's Doing Business 2017 report, which studies regulations from the perspective of small and medium-size firms, Kenya was among the three countries with most improved performance over the past year.
[16] http://www.adeanet.org/min_conf_youth_skills_employment/sites/default/files/u24/Kenya%20Country%20Report_0.pdf.
[17] https://www.brookings.edu/blog/africa-in-focus/2014/08/21/state-of-youth-unemployment-in-kenya/

Food Quality Kenya is considered a "hotbed" for aflatoxin, with contamination making its way from food crops and animal feeds up through the food chain into Kenyan diets.[18] It therefore is present in most foods that Kenyans consume--grains, milk, and meat products. The toxin is linked to liver disease and cancer and is associated with immune-system suppression, stunting, and death in humans and domestic animals. And while pesticide levels for fruits and vegetables being exported are carefully monitored, products for the local and regional markets are not. Addressing these and similar issues is crucial for improving nutrition outcomes and ensuring strong markets.

Countering Violent Extremism (CVE). Kenya has experienced a number of incidents involving violent extremism in recent years, including attacks by Al Shabab—an offshoot of Al Qaeda based in Somalia. The 2013 Westgate Mall attack in Nairobi was one of the most widely publicized attacks, though incidents around Mombasa, Garissa, and other border towns have also been significant. Moreover, Islamic State militant group (ISIS) claimed responsibility for a raid in 2016 on a Kenyan police station in what constituted the group's first attack in the East African country. The Department of State defines CVE as proactive actions to counter efforts by violent extremists to radicalize, recruit, and mobilize followers to violence and to address specific factors that facilitate violent extremist recruitment and radicalization to violence.[19] USAID's Policy for the Development Response for Countering Violent Extremism (CVE) is provided in Annex I.

2. Lessons Learned from Past Programming

USAID/KEA has been investing in the horticulture, dairy, and maize sub-sectors for decades, with each new round of projects learning from previous ones. This GFSS activity will build on past achievements and challenges identified by the *Mid-Term Assessment of Kenya's FTF Program*, September 2016.

Past achievements included the more than 500,000 beneficiaries of FTF's agricultural investments, substantial increases in productivity in horticulture, dairy and maize, support to counties and their new agricultural mandates, innovative approaches to nutrition-sensitive agriculture, and learning about collaboration, learning and adaptation (CLA).

Challenges to be addressed by this new GFSS market systems activity include the following:

- Push and Pull interventions. USAID/KEA's FTF Multi-year Strategy made clear the importance of both pull side market interventions and push side productivity interventions to achieve inclusive agricultural growth and reduce poverty. Pull approaches are needed that have broad spillover effects that improve market systems competitiveness and reach large numbers of beneficiaries indirectly and directly. Push interventions are needed to ensure the inclusion of resource-poor smallholders in market systems development.
- Commercialization. Advancing the commercialization of upstream (e.g., input supplier) and downstream (e.g. processing and other post-harvest) agribusinesses can contribute to *pulling* resource-poor smallholders and small- and medium-sized businesses into competitive and growth-oriented value chains, while creating nonfarm opportunities for youth and others seeking to diversify out of subsistence agriculture.

[18] International Livestock Research Institute. "Aflatoxins in Kenya's food chain: Overview of what researchers are doing to combat the threat to public health."
[19] http://pdf.usaid.gov/pdf_docs/PBAAE503.pdf

- Scaling of impacts. Further scaling impacts might be achieved through leveraging: (1) the resources of lead farmers and enterprises, including those in better-off areas outside the FTF ZOI, willing to invest in smallholder-dominated value chains, while maintaining a focus on reducing poverty in the ZOIs; (2) partnerships with the private sector, public sector and civil society; and (3) investments that are regional and include multiple counties that together can better achieve volumes, pay for infrastructure, and benefit large numbers of market system actors.
- Finance. The FTF mid-term assessment found that isolated approaches to technical assistance for financial service provision are best firmly anchored in the market system, underscoring the importance of the *Crops and Dairy Market Systems Development Activity* and KIM's blended finance activities collaborating closely.
- Devolution. Devolution has revealed the challenges involved in sorting out the roles and responsibilities between counties and the national government. In looking forward, processes for inclusive and cohesive policy formulation and implementation under—devolution—will be critical.
- Gender. Despite progress in integrating gender into USAID Kenya's FTF activities, only about one third of women in the targeted ZOI have achieved adequate levels of empowerment. There is still progress to be made in addressing constraints to women's productivity, incomes, asset ownership, leadership, and time use.
- Youth. While there is wide recognition of the challenges faced by un- and under employed youth, programming that integrates youth into market systems has been limited. The challenge is to open up more opportunities that are commercial and technology-based but offer the needed support for inexperienced and low-financed youth.
- Nutrition-sensitive agriculture. Previous activities demonstrated the innovations that a market systems approach can have on nutrition. Moving forward, it will be important to have effective and consistent messages and social behavior-change (SBC) methodologies to have a more significant impact on stunting and overall malnutrition.
- Resilience. Resilience at the household and market-system levels is critical to ensuring that gains achieved are not lost due to market, climate, security-related or other shocks or stresses. Market systems resilience, for example, can help to mitigate the risks of demand and/or price fluctuations that have negative impacts at the household level. The resilience of natural resource systems is also critical, especially given the increasing frequency of droughts and the impact on agriculture the targeted geographic areas.

D. INSTITUTIONAL FRAMEWORK

The Government of Kenya's Strategic Framework. The new GFSS activity will align with and support major GOK strategic initiatives including: Vision 2030 and the 2013-2017 Medium Term Plan (MTP II), and the Agriculture Sector Development Strategy 2010-2020 (ASDS). Specifically, the activity will contribute to the achievement of the Agriculture, Livestock, and Fisheries Pillar under the Second Medium-term Investment Plan (MTP II) and the commercialization and policy objectives in the ASDS. The activity will also support Kenya's efforts to meet its commitments under the Comprehensive Agricultural Development Program (CAADP) as set out in Heads of State Malabo Declaration.

The Kenya Vision 2030 and the Second Medium Term Plan 2013-2017. Vision 2030 Kenya's development blueprint. Its primary goal is to transform the country to a newly industrializing "middle income country, providing a high quality of life for all its citizens by the year 2030." The vision is based on three pillars: economic, social and political. The economic pillar recognizes agriculture's critical role in achieving an average GDP growth rate of 10 percent per year up to the year 2030. The Second Medium Term Plan (2013-2017) identifies specific agricultural programs to increase food production and access.

Agricultural Sector Development Strategy 2010-2020 (ASDS). The ASDS was developed before devolution and therefore does not reflect the transfer of responsibility for implementation to the counties. A process to revise the strategy and develop a new national investment plan is underway. The ASDS highlights the agricultural sector's vision as a food-secure and prosperous nation. Its overall goal is to achieve an average growth rate of 7 per cent per year over the next 5 years. Its mission is to achieve an innovative, commercially-oriented, and modern agriculture sector.

County and Regional Economic Bloc Strategies. Devolution has created immense opportunities to accelerate agricultural transformation in Kenya, a transformation that is essential if millions of Kenya's poorest subsistence farmers are to transition out of agriculture. This activity will align with and support County investment plans and development blueprints developed by the regional economic blocs such as the Lake Region Economic Bloc. It is expected that other regional economic blocs will develop similar strategies and blueprints in the future.

USAID/KEA's Country Development and Cooperation Strategy (2014-2018) (CDCS[20]). Guides Mission programming. The activity will contribute to the goal and results identified in the CDCS. The overall goal is that Kenya's governance and economy will be sustainably transformed. This activity will directly contribute to CDCS IR 3.1 *Increased household food security and resilience, primarily for the rural poor* under DO 3: *Inclusive, market-driven, environmentally sustainable economic growth.* The activity will also contribute to other DO 3 IRs, especially 3.3, 3.4, and 3.5, as private sector investment is a key input necessary to achieve IR 3.1.

USAID/ KEA's Multi-Year Feed the Future (FTF) Strategy and the Global Food Security Strategy. This activity is part of the FTF project with the goal of reducing poverty and stunting by twenty percent in the ZOI. Kenya's FTF Multi-Year Strategy (MYS) for 2011-2015 aimed to reduce poverty and improve nutrition through the improved competitiveness of high-potential value chains and the promotion of diversification into higher-return, on- and off-farm activities. This new activity will also align with the new US Government Global Food Security Strategy (see ANNEX A).

GFSS calls for strengthening the capacity of all participants throughout the food and agriculture system, paying special attention to women, the extreme poor, small-scale producers, youth, marginalized communities, and small and medium enterprises. It emphasizes using USG resources to catalyze private sector-driven trade and economic development and emphasizes the importance of integrating youth, nutrition, women's empowerment, resilience, governance and policy, and improved systems performance. ANNEX B demonstrates how this activity aligns with GOK and USG strategic goals and objectives.

The activity will coordinate closely with other activities including the KIM, Livestock Market Systems and others.

20 https://www.usaid.gov/kenya/cdcs

E. THEORY OF CHANGE

Figure 1:
Farm Household Strategies for Moving Out of Poverty

Categories of Farm Households	Possible household strategies	Illustrative intervention strategies
#1 Commercial farmers	***stepping up*** into competitive value chains	Link to competitive value chains
#2 Subsistence farmers with profit potential	***stepping up*** into competitive value chains (higher return) ***branching out*** into diverse and higher-return farm and nonfarm activities	Expand adoption of improved inputs, build skills and business practices Link into competitive value chains Link into higher-return nonfarm
#3 Subsistence farmers with**out** profit potential	***hanging on*** to less sustainable subsistence production ***branching out*** into diverse farm and nonfarm activities ***moving out*** to engage in new, viable livelihoods	Productive safety nets New resilience capacities Nutritional services Diversification Nonfarm activities in towns Workforce development

Agricultural economists argue that agricultural growth drives structural transformation in which farmers, who are squeezed onto increasing small landholdings, either: (1) diversify their income sources by reducing land allocated to consumption crops and increasing land allocated to cash crops; or (2) engage in off and/or non-farm activities including agricultural labor; or (3) migrate out of farming into non-farm town or urban sectors. Structural transformation is happening differently and at different paces depending on the region and the country. Many farmers in Kenya are stuck in low-input, low-return agriculture on increasingly small and degraded landholdings. In the coming decade(s), many will have to commercialize, diversify, or transition out of agriculture. The transformation processes that ultimately reduce poverty include:

- **Intensification, defined as increased productivity measured in terms of output per unit of land or labor;**
- **Diversification into higher-value commodities and/or agricultural value addition; and**
- **Diversification into higher value non-farm (agricultural-related) enterprises and employment.**

Farm households with profit potential aim to transition out of poverty by a combination of ***stepping up*** into competitive value chains and ***branching out*** into higher-value commodities and nonfarm activities. Farm households without profit potential can follow 3 pathways. Evidence suggests that those who choose to ***hang on*** to traditional subsistence farming will find it difficult to escape poverty over time. Evidence also suggests that those households that ***branch out*** by diversifying beyond subsistence farming into higher-return nonfarm but agriculturally related enterprise or employment opportunities or ***move out*** of agriculture altogether have a better chance of escaping poverty.

Agricultural transformation is directly linked to improved nutrition by supporting increased and diversified food production, especially nutritious foods, and increased incomes. Evidence suggests that women's empowerment, particularly women's control of income, results in better food security and health outcomes for all household members, both key aspects of nutrition. Moreover, the inclusiveness and resilience of the market system will influence the flow of benefits to households to support dietary diversity. Resilience of households is critical to the sustainability of agricultural growth that reduces poverty by protecting against shocks and stresses that can reverse hard earned gains as households move out of poverty. Diversification in agriculture and in household livelihood strategies is important for resilience.

F. DEVELOPMENT HYPOTHESIS

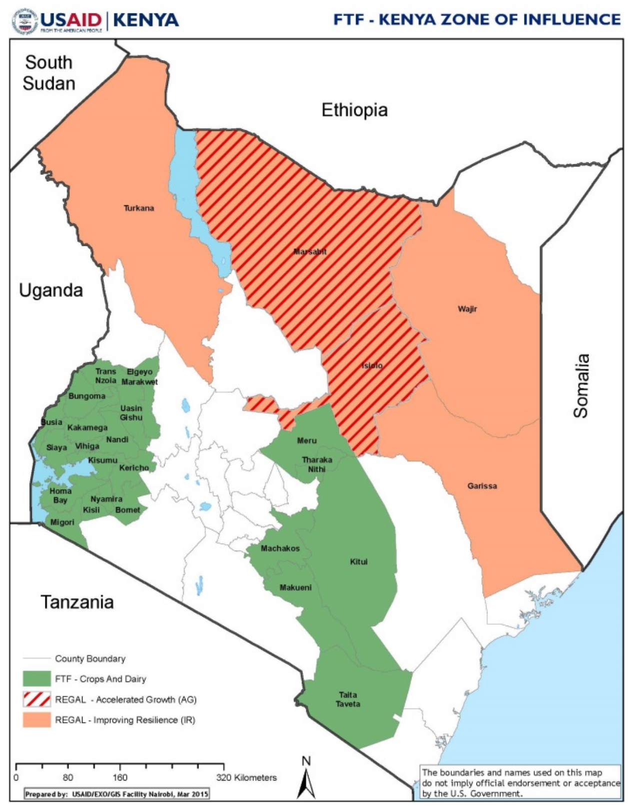
Competitive agricultural market systems enable intensification and diversification into higher-value agricultural commodities and nonfarm activities, which leads to higher incomes and improved health outcomes, especially through an increase in diverse and nutritious foods; moreover, inclusive, resilient and sustainable market systems paired with interventions that foster household resilience ensure widespread poverty reduction and healthier families.

G. PROGRAMMATIC PRIORITIES

1. Geographic Priorities

Based on current funding levels, priorities and previous USAID investments, the geographic priorities will include 22 counties (16 counties in western and 6 counties in eastern Kenya [See Annex F]). However, in keeping with the program's emphasis on collaboration, learning and adapting, as implementation proceeds, based on evidence of market shifts, collaboration with other organizations or other opportunities or situational changes there is flexibility to expand or shift into other areas, increase focus to specific areas within the ZOI, or a combination of both. Focus areas have high levels of poverty and malnutrition; are vulnerable to shocks; may face periods of conflict or violent extremism; and all have potential for mitigating these problems through inclusive development of agricultural market systems.

Figure 2: Map of FTF ZOIs (green = HR1, yellow = SA2)



While the *Crop and Dairy Market Systems Development Activity* will benefit farm households and entrepreneurs in specific focus areas, it will leverage markets, buyers, and larger farmers throughout Kenya, where such linkages benefit target households. Value chains often stretch across geographies, with buyers' located distances from suppliers. Leveraging inter-connections between buyers outside focus areas with suppliers within will help create the *market pull* needed to generate inclusive growth in targeted geographic areas. Efficiencies may be achieved in some priority areas by working through multi-county platforms, where they exist.

2. Commodity/Value Chain Priorities

Past FTF programming has shown the importance of working with a variety of commodities and value chains to foster growth that builds resilience, reduces poverty, and improves food security and nutrition. As a result, the *Crop and Dairy Market Systems Development Activity* will focus on two tiers of commodities/interventions.

Tier 1 commodities will be developed through a private sector-led market systems approach including commercial horticulture and dairy (and associated animal feeds). The set of commodities under tier 1 will also be informed by a value-chain assessment the implementer will carry out at the onset of this activity to ground-truth value chains and geographic focus of this activity.

While this activity will continue to prioritize horticulture and dairy (including animal feeds), in keeping with the collaboration, learning and adapting nature of the activity there will be flexibility for both geographic scope (as further detailed above) and value chain selection based on demonstrated private sector-led opportunities, this assessment, and the ability to engage youth and situation shifts or significant changes in country context.

Tier 2 commodities are not typically viewed as cash crops, but rather as providing ancillary income or nutrition to achieve food security. In some cases, these commodities are becoming more commercialized as markets emerge. Tier 2 commodities will likely not involve a full value-chain approach, but may be developed more as market-led livelihood activities that stabilize income across seasons, build resilience by helping farm households diversify risk, contribute directly to household nutrition, and expand income opportunities for young men and women. Farmers will only be engaged with tier 2 crops through an engagement in a tier 1 crop—meaning they would either need to be producing or working towards production of tier 1 crops. Tier 2 commodities might include, for example, poultry, maize, sorghum, pulses, or other drought-tolerant staple crops. The choice of tier 2 value chains will also be supported by the value chain assessment commissioned at the onset of this activity.

NUTRITION-SENSITIVE APPROACHES TO VALUE CHAIN DEVELOPMENT

- Target nutrient-rich value chains, ideally those lacking in the diet
- Include social behavior change to promote diversified diet & food safety
- Strengthen women's decision making power
- Expand availability of nutrient-rich foods at affordable prices
- Measure outcomes, including intermediate outcomes

Improved nutritional status is a high-level objective of USAID's GFSS. Given the level of stunting, especially in western Kenya, nutrition-sensitive agriculture will be an important lens for the selection of value chains. Moreover, many of the varieties in tier 2 are drought-tolerant crops, which will be important in building household and agricultural production resilience to increasing frequency of drought and shorter and unpredictable rainfall patterns.

3. Target-Population Priorities

USAID/KEA's *Crop and Dairy Market Systems Development Activity* will directly target, in no particular order:

- Farm households with profit potential to assist them in stepping up and branching out;
- Farm households, including youth and women, currently in activities without profit- potential to assist them in transitioning into alternative higher-return, market-oriented agriculture and non-farm activities;
- Commercial farmers, who are willing to partner with/link to smallholder households;
- Buyers such as exporters, processors, traders, retailers, and wholesalers;
- Businesses engaged in value addition: processors, feed and fodder businesses;
- Input suppliers, including agrovets, stockists, distributors, and agents;
- Transporters;
- Aggregators, including cooperatives, traders/brokers, collection or distribution centers;
- Service providers: such as sprayers, artificial insemination service providers, veterinarians, Integrated Pest Management (IPM) providers, soil testing services;
- Technology and mechanizations providers; and
- Financial services institutions, both formal and informal, and including those engaged in digital finance (in partnership with KIM activity).

The *Crops and Dairy Market Systems Development Activity* will aim to benefit farmers and their households and entrepreneurs in focus areas, as well as leverage markets, buyers, and larger farmers in other areas, where such linkages benefit the target households. The targeting for farm level interventions will build off of past USAID investments and be flexible to respond to emerging trends, and value chains opportunities. Interventions aimed at improving market systems will be national in nature but should benefit farmers in target value chains in geographic focus. The activity will have the freedom to work with businesses and larger farmers, which have resources that can be leveraged to benefit the farm and agriculture related off-farm activities of poor rural households.

To achieve scale in outreach, the activity will work directly and indirectly with market system actors, meaning it will use successful farmers to catalyze change with neighboring farmers by promoting copying. It will seek to catalyze investment in business innovations that create a demonstration for other firms to replicate and scale.

4. Programmatic Principles

<u>*Take a systems approach:*</u> A market systems approach considers the system in its totality, including: (1) the firms that operate within an industry—from input suppliers to end market buyers; (2) the support markets that provide technical, business and financial services to the industry; and (3) the business environment in which the industry operates. While it may be beyond the capacity/mandate of a project to address certain constraints, the failure to recognize and incorporate the implications of the full range of constraints will generally lead to limited, short-term impact or even counter-productive results.

> **EXAMPLES OF MARKET SYSTEM SHOCKS & STRESSORS**
>
> *Economic shocks* – food, cash crop, and fuel price volatility, import and export bans
>
> *Socio-political shocks* – political instability, unstable or ineffective governance, and trade policies
>
> *Environmental shocks* – natural resource degradation from floods, drought, erratic rainfall, fires, hail storms etc.
>
> *Demographic stresses* – outmigration, labor shortages, rapid shifts in land use, etc.

Be market-driven: Interventions should respond to market opportunities. Analyses of end-market segmentation can help ensure alignment between the capacities of suppliers and down-market demand.
Promote the resilience of households and markets to economic, social, and climatic shocks: Increasing the capacity of smallholders to plan for and be resilient to the effects of shocks is critical to agricultural market systems development. At the household level, effective resilience capacities—a key focus of USAID's resilience strategy—can mediate the impact of shocks and stresses and enable livelihood and market outcomes (e.g. productivity, incomes, nutrition, and poverty reduction) to be sustained or improved rather than eroded in the face of shocks and stresses.
Work in coordination with Kenya Investment Mechanism (KIM): The *Crops and Dairy Market Systems Development Activity* will work in close coordination with USAID/KEA's KIM activity. KIM is currently under procurement at fbo.gov. KIM will facilitate agribusiness transactions through financial close, provide business development services to targeted firms, and support USAID's Development Credit Authority portfolio. Much of their agricultural work will be performed in support of the *Crops and Dairy Market Systems Development Activity*, which in turn will be responsible for linking smallholder farmers and farmer groups to finance. As identified in the KIM Statement of Objectives, a successful collaboration might "split" indicators such as the amount of finance leveraged by KIM and future sales by *Crops and Dairy* farmers.
Facilitate change: Facilitation aims to improve the functioning of a system and to catalyze systemic change without taking a direct role in the system. Its objective is to ensure sustainability by putting local actors' front and center as drivers of the change process.

Address tangible and intangible constraints: While understanding the "tangible" constraints to systemic change, such as lack of access to resources or markets, facilitation also addresses the "intangibles," such as lack of trust between actors, lack of transparency, rent seeking behavior, power asymmetries and/or socio-cultural beliefs and norms that underpin why people behave the way they do.
Ensure inclusivity: Ensure the inclusion of youth, women and vulnerable groups who are economically marginal, socially excluded, and geographically isolated.
Empower women: Incorporate activities that focus on women—not solely as beneficiaries and trainees, but as true partners and stakeholders in equitable agricultural growth.
Empower youth to be market system players: Creating opportunities for youth in agriculture and agribusiness is a priority for the Government of Kenya that can be achieved, in part, through deliberate strategies that enable young men and women to participate in and benefit from new markets and employment
Promote nutrition-sensitive agriculture: Integrate nutrition into agricultural value chain activities through creative and sustainable practices. More competitive value chains generate higher incomes, which increase options for households to buy more nutritious foods. Promote tailored behavior change strategies that include strengthening women's decision-making power and nutrition education. Include nutrition considerations in the value chain selection process.
Ensure learning and flexibility to respond to new opportunities and changing conditions. The activity must have the flexibility to respond to new opportunities as well as changing conditions, especially when markets are dynamic or volatile. The program must also share a collaboration learning agenda with the related Global Food Security Strategy livestock program.
Apply a conflict lens to market systems development. At a minimum, a conflict lens entails 'doing no harm.' At the same time, it includes addressing the causes and drivers of violence and identifying and supporting opportunities for building peace. A conflict-sensitive intervention is based on an understanding of the context, the interaction between an intervention and the context, and interventions that avoid negative effects and maximize positive impacts throughout the design and implementation of a project.

Leverage the power of digital innovations and solutions: Digital solutions—such as mobile payments, digital finance, and SMS information on early warning forecasting for drought and rainfall events, vis-a-vis planting recommendations, markets, extension advice, trade dynamics at the border, and market linkage opportunities—can reduce transaction costs, enhance resilience and unleash growth opportunities.

5. Purpose of the Activity

The purpose of the *Crop and Dairy Market Systems Development Activity* is to achieve the objectives below in targeted areas in support of the GFSS:

(1) Inclusive and sustainable agriculture-led growth;
(2) Strengthened resilience among people and systems; and
(3) A well-nourished population.

6. Priority Areas

USAID/KEA's programmatic priorities for achieving this purpose include:
Priority area 1**:** Competitive, inclusive, and sustainable agricultural market systems
Priority area 2**:** Diverse agricultural production and improved productivity
Priority area 3: Policy environment for agricultural market systems development
Priority area 4**: I**ntegration of youth and women into agriculture market systems
Priority area 5: Collaborative Action and Learning for Market Systems Change

Cross-cutting areas: Gender, adaptation to climate variability, and sustainable natural resources systems

***PRIORITY AREA 1:* Competitive, inclusive and resilient agricultural market systems**

Priority Area 1 is focused on market systems that are able to generate the growth needed to advance transformation, including the commercialization of upstream (e.g., input suppliers, see Priority Area 2) and downstream (processing and other post-harvest) value chain functions that enable system competitiveness. Priority 1 focuses on elements of the market system, including: (1) the potential ***pull*** effects of end-market opportunities; (2) the potential ***pull*** offered more broadly by the market system of vertically and/or horizontally linked private-sector aggregators, traders, processors, and/or end buyers that enable small farmers and businesses to upgrade, participate in, and benefit from competitive value chains; (3) the services—including finance, Business Development Services (BDS), and value-chain specific services—needed by farmers and businesses to improve quality and produce competitive products demanded by end-market buyers; and (4) the relationships and power dynamics among actors that can translate into shared benefits that incentivize investment all along the value chain.

PRIORITY AREA 1 Focus Areas include:

1.1 Market systems organization and coordination
1.2 Strengthening the capacity and profitability of lead firms and other agribusiness
1.3 Service market development for BDS and value chain-specific services
1.4 Access to financial services
1.5 Trade in domestic, regional and international markets

Focus Area 1.1: Market systems organization and coordination

Objectives: Strengthen the ability of vertically and horizontally linked actors in the market system to ***coordinate*** and ***compete constructively***[21] so as to be able to get quality products to market efficiently and profitably. While effective coordination among market system actors contributes to competitiveness, destructive competition in the form of cartels, monopolies or predatory behavior undermines the overall market system.

EMERGING LOCAL SUPPLY CHAIN MODELS IN WESTERN KENYA

- Borderless Dairies located near Busia is an example of an SME that has multiple linkages to other suppliers. While still at a nascent stage, it intends to source from out-growers aggregated into Common Interest Groups (CIGs) when it cannot produce sufficient milk to meet demand and currently sells to cooperatives when it has excess supply.
- As it grows, Borderless Dairies could become a lead firm in Busia with a smallholder-dominated supply chain. Doing this, however, will require the dairy to demand quality standards from small-scale suppliers. Improved quality would help the overall industry.

Challenges and opportunities: Strengthening the organization and coordination of the market system can contribute to creating end-market ***pull*** effects by improving small farmer and business: (1) linkages with buyers, processors, aggregators, and other lead firms (through supply chains); (2) addressing relationships among market actors so as to improve their ability to coordinate and compete constructively and contribute to overall system competitiveness; and (3) access to financial services and other supporting services that enable upgrading (e.g., investment and innovation).

Currently market systems in the ZOIs tend to be inefficient and disorganized with multiple layers of market actors selling undifferentiated products based solely on price. The exceptions are supply chains linked to formal buyers, such as processors and supermarkets.
Stronger vertical relationships between suppliers and buyers can ensure that suppliers' quality and volumes respond more efficiently to buyer demands and can create incentives for buyers to reward suppliers for quality. Where there is trust, buyer-supplier relationships can include in-kind credit and other embedded services, and—as a result— greatly reduce risks for small farmers and businesses to invest and innovate.

Shifting value chain governance (i.e., buyer-supplier relationships) from *arms-length trading*[22] to one where buyers exert more control and, in exchange, embed services into the relationship to ensure the loyalty of quality suppliers and their ability to meet end-market demands. However, *transforming*[23] predatory behavior (e.g., monopolies, market collusion, lack of transparency and perception of fairness of transactions, and an unwillingness to reward quality) needs to progress hand-in-hand with improved structural efficiencies of value chains. Without shared value, there can be insufficient incentive for smallholders and small agribusinesses, in particular, to invest.

Multi-stakeholder platforms that bring together the private sector, including associations and cooperatives, women and youth groups, financial institutions, donors, county governments and/or Regional Economic Blocs can address problems of horizontal cooperation, coordination and destructive competition and help to forge win-win relationships in market systems.

---

[21] competition that is destructive undermines competitiveness.
[22] An **Arm's length** transaction is a transaction in which the buyers and sellers of a product act independently and have no relationship to each other.
[23] https://www.microlinks.org/sites/microlinks/files/resource/files/ML6418_mr_141_facilitating_behavior_change_and_transforming_relationships.pdf

Digital technologies offer methodologies for improving both vertical and horizontal the efficiency of platforms for sharing information and for improving the ease, efficiency, and transparency of commercial transactions.

Focus Area 1.2: Strengthening the capacity and profitability of lead firms and other agribusinesses

Objectives: Strengthen the management capacity of lead firms and other agribusinesses that play a key role in creating the system-pull needed to generate growth.

Challenges and opportunities: The network of SME agribusinesses in the ZOIs is still at a nascent stage of development. These lead firms and other SMEs—be they exporters/buyers, processors, aggregators, larger-scale farmers, or input suppliers—are often the conduit between smallholders and the end market and the needed inputs and services necessary to meet market requirements. However, they often lack the experience and business skills—e.g., strategy development, inventory management, financial management, and supply chain management—to effectively and efficiently manage their operations. Yet, business-development support, greater access to working and investment capital, improved strategies for managing risk, and strengthened internal capacity can enable lead firms and other micro-, small-, and medium-sized enterprises (MSMEs) to pursue growth strategies and create 'pull"—inclusive of male, female and young producers—within existing and new markets.

Strengthening individual agribusinesses in market systems can be costly and/or create market distortions that increase barriers to entry for traditionally excluded groups (e.g. youth, women). Thus prioritizing is key. Prioritization might be based on potential to: 1) impact a large number of farmers; 2) enhance market access or service delivery to youth and women and other underserved groups; and 3) have a transformational impact on market systems.

Focus Area 1.3: Development of service markets for BDS and value chain-specific services

Objectives: Develop service markets to enable farmers and upstream and downstream lead firms and other agribusinesses to invest and innovate (i.e., upgrade).

Challenges and opportunities. Both cross-cutting services (e.g., BDS) and value chain-specific services are key to the upgrading of market systems and the actors in the system (e.g., farmers and agribusinesses). Service markets for BDS can strengthen firm-level management, operational efficiency, and overall viability of SME processors, input suppliers, wholesalers/retailers, and/or farmers' cooperatives or industry associations. On the other hand, value-chain specific services, such as artificial insemination (AI) for dairy cows or spraying or integrated pest management (IPM) services for horticulture are key to assisting farmers to upgrade their production. Services can be provided by input suppliers, who embed the cost of services into the price of their products, or by buyers, aggregators, or processors, who embed service costs into the price paid for harvest. In nascent services markets, embedded services are common. With growth of demand, stand-alone businesses engaged in service provision often emerge. Efforts to develop service markets need to look for cost-effective approaches to developing affordable service markets for farmers and entrepreneurs in the GFSS ZOI. The *Crops and Dairy Market Systems Development Activity* will work closely with the KIM activity to ensure that target businesses receive BDSs and value chain specific technical services.

As an example, the *Crops and Dairy Market Systems Development Activity* may conduct market research and look for ways increase efficiencies in processing, transportation, or other areas of the value chain. KIM may work with the same business to develop a business plan and financial projections and link the business to capital.

Focus Area 1.4: Access to financial services

Objectives: Increased access to financial services (formal and informal). Achieving transformation in agriculture through intensification, diversification and increased competitiveness will require capital investments, working capital and access to a range of financial services on the part of farmers and market system agribusinesses.

Challenges and opportunities: Unmet demand for investment and working capital is a key constraint to agricultural sector growth. Young men borrow from M-Shwari widely, while young women are more cautious. However, most of the M-Shwari loans are not for business purposes and more often fill gaps in cash flow. While Kenya Commercial Bank (KCB), Rafiki, and the Cooperative Bank of Kenya offer a range of lending services to SMEs, the demand for collateral can be prohibitive. However, there is a real interest on the part of the banks to finance agriculture and agribusinesses. In fact, they are lending to this segment and developing new products, sometimes using USAID's Development Credit Authority (DCA) guarantees.

Rafiki and KCB have provided financing to SMEs and ultimately to farmers through strategic alliances that represent a model by which lead firms—that could be agribusinesses, agro-processors, cooperatives or input suppliers—can finance smallholder upgrading without risking their own capital.[24] These alliances can reduce the risk of doing business with smallholders and, at the same time, enable smallholders to upgrade to meet market requirements.

IN KENYA: STRATEGIC ALLIANCE

Brookside Dairies is a large scale dairy processor who depends on small and large farmers for their supply of fresh milk. Kenya is milk deficit, and Brookside is continually seeking to increase its supply to meet growing demand. Small farmers produce a large part of the total milk supply, but lack the finance with which to purchase critical inputs – feed, fodder, vaccines, etc. Brookside Dairy therefore has an agreement with agro-vets who supply farmer groups or coops with the required inputs. The agro-vets are paid by Brookside, which deducts all costs from the farmers' milk checks. In addition to providing value chain finance, Brookside also provides advisory services to farmer groups through Farmer Field Days at demonstration dairy farms. It also has a curriculum that a network of trainers uses to train farmers.

The *Crop and Dairy Market Systems Development Activity* will work closely with USAID's flagship finance activity—KIM—to ensure that barrier to the flow of investment capital to targeted market systems is removed. USAID/KEA's market systems activity will serve as the technical arm responsible for: (1) linking farmers and farm groups to capital; (2) building SMEs technical capacities (described in focus area 1.3); and (3) working closely with KIM to ensure that financial products are available that meet the needs of farms, upstream and downstream agribusinesses, and service providers—owned and/or operated by male, female, and youth. KIM, on the other hand, will mobilize financing for investment in agricultural value chains and clean energy. However, the *Crop and Dairy Market Systems Development Activity* and KIM will need to collaborate closely and flexibly regarding the boundary between what KIM will do in the area of value chain finance and what the market systems activity will do in the area of strategic alliances. During implementation each will need to work with USAID/KEA to better define their comparative advantage in the area of finance.

[24] http://www.microlinks.org/good-practice-center/value-chain-wiki/value-chain-finance

Focus Area 1.5: Trade in domestic, regional and international markets

Objectives: Promote trade in targeted commodities in the domestic, regional, and international markets, while ensuring opportunities for youth and women and bolstering market-related resilience.

Challenges and opportunities: Many of the constraints to trade involve the enabling environment (see Priority Area 3) as well as competition with imports, especially in the west where the Busia market in Uganda offers an array of produce at the volumes that western counties often cannot compete with. To promote trade, the *Crop and Dairy Market Systems Development Activity* will likely need to explore opportunities for improved aggregation in order to attract buyers and enhance trade. It might also consider (with industry associations and other local organizations) ways to increase domestic demand for milk, horticultural products, and animal feed—which is essential for the dairy industry. Past efforts to expand domestic demand have used media to expand demand for milk as well as horticulture products, coupled with messages regarding dietary diversity and food safety (e.g., aflasafe).

The European Union market has been an important market for the Kenyan horticulture industry. And while pesticide residues found by United Kingdom importers some years ago had a dramatic effect on Kenyan exports, a tracking system is now being piloted and exports have mostly rebounded. However, trade in the African regional market has expanded in recent years, particularly in horticulture products. While still small in terms of volume, the regional market has been fast growing. USAID/KEA commissioned a feasibility study to explore investments to enable horticultural exports out of Kisumu International Airport. KIM could play an important role in facilitating access to capital for this and other regional public-private partnerships (PPPs). Moreover, collaboration with USAID/KEA's Office of Regional Economic Integration (REI) as well as the multi-donor funded TradeMark might further facilitate increased regional trade. (Annex G lists the key USAID/KEA and USAID REI Activities).

***PRIORITY AREA* 1: Outcomes to consider**

The illustrative outcomes listed below represent the types of systemic changes that might be expected and tracked under Priority Area 1. Tracking these changes would require identifying indicators and a methodology that would allow monitoring of progress towards expected systemic changes related to Priority 1 and its focus areas. This set of systemic changes is only suggestive.

- Emergence/expansion of smallholder-dominated market systems linking farmers and farmer groups to SME buyers, processors, aggregators, service providers, and finance—enabling smallholder and market-system upgrading and fairly shared benefits;
- Expansion/development of lead firms and other (upstream and downstream) agribusinesses better able to manage their businesses (e.g., improved inventory, financial, and supply chain management) and to serve smallholder clients directly or indirectly;
- Expansion of local, regional, national, and international trade that increases market demand from smallholder-dominated supply chains and market systems;
- Transformation of relationships to enhance cooperation, shared value, constructive competition, and trust in relationships among farmers, input suppliers, service providers, processors/value adders, financial service providers, and buyers;
- Expansion of inclusion (of women, young people, and other traditionally excluded social and economic groups) in competitive market systems as a result of stronger relationships of trust, increased social capital (bonding, bridging and linking social capital) and more conducive social norms; and

- Expansion of resilience capacities at the market system level to better absorb, adapt, and transform in response to economic, social, and climatic variability shocks.

PRIORITY AREA 2: Diverse agricultural production and improved productivity

Priority Area 2 is focused on strengthening the agricultural inputs system, including its ability to source, develop markets, and increase demand for a wide range of affordable productivity- enhancing technologies, practices, and services. Priority Area 2 can contribute to improved productivity by expanding the input supply system vertically and horizontally in order to reach numbers of farmers—inclusive of women and youth. The input supply system can play a critical role in supplying not only agricultural inputs but also in disseminating information that can enable farmers to better manage their agricultural systems in the face of market demand, need for increased productivity, disease, pests, and increasing climate variability (See Annex H). Technologies are being developed for high yields, pest resistance, improved nutrition and drought and heat tolerance as well as irrigation and conservation agricultural equipment. The challenge will be to ensure that the technologies supplied through the inputs system are high quality, tailored to the specific agro-ecological conditions, and are able to help farmers address the risks, including variable climate, while increasing their productivity.

TECHNOLOGY TRANSFORMS THE WESTERN DAIRY SECTOR

There is high potential for developing a competitive dairy industry in many counties in western Kenya, but to date farmers have not been investing in upgrading their cattle. One limiting factor was the high mortality rates of improved dairy breeds due to East Coast Fever (ECF), making farmers reluctant to make investments in their dairy operations. An FTF partner developed an innovative business model for distributing ECF vaccines to farmers in the FTF western Kenya ZOI. Initially, four distributor agents were identified and a vaccine delivery model involving the distributor, agents, and vaccinators was agreed upon, as well as a pricing mechanism, and pricing. The piloting of this model has created a ripple effect, attracting other ECF vaccine distributors to the region. Having access to the ECF vaccine has incentivized farmers to invest in better breeds as well as in improved feeds and fodder that will increase the productivity of dairy in the region.

Leveraging the resources and incentives of other market system actors and fostering partnerships with counties, private sector, and development partners—in and outside the ZOI—can enable the agricultural inputs system to develop markets for promising technologies and to scale outreach. There will be different actors, approaches, and partnerships in Priority Area 2 due to the distinct nature of each target commodity. For example, many of the cereal grains have stronger public sector-sourced seeds, while many horticultural seeds are imported by the private sector seed companies.

PRIORITY AREA 2 Focus Areas include:

2.1. Productivity of targeted commodities inclusive of youth and women
2.2. Expansion of agriculture input systems
2.3. Access to diverse, safe, and nutritious foods

Focus Area 2.1: Productivity of targeted commodities, inclusive of youth and women

Objective: Foster intensification of production, especially where it frees up land, labor, and capital for diversification into higher-value commodities. Intensification and diversification within agriculture can be achieved through greater availability, access, and use—on the part of men, women, and youth—of productivity-enhancing technologies, that include those that can help address the increasing risk of drought, coupled with conservation agriculture and natural resources management to ensure sustainability and resilience to shocks.

Challenges and opportunities: Kenyan farms are typically low input- low output systems, while landholdings are becoming increasingly small due to generational sub-division. Farmers face issues of low yields, declining soil fertility, water constraints, high cost inputs, lack of access to financial and extension services, and weak market linkages. Kenya's agriculture is largely dependent on rainfall, making it highly vulnerable to drought. Poor postharvest practices lead to low-quality product, high losses, and unsafe food; moreover, aflatoxin is a major problem that is rippling through Kenya's entire food and feed systems.

AGENT MODEL FOR INPUT SUPPLY

In the agent model for input supply, a community selects a trusted member to serve as an agent for a "bricks and mortar" input dealer, who pays the agent on a commission basis for sales of inputs to fellow farmers. Over time, the input suppliers trained these agents on correct use of inputs for improved production, how to recognize quality from counterfeit inputs, as well as apply good agricultural practices. Dealers may also extend in-kind credit and, in some cases, become aggregators of commodities.

At the same time, there is growing demand for food due to increased incomes, rapid urban growth, and changes in dietary preferences (fresh vegetables, fruits, milk). Smallholders are increasingly aware of market opportunities, and with digital technologies, are able to gain greater access information and financial services. The expanded range of agricultural technologies—from the private sector, NGOs, and government—are tailored to specific opportunities (high yield varieties, artificial insemination) and to constraints (pests, diseases, drought, soil infertility, and food/feed safety).

The challenge for the agricultural input supply system is to harness these various sources of technologies in a systematic fashion to have consistent and reliable access to ever-evolving technologies for delivery to farmer clients. The agricultural inputs system is comprised of multiple private and public sector actors, but is disorganized and fragmented.
A strengthened system, with all the various actors, could establish networks and partnerships with public, private, and NGO sources of technologies, develop markets for technologies, and build farmer demand for them through various approaches.
Finally, layering this focus area with USAID's and other partner's investments in agricultural research can help ensure a continued supply of technologies to address emerging opportunities and threats.

Focus Area 2.2: Expansion of agricultural input supply systems

Objective: Promote a sustainable and competitive input system that can deliver appropriate, tailored, high quality agricultural technologies and services in required quantities, on a timely basis to increasing numbers of large, medium, and smallholder farmers, including men, women, and youth.

Challenges and opportunities: Kenya's smallholder-dominated agriculture system presents challenges in terms of scaling the delivery of goods and services in an efficient and cost-effective manner. Moreover, technologies must be tailored to address specific conditions, including climate variability. Typically small businesses, agro-vet dealers find it difficult and expensive to reach the potentially large number of smallholder clients. However, even large seed and fertilizer companies are challenged to serve smallholder farmers, and only distribute to larger agro-vet dealers. The input supply system is fragmented, with little coordination among the many actors. Quality control issues also plague the industry ("fake" seed, adulterated fertilizer, aflatoxin infested feeds); and large bag sizes, lack of extension services, and farmers'

ANIMAL FEED INDUSTRY

AKEFEMA is an association of firms in the animal feeds industry, with a membership of some 35 companies. The firms have come together to act on issues of common interest to industry players. AKEMFEMA has worked closely with the government to tackle issues of quality standards and enforcement, and to lobby government with respect to import duties and tariffs levied on raw ingredients of animal. AKEFEMA has succeeded in convincing Kenya Bureau of Standards to conduct third party lab testing of feeds that will ensure consistent quality of testing. It is also working to develop industry-led quality assurance.

skills level deter purchases of inputs by cash-strapped poor farmers especially women. Working with the inputs industry and GOK regulators could catalyze efforts to improve quality assurance through a "trusted dealer" certification program.

There are multiple pathways for expanding the geographic spread and for deepening outreach of inputs suppliers to male, female, and young smallholders. New business models such as the agent model or the Hub Model have the potential to efficiently reach large numbers of smallholders while providing them with a growing number of services. ICT, including geo-referencing (GIS) could be an important tool in extending information, e-payments, or input subsidy voucher systems.

Additionally, buying down risk for SMEs to try new models could help them expand their businesses and extend outreach to currently underserved or excluded populations (e.g. geographic, economic, social, and including women and youth). Moreover, transforming agriculture input suppliers, especially agro-vet dealers, from a volume mentality to a customer-focused approach can foster customer loyalty and repeat business, while upgrading the quality of products bundled with valued services. Finally, a growing inputs industry can also offer employment opportunities for young men and women. Note that the enhancement of business, financial, and inventory management skills and improved access to finance that can improve the viability of SME input suppliers will be done as part of Priority Area 1.

Focus Area 2.3 Access to diverse, safe, and nutritious foods

Objective: Farmers and food industries provide diverse, nutritious foods that are high quality and safe for consumers, including women and children, youth, and vulnerable populations.

Challenges and opportunities The GFSS ZOI has high levels of malnutrition, stunting, and wasting. The underlying causes are numerous: lack of adequate food; poor nutritional quality of maize, a major diet staple; low incomes; poor hygiene; poor nutrition practices for breastfeeding and weaning; and lack of access to clean water. Climate variability, with increasing frequency of droughts can also negatively impact on nutrition. Layering with other USAID and donor investments in nutrition, health, water, and resilience will enhance impact. The Kenya FTF Mid-Term Assessment underscored that Social Behavior Change (SBC) strategies, when combined with livelihoods or economic activities and empowerment of women, can improve household nutrition behavior. Diversification of production to include nutritional crops and livestock products can be effective in not only in diversifying diets, increasing household consumption, and supplying local markets, but also in offering economic opportunities for women and young entrepreneurs. Diversification can also build household resilience while mitigating the risks of volatile markets, crop failure, and drought shocks. Moreover, improved post-harvest handling and local level processing can improve quality and preserve food for the "hungry season," which with recurrent droughts, could be prolonged.

Food and animal feeds have serious food safety and quality issues. Predatory behavior by firms, pervasive aflatoxin levels throughout the feed and food chains, lack of standards, and lack of enforcement all contribute to the problem. To address the increased frequency of drought, preservation of increased stocks of fodder and quality animal feeds will be critical for maintaining production. Consumer advocacy groups are weak and/or politicized. Public health issues, such as aflatoxin, pesticide residues on foods, bacterial counts, and zoonosis, can be mitigated with improved handling and production practices. Furthermore, there may be opportunities to work with industry associations to move towards industry-led codes of conduct and quality standards enforcement. Establishing and enforcing quality standards can create a "pull" effect for those firms that can meet the standards.

***PRIORITY AREA* 2: Outcomes to consider**

The illustrative outcomes listed below are meant to represent the types of systemic changes that might be expected and tracked under Priority Area 2. Tracking these changes would require identifying indicators and a methodology that would allow monitoring of expected systemic changes related to Priority 2 and its focus areas. This set of systemic changes is only meant to be suggestive.

- Intensification of production systems—involving men, women, and young farmers—leading to increased returns to land and a shift from lower- to higher-return commodities;
- Intensification of production systems that enable shifts of labor from lower- to higher- return activities (on-, off-, and non-farm);
- Sustainable natural resources systems that support agricultural intensification, including household production during drought years;
- Emergence/expansion of an agricultural **inputs system** that is increasingly competitive and able to source quality and diverse products, technologies, and advisory services in response to end market demands; and through formalized networks, keeps abreast of technology development, and reaches farmers, including women, youth, and other underserved populations; and
- Emergence/expansion of food and animal feed systems providing consumers—including smallholder women, youth, and other disadvantaged populations—with nutritious, diverse, quality, and safe foods and animal feeds that respond to market opportunities and consumer demand.

PRIORITY AREA 3: Policy environment for market systems development

Agriculture policy analysis, formulation, and implementation are core functions of governments and private sector entities in all countries, especially where agriculture comprises a significant part of the economy. The transfer of responsibility for implementation and management of agriculture to county governments under Kenya's Constitution offer tremendous opportunities to accelerate agricultural transformation. However, devolution has also meant that previous policy frameworks and institutional roles for the management of agricultural development are no longer relevant. Efforts are underway to update various policies, strategies, and coordination mechanisms to reflect the realities of devolution. The CAADP framework, as well as the Kenya Constitution, highlights the importance of stakeholder inclusiveness, evidence-based analysis, and harmonization of government-donor agendas to improve the policy environment for agriculture and rural enterprises. By investing in policy analysis and capacity development, this priority focus area will improve the enabling environment for the growth and transformation of agriculture and encourage the private sector to invest in key agricultural market systems. It will also build the capacity for policy formulation and implementation under devolution and build the capacity for Kenya to meet its commitments under the Comprehensive Africa Agriculture Development Program (CAADP).

The FTF performance assessment noted that while the FTF program in Kenya is supporting a robust policy agenda that is improving the enabling environment of FTF-targeted chains, devolution has revealed the challenges involved in sorting out the roles and responsibilities between the counties and the national level. The challenge is to develop an inclusive and unified policy formulation and implementation process under a devolved government structure.

PRIORITY AREA 3 Focus Areas include:

3.1 National-level Policy Formulation Systems

3.2 County-level policy implementation systems
3.3 Policy environment to support agricultural market systems development

Focus Area 3.1: National-level policy formulation systems

Objective: Support the efforts being led by the GOK to: 1) develop a national level process for evidenced-based and inclusive policy formulation and implementation; (2) establish a mechanism that will ensure coordination between the counties and national government; and
(3) build capacity to monitor sector performance and coordinate the demand for policy information by government with the supply of policy analysis from various policy institutes and universities. While this activity will not collect primary data to feed into the policy process, USAID does support the Tegemeo Institute of Agricultural Policy and Development to carry out a wide variety of data collection and policy analysis.

Challenges and opportunities: According to the Kenya 2010 Constitution the national government is responsible for setting national policy and strategy for the agriculture sector. Given this role and the need for a coordinated approach to agricultural transformation, USAID and other development partners are contributing to GOK efforts to develop an inclusive, evidenced-based, strategy and policy formulation process. This process includes assistance to the Ministry of Agriculture, Livestock and Fisheries (MOALF) to (1) revise Kenya's current ASDS to reflect realities of devolution; (2) develop a mechanism that will coordinate policy and strategic direction between county and national government and foster cooperation among development partners, NGOs, and the private sector; (3) identify a specific policy agenda to improve the enabling environment for private-sector investment in agriculture market systems; and (4) increase capacity to monitor sector performance and coordinate the demand for policy information by government with the supply of policy analysis from various policy institutes, universities, and think tanks.

SUPPORTING ADVOCACY FOR IMPROVED PUBLIC SECTOR SERVICES

One of the many constraints facing seed companies in Kenya has been the long wait time for inspectors from the Kenya Plant Health Inspectorate Service (KEPHIS) to inspect, test, and certify new varieties. KEPHIS was challenged to service the growing number of seed firms—from one in 1908 to over 120 registered seed companies now. In response, the Seed Trade Association of Kenya (STAK), a private sector interest group, effectively advocated for a different model of inspection: training certified inspectors to do the job. In 2016, KEPHIS trained and certified 19 private sector inspectors, expanding much-needed capacity for seed inspection across the sector.

The *Crop and Dairy Market Systems Development Activity* will focus on policy implementation issues at the county level and in targeted value chains. Policy activities at the national level will be supported by resources mostly outside of this activity. However, to support the development of a unified policy formulation and implementation process, which is already underway, there may be opportunities for this activity to support and complement those efforts at the national level and to support the analysis of specific policies that affect targeted value chains but have national impacts, e.g., seed and trade policies. (See Seed Policy Annex E for an example.)

Focus Area 3.2: County-level policy implementation systems to support market systems

Objective: Build capacity at the county and/or regional economic bloc level to participate in national-level strategy and policy processes and to implement those strategies and policies at the county level.

Challenges and opportunities: According to the Kenyan Constitution, the functions of the county governments as regards agriculture include: crop and animal husbandry; livestock sale yards; county abattoirs; plant and animal disease control; and fisheries. To fulfill these functions, each county government has established structures and policies—though the national government has responsibility for setting national level policies—independent of the national government and other county governments. There is, therefore, a diversity of agricultural sector structures and business practices in the county governments.

Given the important role counties play in devolution and the positive contributions they can make to agricultural transformation, the effective implementation of national-level policies are key factors in the growth of market systems. Focus area 3.2 opportunities might include working with counties and regional economic blocs to build their expertise to identify policy issues and participate effectively in national-level policy processes. County Integrated Development Plans (CIDPs), a prerequisite for national funding, vary in quality and the degree to which they strategically address agriculture development and nutrition. Moreover, capacity to monitor the implementation and impact of the CIDPs and assess agricultural sector performance varies across counties. Nonetheless, counties have taken the initiative to establish regional economic blocs, which enable them to take advantage of economies of scale by addressing issues on regional level.

Devolution has meant that counties now receive funding to implement agriculture and nutrition programs. County use of funding is often not strategic or made as part of a viable business plan. The possibility of assisting counties and regional economic blocs—along with other development partners—to engage in various forms of public-private partnership arrangements could leverage the resources and expertise of the private sector and increase revenue for the counties.

Focus Area 3.3: **Policy environment to support agricultural market systems development**

Objective: Build the capacity of producer and/or private sector associations to effectively advocate for policies and regulations that will increase investment in selected market systems.

Challenges and opportunities: There are numerous policy issues affecting the agriculture sector broadly as well as policies and regulations impeding the growth of specific value chains. Examples include: the inclusion of women and youth in the policy process, the multiple taxation of agricultural products, fully implementing the pesticide traceability system in the horticulture sector, managing aflatoxins and other food and animal feed safety and quality issues, implementation of subsidy programs for fertilizer, seed systems policy, maize pricing, and import restrictions limiting the production of animal feeds that are critical for the growth of the dairy, poultry and livestock sub-sectors, water management policy, and regional trade issues. Other policy issues include monopolies, cartels, and other examples of market collusion and predatory behavior that require participants in the market system to collectively address. An effective way to address these policy issues is for government to create space for the participants in the market systems to articulate their views on what is preventing growth and development of the market systems in which they are participants.

KEY PARASTATALS FOR VALUE CHAIN-SPECIFIC POLICIES

The Kenya Agricultural & Livestock Research Organization (KALRO), the Horticulture Development Council (HDC), The Agriculture Food and Fisheries Authority, Kenya Plant Health Inspectorate Service (KEPHIS), the Kenya Dairy Board, the National Cereals and Produce Board (NCPB), all play key roles in establishing an enabling environment for the growth of agricultural market systems in Kenya.

Private sector associations in targeted agriculture value chains can play an important role in policy issues include: the Seed Traders Association of Kenya (STAK), Fertilizer Association of Kenya (FAK), the Agrochemical Association of Kenya (AAK), Dairy Processors Association (DPA), Dairy Traders Association (DTA), the Association of Kenya Feed Manufacturers (AKEFEMA), Cereals Growers Association, Grain

Millers Association, Fresh Produce Exporters Association of Kenya (FPEAK), and the Kenya Poultry Farmers Association, among others.
Market system platforms are another promising way to improve the enabling environment for specific value chains. County-level platforms, for example, are being used in the dairy industry to bring together producer organizations, service providers, input suppliers, buyers, and government departments to identify policy, technical, and market solutions for the development of the dairy market system.

PRIORITY AREA 3: Outcomes to consider:

The illustrative outcomes listed below are meant to represent the types of systemic changes that might be expected and tracked under Priority Area 3. Tracking these changes would require identifying indicators and a methodology that would allow monitoring of expected systemic changes related to Priority Area 3 and its focus areas. This set of systemic changes is only meant to be suggestive.

- A unified policy formulation process—at the national, county and value chain-specific levels—that is inclusive of private sector, women, and youth, evidenced based, and aligns with the guiding policy and strategy framework of the country;
- A unified policy implementation process—at the national, county and value chain-specific levels— that coordinates input from various ministries and coordinates policy formulation and implementation between national and county governments;
- Regional monitoring and implementation systems that improve impact of county level strategies and policies that focus on inclusive and resilient agricultural market systems; and
- An improved policy environment stimulating increased investment by government, development partners, and the private sector to support the development of key agricultural market systems.

PRIORITY AREA 4: Integration of youth into agricultural market systems

An overarching challenge facing Kenya is to create employment opportunities for youth. While there is wide recognition of the challenges youth face in the labor force in Kenya, targeted programming focused on youth in agriculture and agribusiness has been limited. The potential for integrating youth has been shown in several FTF/Kenya activities to date. Examples include: youth entrepreneurs in agribusiness and SME development; SHGs promoting diversified livelihood activities for young men and women; and youth participation in USAID supported financial service organizations, including SACCOS. Outside FTF, USAID has contributed to the development of a national network of youth organizations (Bunges) and several innovative, demand driven, private sector aligned youth workforce development programs that not only promote skills development, but experiential learning, including in agriculture. In terms of youth integration across all activities, data on the age breakdown and/or participation of young people in FTF is not available so information on where youth actively engage (or not) is unavailable.

As the single largest employment sector in Kenya, agriculture has the potential to absorb large numbers of youth entering the labor force, especially in dairy and some horticulture products that are driven by increases in domestic demand.[25] However, a decreasing number of young people are involved in farming as an occupation or business for several reasons: public sector systems and policies that have concentrated more on production than on value addition, processing and marketing; limited access to information on markets; constrained access to land (with clear land titles) and appropriate financial

[25] USAID, MEDA and FHI 360. Workforce Connections, Kenya Youth Assessment, August 2014

services, especially for young women. Overall, the sector has not fully exploited the potential for engaging youth in agriculture. However, young people say they are interested if it puts cash in their pocket on a regular basis. Youth offer a dynamic workforce that is innovative, has a high uptake of technological know-how, and can take on significant levels of risk.

Focus area 4.1: Incentives for integrating youth in agricultural market systems

Objective: Address specific challenges facing youth in intensifying production, linking to markets, engaging in upstream and downstream agribusinesses and value addition, and accessing financial services.

Challenges and opportunities: Proactive integration of youth across the other priority and focus areas of this activity—market development, productivity, policy, and learning—will harness the energy of youth as a positive force for transformative change. Stronger work readiness and leadership skills of young women and men can bolster their successful integration into this activity. To this end, layering with USAID/KEA's youth workforce development activities will support the objectives of youth integration in agriculture market systems.[26] Beyond skills development, a deliberate focus on creating incentives for youth to engage in commercial agriculture – as producers, aggregators, transporters, traders or end market buyers can make them a part of agricultural intensification and diversification processes. Facilitating youth engagement in agribusiness and MSMEs supplying agricultural inputs and services, creating value addition, or other activities linked to agriculture can further support the competitiveness and inclusiveness of agriculture market systems. Approaches should consider gender related differences considering that women typically have less control over productive resources and less access to and control over credit.

Incentives for integrating youth could involve buying down risks, for example, through the design of youth-friendly financial products and services, youth-oriented financial education, technical assistance/mentoring for youth entrepreneurs, information targeted to youth on markets, modern technologies, and innovation, or innovative systems to enhance youth access to land. A key principle for designing activities to integrate youth is recognizing the heterogeneity of young people and the problems, needs, and opportunities of different groups, for example, men, women, younger, older, or by education level or wealth status. Successful youth integration strategies should also consider the evolving capacities and profound life cycle events (school to work, independence from parents, migration, marriage, birth of children) young people experience in their design. These transitions – and how they may vary across the targeted geographic, social, and economic groups – are important to consider. Creating youth friendly venues and ensuring that young people own and lead activities also creates incentives for integration and empowerment. Explicit focus on preparing young men and women in the 15-19 and 20-25 age groups for roles in commercial agriculture will contribute to the transformation process. USAID's investments in best practice and innovative youth workforce development activities in other parts of Kenya could provide a basis for informing and developing context appropriate strategies for this activity.

[26] GFSS ZOI counties with USAID supported youth workforce development activities include Bungoma, Kericho, Migori, Kisii, and Kisumu.

***PRIORITY AREA 4*: Outcomes to consider**

The illustrative outcomes listed below are meant to represent the types of systemic changes that might be expected and tracked under Priority Area 4. Tracking these changes would require identifying indicators and a methodology that would allow monitoring of expected systemic changes related to the objective of Priority Area 4. This set of systemic changes is only meant to be suggestive.

- Movement of young men and women from lower return/subsistence agriculture to higher return commercial agriculture and agribusiness
- Increased participation of and incomes earned by youth in agribusinesses, nonfarm MSMEs, and commercial agricultural production and aggregation activities
- Enhanced learning on successful strategies to expand opportunities for youth in commercial on-farm and non-farm agriculture

***PRIORITY AREA 5:* Collaborative Action and Learning for Market Systems Change**

Priority Area 5 is focused on collaborative action and learning. Using USAID's CLA (collaborate, learn and adapt) approach recognizes the importance of collaboration and learning that engages not only private and public actors in the market system, but also USAID and its implementing partners, including GFSS partners, and other donors. Stakeholder platforms offer one mechanism—for bringing together the private sector, including the financial institutions, county governments, as well as donors and development partners to identify common problems and strategically engage in collective action. Such platforms might leverage industry associations, farmer groups, as well as regional economic blocs (made up of multiple county governments).

PRIORITY AREA 5 Focus Areas include:

5.1 CLA to advance market system *competitiveness, inclusiveness and resilience*
5.2 Systems for *collective action* and for sequencing, layering and integration (SLI)

Focus Area 5.1: CLA to advance the competitiveness, inclusiveness and resilience of selected agricultural market systems

Objective: To advance learning about what works and what does not in developing the competitiveness, inclusiveness and resilience of market systems in the ZOI.

Challenges and opportunities. ***Competitiveness—***along with transparency, trust, and a level playing field—are key principles of market systems development. Encouraging collaboration and learning about what works in developing the competitiveness of market systems will be critical to understand: (1) the barriers to competitiveness; (2) what systemic changes needed to achieve competitiveness, (3) the role this new activity can play in overcoming barriers to competitiveness and how project activities can be adapted when needed, (4) how to bolster transparency, build trust, and ensure the fair distribution of benefits across value chain actors, and (5) how the above factors vary across geographies, value chain actors, type of farmer by gender, age, and other social groups.

Inclusion—a key element of the GOK's ASDS, 2010–2020, USAID/KEA's CDCS and the GFSS—requires a deliberate strategy that contextualizes the situation, needs, and opportunities of traditionally excluded groups. Learning focused on inclusion might ask: (1) what types of interventions/leverage points have the greatest potential of generating off farm employment for households with limited chance of increasing incomes through farming? (2) Where are there leverage points in market systems for changing social norms that limit women's access to resources and leadership roles and create time burdens? (3) What kinds of specific strategies are needed to encourage young people to remain and thrive in agriculture? (4) How would strategies for engaging youth in agriculture differ for men and women or for on and off farm activities?

Household- and market-level ***resilience*** are important for ensuring the competitiveness of market systems and the inclusiveness of benefits, including with respect to nutrition of women and children and the impact of market- and climate-related risks on food. Areas of learning that are particularly relevant to market systems and household resilience include: (1) the nutrition status of women and children, (2) the relationship between dietary diversity, SBC, and nutrition-sensitive agriculture, (3) unsustainable management of natural resources, which can have an enormous impact on agricultural value chains. Adaptations to these shocks and stressors are understood to some extent, though knowledge on possible adaptations is not sufficiently widespread at the farmer, entrepreneur or market-system levels.

Focus Area 5.2: Systems for collective action and, where relevant, sequencing, layering and integration (SLI)

Objective: Create and enhance systems for collective action to leverage the resources and knowledge of market system actors, and apply SLI to ensure synergies among USAID and other development partner investments.

Challenges and opportunities: A key finding from USAID/KEA's *Mid-term Assessment of Kenya's Feed the Future Program* is that collaborating and layering across activities, donor, and government investors in the ZOI is key to addressing the full scope and complexity of constraints to market systems development. Another key finding is that bringing together multiple activities will only work if the activities are linked geographically, programmatically, and temporally. Collaborative or collective action among USAID partners further improves communication and coordination with County governments and the efficiency and effectiveness of programs and joint learning in support of market systems development.

Stakeholders in Kisumu are developing platforms, with digital capabilities, to enable market system actors to come together to identify and solve problems. These platforms are at a nascent stage of development but hold promise for developing the local systems needed for sustainable agricultural-led economic growth. Platforms can also be used to mobilize collective action around priority gender and youth issues in agriculture market systems.

***PRIORITY AREA* 5: Outcomes to consider**

The illustrative outcomes listed below are meant to represent the types of systemic changes that might be expected and tracked under Priority Area 5. Tracking these changes would require identifying indicators and a methodology that would allow monitoring of expected systemic changes related to Priority Area 5 and its focus areas. This set of systemic changes is only meant to be suggestive.

- Collaborative learning about 'what works' in promoting private-sector driven market systems—that are competitive, inclusive and resilient—in the under-developed ZOI
- Application of adaptive management in response to iterative learning on how to promote the

competitiveness, inclusiveness and resilience of market systems;
- Development/strengthening of collective action to address the barriers to market systems development; and
- Expansion of layering and learning among USAID-funded, other donor-funded,

H. ENVIRONMENTAL COMPLIANCE

Pursuant to USAID's Environmental Requirements (Reg 216), an Initial Environmental Examination (IEE), has been developed and approved in 2015, for the range of activities under the CDCS Development Objective 3, under which USAID/KEA's Crop and Dairy Market Systems Development Activity falls. All Implementing Partners are required to comply with the IEE requirements. The IEE for DO 3 (See Section I, Attachments) provides a series of Threshold Decisions, ranging from:

- Categorical Exclusions (no negative environmental impact);
- Negative Determinations, with Conditions;
- Positive Determinations for those activities with potential significant negative environmental impact that require substantial analysis and actions prior to commencing any implementation; and
- Deferrals.

The IEE also provides specific recommendations to be used for mitigating possible negative impacts of FTF DO3 activities, and requires the Implementing Partner to develop and carry out an Environmental Mitigation and Monitoring Plan. There is also provision for conducting a screening process to determine potential negative environmental impacts of activities that are carried out through the Partnership and Innovation Grants Fund (Grants under the Cooperative Agreement) or other interventions that were not foreseen under this IEE.

The Executive Order 13653 of November 2013 requires federal agencies to integrate considerations of the challenges posed by climate change effects into their programs, policies, rules and operations to ensure they continue to be effective, even as the climate changes. Executive Order 13677 of September 23, 2014 on Climate-resilient International Development directs that US funded international programs must take steps to address adverse effects of climate change. ADS 201's[27] Mandatory Reference for Supplemental Climate Risk Management for Projects and Activities provides guidance and requirements to operationalize this with regard to project and activity design procedures. See Section H for more information.

I. CROSS CUTTING ISSUES

The USG Global Food Security Strategy 2017-2021 emphasizes the importance of integrating nutrition, sustainable natural resource systems, resilience and gender equality and women's empowerment in FTF programming. The approaches to integrating these issues in each priority area can be reinforced by considering deliberate strategies that lay out a roadmap and set expectations in each of these areas, as per below (see Annex D) .

Cross cutting 1: Nutrition. USAID's multi-sector nutrition policy[28] states that nutrition-sensitive approaches include three pathways to improved nutrition: productivity, income, and women's empowerment. Investments to improve productivity increase the availability and access to food.

[27] https://www.usaid.gov/sites/default/files/documents/1870/201.pdf
[28] https://www.usaid.gov/nutrition-strategy

Investments in farms and enterprises across value chains increase incomes. Women's empowerment is a key pathway to improved nutrition by increasing women's control over income and over time use.

Cross cutting 2: Sustainable Natural Resources Systems. Healthy agriculture systems that conserve and productively manage soils, water, and other resources reduce impacts on upstream and downstream environments and help protect natural resources both directly and indirectly. Addressing the challenges of recurrent drought and temperature and rainfall variability requires new approaches, agricultural practices, and information systems that help small-scale producers make decisions. (See: https://cgspace.cgiar.org/rest/bitstreams/64749/retrieve)

Cross cutting 3: Resilience. Households and communities in Kenya face more frequent shocks and ever present stresses. USAID's resilience policy focuses on building capacities of people, households, communities, countries and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth. (https://www.usaid.gov/sites/default/files/documents/1867/082816_Resilience_FinalB.PDF)

Cross cutting 4: Gender Equality and Women's Empowerment. Successful integration of gender in USAID/KEA's GFSS portfolio involves deliberate approaches and/or technical staff focused on reducing gender gaps in access to skills, resources, and opportunities across value chains with distinction given to challenges faced by young women. A focus on empowering women is in agriculture is needed by addressing specific challenges women face in decision- making related to production, access to resources (land, labor, inputs, financial services), control over income, leadership at the community level, and time use.

J. THE PARTNERSHIP AND INNOVATION FUND (Grants Under Grants)

A critical component to achieving the objectives of the *Crops and Dairy Markets Systems Development Activity* could be a Partnership and Innovation Fund (PIF). A PIF can be an effective tool to ease bottlenecks, create incentives for private sector investment, test, pilot and scale innovative business models, technology solutions, and product development. The PIF can also catalyze public-private partnerships, stimulate innovations in support of markets systems development, and unlock the transformational potential of market systems in the targeted ZOI. The PIF could potentially use a variety of mechanisms – challenge funds for private sector, small cash or non-cash grants, 'smart' subsidies, Global Development Alliance or PPP-type partnerships, and pay-for-performance schemes. An underlying principle of the PIF is to avoid unduly distorting markets, creating dependencies, or crowding out private relationships and transactions between farmers, cooperatives, lead firms, service providers and other actors that might exist within a well-functioning market system. Such a fund could be used to:

- Stimulate commercial markets – on the demand and supply side – for quality inputs, appropriate technologies, financial services, market information services, and other business services.

- Identify promising innovations that help achieve activity objectives in any of the Priority Areas, possibly building on emerging successes incubated by Kenya Innovations Engine.

- Foster public-private partnerships for co-investment and sharing risk in developing, producing/manufacturing products that achieve objectives in any of the Priority Areas.

- Develop business models with and for large firms that leverage their resources and innovations to benefit market systems activities, and develop relationships between such firms with sources of finance such as available under Kenya Investment Mechanism.

- Support, perhaps with shared costs, public awareness campaigns that increase public awareness on health and nutrition issues, such as aflatoxin.

- Buy down the risk of lead firms looking to establish, expand, strengthen and/or invest in mutually beneficial local supply chains impacting a large number of smallholder farmers, including women and youth.

- Invest in the scaling of inputs, services, and business models—in the ZOI—vertically (extending outreach and use), and/or horizontally (expanding the number of firms providing a service), with a focus on high-potential or underserved locations or market actors, women, youth and marginalized groups.

- De-risk and incentivize investments in new or upgraded market infrastructure and services that reduce transaction costs and farmer losses, create efficiencies within selected market systems, improve quality, and expand farmer access to market.

PPP for PRODUCTION OF ALFA-SAFE

USAID and Gates Foundation have invested in research and development of Afla-Safe, a product that can nullify aflatoxin in soils prior to planting. The Kenyan government has a facility that will be equipped to produce Afla-Safe for use in Kenya, A feasibility study and investment plan are being finalized, and private investors will be invited to run the facility. To date, no investors have expressed interest in this project. A partnership with a private firm could be fostered, potentially buying down the firm's risk, providing technical assistance to develop a demand creation plan, or overcome other barriers.

- Support multi-stakeholder partnerships, platforms, and alliances that foster collaboration and linkages across selected market systems.

- Promote the development, adoption and/or adoption of technology solutions, including those that increase resilience to climate variability, enhance farmer productivity and post-harvest systems, connect market actors, upgrade agro-processing, or improve nutrition and food safety.

- Cost-share pilot weather forecasting and climate information dissemination service to support farmers' decision making to better adapt their operations to climate variability.

- Undertake analyses to identify strategic actions for reducing gender and youth disparities in agricultural market systems.

- Experimenting to test strategies for empowering sub groups of young men or women in agriculture market systems that can be scaled.

- Support pilot models for land aggregation that could improve smallholder farming efficiency.

- Support national, regional, and/or county government bodies to enhance their capacities.

- Support policy research institutions.

Issues to consider in prioritizing the PIF investments include: 1) ability to reach and impact farmers, women and youth; 2) potential for demonstration effect, replication and scaling across and within selected market systems; 3) cost share – on the part of partners, recipients and beneficiaries - and the potential to leverage private and government (e.g. counties) resources; and 4) the potential impact on transformation, diversification or competitiveness within a market system. Sustainability and the economic viability of the fund investment should be another important decision factor.

> **Depending on the situation, disbursements may be made effective if accompanied with technical assistance and/or training to affiliated partners, recipients and beneficiaries. The activity's CLA process can capture important learning with regard to the Fund's investment portfolio to inform vertical or horizontal scaling and replication, and use both success and failures as building blocks for future fund investments or other activity interventions.**

Applicants are reminded that profit under assistance for prime or sub-awardees is not allowable. Recipients are primarily responsible for determining whether subtier awards are contracts or subawards in accordance with the guidance in 2 CFR 2.330. Additional guidance may be found at: https://www.usaid.gov/sites/default/files/documents/1868/303sai.pdf

K. MONITORING, EVALUATION, AND LEARNING

The approach to monitoring, evaluation and learning (MEL) should include functions to monitor progress in achieving outcomes and targets and enable required reporting to USAID. It further should ensure the use of MEL for adaptive management of project activities, and generate evidence to understand the contribution of this activity to changes that reduce poverty, improve nutrition, and build resilience of people, households, communities and systems. The MEL system will be most useful if part of the collaborative learning work carried out across FTF investments in the target geographic area and other relevant USAID learning activities include split indicators.

To encourage GFSS implementing partners in targeted geographies to work together towards the higher-level purpose and objectives of the FTF project and GFSS/KEA, at the work planning stage the MEL system might identify distinct outcome indicators assigned to each IP that measure progress towards a common objective. This approach would incentivize IPs to work together towards the common objective and each get credit for their contribution.

Draft MEL Plan: The Applicant's submission will include a Draft Monitoring, Evaluation and Learning (MEL) plan that identifies key indicators to track the performance of the Award in achieving systems level changes and related outcomes specific to each of the four priority areas (above) and its contribution to the higher level results of USAID/KEA's GFSS investments. Requirements for the Draft MEL Plan are further laid out in Section D.

PROGRAM DESCRIPTION ANNEXES to SECTION A

ANNEX A: US Government Global Food Security Strategy Results Framework (RF)

ANNEX B: Alignment of New GFSS Market Systems Activity with USAID Strategies

ANNEX C: Data on Stunting by County

ANNEX D: Cross-Cutting Issues

ANNEX E: Seed policy issues in Kenya and implications for USAID programming

ANNEX F: Descriptions of eastern and western Kenya Livelihood Zones

ANNEX G: Key USAID/KEA and USAID REI Activities

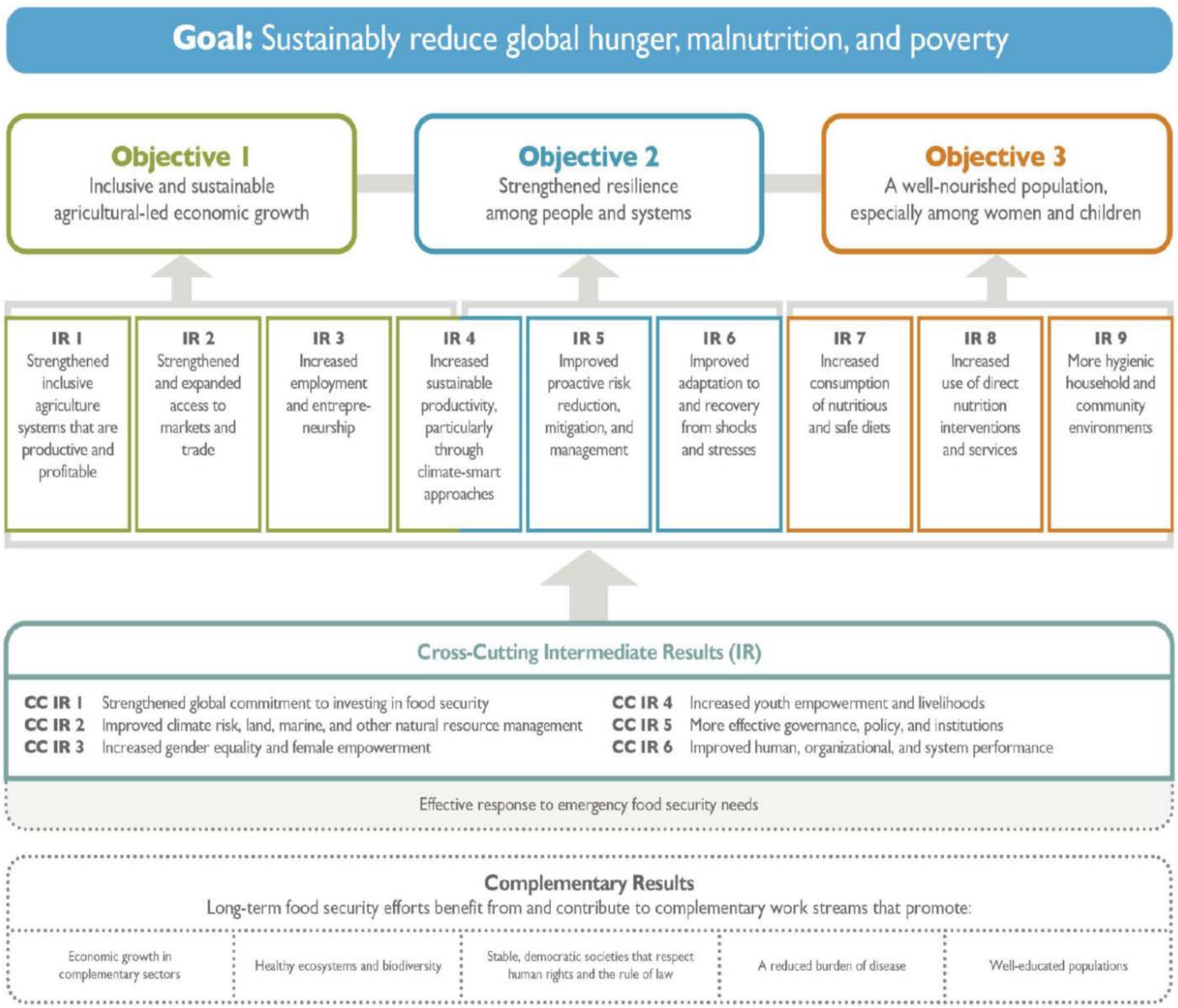
ANNEX H: Climate Variability in Kenya

ANNEX I: Implementation Principles for Market Systems Development Using a Conflict Lens and the Development Response for Countering Violent Extremism (CVE)

ANNEX A

US Government Global Food Security Strategy Results Framework (RF)

https://www.usaid.gov/what-we-do/agriculture-and-food-security/us-government-global-food-security-strategy



ANNEX B

Alignment of New Crops and Dairy Market Systems Development Activity with USAID Strategies

New FTF Market Systems Activity	USAID/KEA's CDCS	USAID/BFS' GFSS
Purpose: Inclusive and sustainable agricultural-led economic growth; strengthened resilience of people and systems; and improved nutritional status, especially for women and children	DO3: Inclusive, market-driven, environmentally sustainable agriculturally-led economic growth IR3.1: Increased household food security and resilience – primarily for the rural poor	Objectives: Inclusive and sustainable agricultural-led economic growth; strengthened resilience of people and systems; and improved nutritional status, especially for women and children
Programmatic Priority Area 1*:* Competitive, inclusive and resilient agricultural market systems 1.3 Service market development for BDS and value chain-specific services 1.4 Access to financial services 1.5 Trade in domestic, regional and international markets	3.1.2: Improved competitiveness of selected value chains 3.3.1: Access to financial services increased for youth, women, and disadvantaged populations 3.1.2: Expanded and diversified markets, trade, and livelihoods	IR 1: Strengthened inclusive agricultural systems that are productive and profitable Obj 2:Strengthened resilience of systems IR 3: Increased employment and entrepreneurship
Programmatic Priority area 2: Diverse agricultural production and improved productivity	3.1.3: Expanded and diversified *farm-level production and livelihoods*	IR 1: Strengthened inclusive agriculture systems that are productive and profitable IR4: Increased sustainable productivity particularly through climate-smart approaches
Programmatic Priority 3: Policy environment for agricultural transformation 3.1 National-level policy formulation systems 3.2 County-level policy implementation systems	3.1.4: Improved enabling environment for agricultural and rural enterprises	CC IR5: More effective governance, policy and institutions

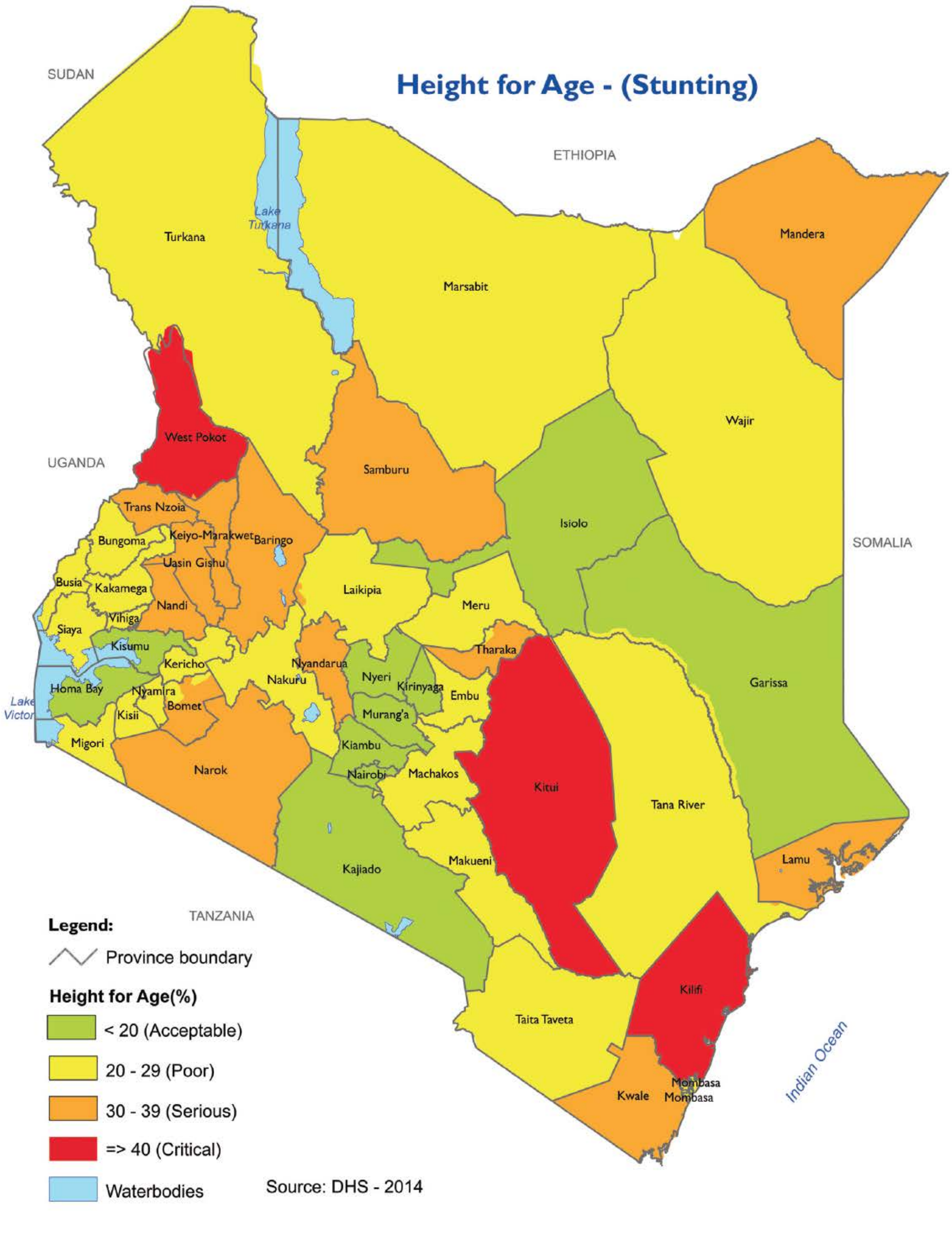
3.3 Policy environment to support agricultural market systems development		
Programmatic Priority 4: Integration of youth into commercial agriculture and agribusiness	DO2, IR 2.3 Youth empowered to promote their own social and economic development	CCIR 4: Increased youth employment and livelihoods
Priority area 5: Collaborative Action and Learning for Market Systems Change 5.1 Learning about how to advance the *competitiveness, inclusiveness,* and *resilience* of selected agricultural market systems 5.2 Systems for *collective action* and sequencing, layering and integration (SLI)	Monitoring, evaluation, and learning form a critical component of USAID/Kenya's approach. Collaborating, Learning and Adapting (CLA) in USAID/Kenya is reinforced by the principle that the CDCS is an adaptable strategy that provides reference points for implementation, learning, adapting, and testing of improved methods for more effective and efficient development.	GFSS commitment to an integrated monitoring, evaluation, and learning system.
Cross cutting: Gender, nutrition, resilience, and sustainable and resilient natural resource systems 2.3 Access to diverse, safe, and nutritious foods	3.1.1: Improved nutritional status of women and children 3.1.5: Market-based, water supply, sanitation and environmental service delivery and systems improved 3.2: More resilient people and ecosystems to climate change in a green growth economy	Obj 2: Strengthened resilience of systems and people Obj 3: Improved nutritional status, especially of women and youth IR7: Increased consumption of safe and nutritious food CC IR2: Improved climate risk, land, marine, and other natural resource management ICC IR 3: Increased gender equality and female empowerment CC IR4: Increased youth empowerment and livelihoods

ANNEX C

Data on Stunting by County

	Height for Age			Weight for Height				Weight for Age				
	% Severe Stunting (< -3 SD)	% Stunting (< -2 SD)	Mean Z score (Normal)	% Severe wasting (< - 3 SD)	% Moderate Wasting (< - 2 SD)	% Normal (> + 2 SD)	Mean Z score	% Severe underweight (< - 3 SD)	% Moderate underweight (< - 2 SD)	% Normal (> + 2 SD)	Mean Z score	Number of Children
West Pokot	19.0	45.9	-1.8	2.4	14.3	1.4	-0.8	9.6	38.5	0.3	-1.5	286
Kitui	12.7	45.8	-1.7	0.4	3.4	3.3	-0.2	2.9	19.7	0.7	-1.1	486
Kilifi	13.6	39.1	-1.5	0.9	4.1	2.8	-0.1	3.1	16.9	0.6	-1.0	737
Mandera	19.0	36.1	-1.3	3.8	14.8	5.9	-0.5	8.2	24.9	3.0	-1.1	148
Bomet	10.7	35.5	-1.6	0.4	1.8	3.7	0.1	2.1	12.0	0.6	-0.8	472
Tharaka-Nithi	7.6	32.9	-1.4	0.0	3.3	3.3	3.6	0.0	4.1	10.8	0.8	151
Narok	8.7	32.9	-1.4	0.7	2.4	3.0	-0.1	1.1	11.6	0.6	-0.9	628
UasinGishu	11.1	31.2	-1.3	1.1	3.0	5.1	0.0	2.8	11.5	0.7	-0.7	482
Samburu	9.8	30.1	-1.3	2.8	13.6	0.6	-0.9	8.1	28.9	0.3	-1.4	112
Elgeyo Marakwet	7.3	29.9	-1.4	1.2	4.3	4.5	-0.2	2.5	12.6	0.7	-0.9	170
Nandi	8.3	29.9	-1.3	1.0	3.9	7.0	-0.1	1.9	11.1	0.5	-0.8	405
Kwale	10.5	29.7	-1.4	0.8	4.4	3.8	0.0	1.5	11.8	1.5	-0.8	401
Baringo	8.4	29.5	-1.4	1.2	6.9	2.0	-0.5	3.6	20.2	1.2	-1.1	233
Nyandarua	8.1	29.4	-1.3	0.1	2.0	6.8	0.3	1.0	6.8	0.8	-0.6	248
Lamu	7.1	29.2	-1.2	0.3	4.2	2.0	-0.1	2.1	11.8	2.1	-0.8	53
Trans-Nzoia	10.7	29.2	-1.3	2.0	3.9	2.4	-0.1	3.9	15.3	0.6	-0.8	556
Kericho	10.5	28.7	-1.3	1.1	5.6	6.6	0.1	3.5	12.4	1.4	-0.7	311
Kakamega	12.3	28.4	-1.3	0.5	1.8	4.3	0.2	2.2	10.1	1.2	-0.6	845
TanaRiver	9.4	28.1	-1.4	0.9	5.7	1.3	-0.3	3.1	18.6	0.6	-1.0	164
Nakuru	7.2	27.6	-1.2	0.6	4.5	5.7	0.1	2.8	10.2	1.5	-0.6	840
Laikipia	7.4	26.9	-1.3	0.8	4.4	3.7	-0.1	2.8	13.9	0.8	-0.8	211
Embu	6.5	26.8	-1.3	0.2	3.0	3.4	0.1	1.3	11.1	1.3	-0.7	202
Marsabit	10.7	26.5	-1.2	5.1	16.3	1.0	-0.9	7.3	30.1	0.4	-1.3	90
Machakos	7.1	26.5	-1.1	2.5	6.5	5.5	-0.1	1.7	8.1	1.2	-0.7	502
Wajir	10.3	26.4	-1.0	3.1	14.2	0.7	-0.8	3.7	21.1	0.0	-1.1	228
Migori	10.1	26.4	-1.1	0.9	4.0	4.4	0.2	1.6	8.6	1.5	-0.5	526
Total	8.1	26.0	-1.1	0.9	4.0	4.1	0.0	2.3	11.0	1.4	-0.6	18,986
Kisii	9.3	25.5	-1.3	0.0	1.7	4.0	0.2	1.8	8.4	0.9	-0.6	511
Nyamira	10.1	25.5	-1.1	0.9	4.1	2.9	0.0	2.0	9.6	0.5	-0.6	195
Meru	6.2	25.2	-1.1	1.0	2.9	4.9	0.1	1.2	8.1	0.5	-0.6	529
Makueni	7.8	25.1	-1.3	1.0	2.1	5.3	0.1	1.7	10.2	1.0	-0.7	369
Siaya	7.1	24.7	-1.1	0.0	0.2	4.7	0.2	1.4	7.8	1.6	-0.4	423
Bungoma	6.4	24.4	-1.1	0.2	1.8	2.9	0.1	0.9	9.0	1.8	-0.5	938
Turkana	7.1	23.9	-1.1	4.4	22.9	0.2	-1.3	9.8	34.0	0.0	-1.5	359
TaitaTaveta	5.8	23.8	-0.9	3.6	7.2	4.2	-0.1	3.2	7.8	1.8	-0.6	115
Vihiga	6.0	23.5	-1.1	0.4	2.6	4.0	0.2	1.4	5.9	0.9	-0.5	260
Busia	5.4	22.0	-1.1	0.7	2.2	2.4	0.1	1.8	9.0	0.8	-0.6	433
Mombasa	7.1	21.1	-1.0	0.0	4.1	4.2	0.0	1.5	9.6	1.9	-0.6	456
Murang'a	4.8	19.3	-1.0	0.0	1.4	3.1	0.1	1.6	5.6	1.2	-0.5	307
Isiolo	5.1	19.1	-0.7	2.4	9.1	1.6	-0.6	3.2	12.9	1.0	-0.8	80
Homa Bay	4.2	18.7	-0.7	0.9	2.3	4.1	0.2	1.3	5.4	2.6	-0.3	621
Kajiado	7.1	18.2	-0.7	0.8	3.0	4.3	0.1	2.5	8.1	4.0	-0.4	400
Kisumu	6.9	18.0	-0.7	0.0	0.8	5.7	0.2	0.4	6.6	3.8	-0.2	492
Kirinyaga	3.7	17.2	-0.9	0.8	3.9	4.5	0.0	1.3	7.7	0.0	-0.5	185
Nairobi	3.9	17.2	-0.7	0.8	2.5	5.3	0.2	1.2	3.8	1.7	-0.2	1,643
Kiambu	3.8	15.7	-0.7	0.3	2.3	7.9	0.4	1.1	5.1	4.3	-0.1	686
Garissa	5.9	15.6	-0.7	1.3	11.4	2.3	-0.6	2.9	13.1	1.3	-0.8	228
Nyeri	5.6	15.1	-0.9	0.0	2.4	5.9	0.2	1.2	2.5	2.1	-0.3	268

Source: Kenya Demographic Health Survey, 2014


Height for Age - (Stunting)
SUDAN
ETHIOPIA
UGANDA
SOMALIA
TANZANIA
Lake Turkana
Lake Victoria
Indian Ocean
Turkana
Marsabit
Mandera
Wajir
West Pokot
Samburu
Isiolo
Trans Nzoia
Keiyo-Marakwet
Baringo
Bungoma
Uasin Gishu
Busia
Kakamega
Laikipia
Meru
Nandi
Vihiga
Siaya
Kisumu
Tharaka
Kericho
Nyandarua
Nakuru
Nyeri
Kirinyaga
Garissa
Homa Bay
Nyamira
Bomet
Embu
Kisii
Murang'a
Migori
Kiambu
Narok
Nairobi
Machakos
Kitui
Tana River
Lamu
Makueni
Kajiado
Kilifi
Taita Taveta
Mombasa
Kwale
Mombasa
Legend:
Province boundary
Height for Age(%)
< 20 (Acceptable)
20 - 29 (Poor)
30 - 39 (Serious)
=> 40 (Critical)
Waterbodies
Source: DHS - 2014

ANNEX D

Cross-Cutting Issues

The USG Global Food Security Strategy 2017-2021 emphasizes the importance of integrating nutrition, sustainable natural resources management, resilience and gender equality and women's empowerment in FTF programming. The approaches to integration of these issues in each priority area can be reinforced by considering through deliberate strategies that lay out a roadmap and set expectations in each of these areas, as per below.

Cross cutting 1: Nutrition

USAID's multi-sector nutrition policy emphasizes both nutrition specific and nutrition sensitive interventions.[29] Nutrition-sensitive approaches include three pathways to improved nutrition: productivity, income, and women's empowerment. First, the *productivity pathway* to improved nutrition increases the availability and access to food.[30] The productivity pathway is influenced by the availability, quality, safety, and pricing of food; convenience of access; information about food quality and nutritional value; and how certain foods are promoted for sale and consumption. This pathway is further influenced by farmer household's access to land and water; the effects of climate change as they affect land and water; and health risks from production practices and chronic or seasonal illnesses.

Second, the *income pathway* to improved nutrition enables households to pay for food and health care, stabilize livelihoods, and build assets to draw upon in the event of shortfalls in consumption.[31] The income pathway is supported through investments in farms and enterprises across value chains. The relationship between income and nutrition depends on: 1) characteristics of food markets (availability, affordability, convenience, and marketing of foods of varying nutritional quality and safety) especially for households that are net food buyers; 2) women's empowerment in decisions about household food purchases, dedication of land for food production; and 3) knowledge and social norms that reinforce the use of income for investments that benefit nutrition. Given that many smallholder farm households still depend in part on production for consumption – which has been shown in some settings to have positive nutrition effects -- they must balance decisions between producing cash crops and growing food for family consumption.

However, the income pathway is not always linear. Research shows that income generation can have a positive, negative, or neutral effect on nutrition within agricultural projects (World Bank 2007). The relationship between income and nutrition may depend on the modifying factors (above), or tradeoffs with nutrition related health, natural resource effects, breastfeeding and other child care responsibilities. Growing more cash crops in some cases may have less effect on dietary diversity and quality than on-farm food production (Food and Agriculture Organization of the United Nations 2013).

[29] https://www.usaid.gov/nutrition-strategy
[30] For further discussion and examples of the productivity pathway to nutrition, see: https://www.spring-nutrition.org/publications/briefs/understanding-food-production-pathway
[31] For further discussion and examples of the income pathway to nutrition see: https://www.spring-nutrition.org/publications/briefs/understanding-agricultural-income-pathway

Women's empowerment is the third pathway to improved nutrition by increasing women's control over income and time use. [32] This pathway is influenced by a number of factors, including social norms, knowledge, skills, and decision-making processes within households. The women's empowerment pathway consists of three interrelated evidence based components: (1) women's use of income for food and non-food expenditures; (2) the ability of women to care for themselves and their families; and (3) women's energy expenditure. Empirical evidence shows that more than half of reductions in all child stunting from 1970 to 1995 can be attributed to increases in women's status (Smith and Haddad 2000). Some studies have found that women's discretionary income has greater impact on child nutrition and food security than men's (United Nations Children's Fund 2011; Smith et al. 2003), and among agriculture interventions that have improved nutrition, women's active involvement has been a consistent element (Ruel and Alderman 2013). Agriculture can also pose threats to family nutrition, especially when women must work at times and in places that interfere with the feeding of their infants and young children (United Nations Children's Fund 2011). Demands for excessive physical activity during a pregnancy may also put their unborn babies at risk (Herforth, Jones, and Pinstrup-Andersen 2012).

Experience with nutrition sensitive agriculture in FTF Kenya. Multi-sector programming and coordination is at the center of USAID nutrition policy and USAID/Kenya has learned important lessons about how to layer and integrate activities across sectors to improve nutrition. Some of these lessons include: a) how to embed nutrition into value chain activities and b) how to layer nutrition-specific and nutrition-sensitive interventions from multiple sectors and from various funding streams (economic growth, health and humanitarian assistance). FTF/Kenya also has learned that promising nutrition sensitive activities to improve maternal and child nutrition and prevent serious malnutrition include a) fodder production and marketing which enable lactating cattle to stay closer to the house and be more productive during the dry periods, thus ensuring milk availability for children and mothers during the seasonal dry periods; b) milk processing and production activities that increase the availability of milk in the market and the income of those working along the value chain; c) improving postharvest grain loss that reduces waste and improves storage and product quality; and d) poultry and egg production that earn money for the producer and increase the availability of these products for home consumption and in the markets. Training and standards regarding the use of pesticides and other chemicals and food safety are also important for improved nutrition. Best practice social and behavior change strategies further play an important role in promoting behavior change related to dietary diversity, breastfeeding, and other positive nutrition and agricultural practices. Documenting the impact of nutrition-sensitive agriculture and livelihood activities on dietary diversity of target populations is also important. For example, more information on whether increases in availability of high-nutrient value foods, like milk, translate into increased home or local consumption can help to identify the most effective nutrition-sensitive activities.

Cross cutting 2: Sustainable Natural Resources Systems

Sustainable food security investments and productivity depend on well-managed ecosystems. At the same time, the combination of well-managed and environmentally sustainable agricultural and food security activities can benefit the wider ecosystems in which they are located. Healthy agriculture systems that conserve and productively manage soils, water, and other resources reduce impacts on

[32] For further discussion and examples of the women's empowerment pathway to nutrition see: https://www.spring-nutrition.org/publications/briefs/understanding-womens-empowerment-pathway

upstream and downstream environments and help protect natural resources both directly and indirectly.

Approaches that help to reduce negative environmental impacts also improve resilience of ecosystems in the face of climate variability, increased frequency of drought, and other threats to agriculture. Sustainable approaches can also help reduce the production of greenhouse gas emissions by efficient use of inputs for production and thus having less impact on the land. Sound environmental management of agriculture and wider food system investments also aligns with better economic outcomes, especially over the longer term. Sustainable ecosystems - through improved management of natural resources that contribute to them - particularly benefit the most vulnerable populations, who often lack a voice in decision-making and have fewer resources to cope with environmental degradation.

Addressing the challenges of recurrent drought and temperature and rainfall variability require new approaches, agricultural practices, and information systems that help small-scale producers make decisions. Examples of approaches that aim to balance the tradeoffs and synergies of increased productivity, enhanced resilience, and lower greenhouse gas (GHGs) emissions include improved feeding systems (forage), improved water management systems (irrigation), new high yield seeds, drought resistant crop varieties, alley cropping, product diversification, inclusion of agroforestry in the cultivation of fruit trees and vegetables or keeping small ruminants and poultry. (https://cgspace.cgiar.org/rest/bitstreams/64749/retrieve)

Cross cutting 3: Resilience

Households and communities in Kenya live in increasingly complex and interconnected risk environments with more frequent shocks and ever present stresses. Negative impacts on agricultural productivity, food security, income, and nutrition from the increasing frequency of droughts and environmental degradation are exacerbated by price volatility, population growth, and health shocks. Combined, these risks pose major threats to agricultural productivity, livelihood stability, competitive market systems, and longer-term, inclusive economic growth.[33]

USAID's resilience policy focuses on building capacities of people, households, communities, countries and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth. Rather than an outcome, resilience is a capacity that influences outcomes, by protecting the assets, resources, and income gains of development. The capacity of farm households and the market systems within which they function to absorb, adapt and transform in the face of shocks and stresses is critical for sustaining the hard earned gains/progress in reducing poverty and improving nutrition, especially of women and children.

To date, much of USAID's programming on resilience has focused on drylands and pastoralist populations affected by shocks and stresses associated with drought, changes in rainfall patterns, and conflict. However, the importance of focusing on resilience across GFSS programs and geographies that are affected by a range of shocks and stresses is reflected in the inclusion of resilience as a top objective the 2017-2021 Global Food Security Strategy (Section D.4 above).

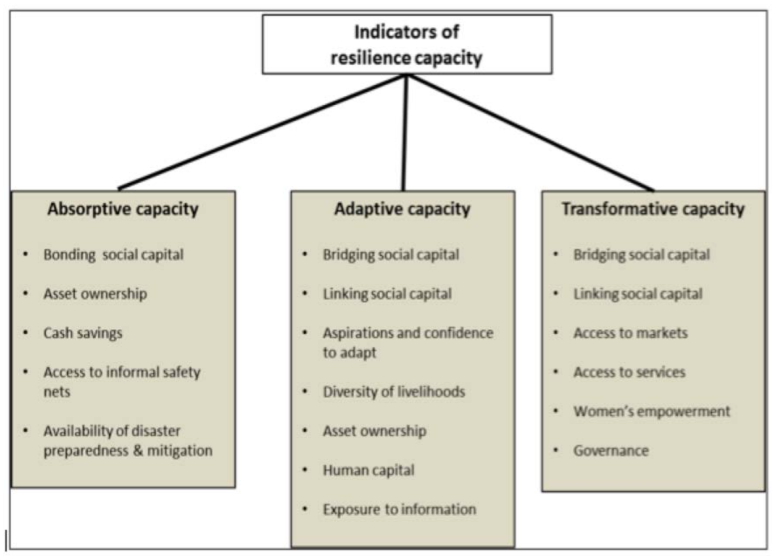
[33] USG Global Food Security Strategy 2017-2021

How are our priority areas linked to resilience? Resilience is tightly connected to household nutrition and food security (absorptive capacity), diversification of crops and livelihood strategies, conservation agriculture (adaptive capacity) and value chain competitiveness (transformative capacities). The empowerment of women and young people in agriculture and agribusiness and their leadership in communities and counties also underlay resilience. Focus area 5.1 of this Activity emphasizes collaboration and learning is around building the resilience of households and markets, especially as it relates to improving household nutrition and ecosystems supporting agriculture. A strong focus on building resilience capacities in these areas will help to prevent backsliding and keep farm households on a positive trajectory towards commercialization, intensification, diversification from lower to higher return on- off- and non- activities (as laid out in the TOC) with the goal of increasing incomes, building assets, and moving out of poverty.

From a market development perspective, resilience is also about investing simultaneously in [push and pull strategies] in areas (and among people) subject to recurrent crises. Recognizing that the same risks have greater impacts on vulnerable households, push strategies are particularly important for enabling these households to fully participate in and benefit from market systems.[34]

How do we know we are building resilience capacities? Characteristics of resilient *market systems* include adaptability, flexibility, and the ability to learn. Diversity and redundancy are also important features of resilient market systems.[35] For example, redundancy could be built into a farming system by producing more of the same crop than the household needs, while diversity would suggest planting different crops (Bujones et al. 2013). At the market system level, the concept of redundancy implies that 'crowding in' or having multiple market actors providing a specific service or filling a specific role can increase resilience.[36]

Indicators of resilience capacity



Drawing on TANGOs resilience framework, resilient *households* can be characterized according to their absorptive, adaptive and transformative capacities.[37] All three capacities are needed to deal with shocks -- absorptive (which is characterized by stability or avoiding negative consequences), adaptive (characterized by flexibility and the ability to make incremental changes), and finally transformative (characterized by structural change). The differences between men and women and older and younger

---

[34] https://www.microlinks.org/blog/let-us-work-gray-areas
[35] Redundancy can be described as a quantifiable measure, or count, of a single resource type that performs a specific function. Redundant resources provide a failsafe, or back-up, when any individual unit fails. Redundancy is when the same resource is used to perform the same function, while diversity is when different resources are used to perform the same function. "
[36] https://www.microlinks.org/library/market-systems-resilience
http://avwebmaster.wpengine.com/wp-content/uploads/sites/default/files/attach/2015/02/LEO-Market-Systems-for-Resilience.pdf
[37] See P. 28 of https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9754.pdf

people in ownership and control over assets and how they are used to cope with risks is important for understanding resilience at the *individual* level.

Cross cutting 4: Gender Equality and Women's Empowerment

Women's empowerment is central to the achievement of the GFSS objective of inclusive and sustainable agricultural-led economic growth. To date, the successful integration of gender in USAID/Kenya's FTF portfolio has involved deliberate approaches and/or technical staff focused on reducing gender gaps in access to skills, resources, and opportunities across value chains. Some examples include activities that empower both men and women to intensify and diversify crop production, incentivize women's participation and leadership in groups to mobilize resources (inputs, services, training, savings and loans), aggregate products produced by women, facilitate information flow and market linkages for women, incentive women's involvement in value addition activities, and promote MSMEs that are owned and employ women across the value chain. Other examples include targeting sectors that engage (or have potential to engage) large numbers of women—horticulture, dairy, poultry, goats). USAID's Gender Integration Framework (building on the WEAI[38] and LEO intervention guide for women's empowerment in agriculture[39]) offers guidance for deliberate strategies by identifying programming opportunities for reducing gender gaps across value chains in seven domains –productivity, productive resources (e.g., financial services, land), women's decision making (in farming, in enterprise activities and in allocating income); leadership and group participation, time use, technologies, and skills development. Continued emphasis on collecting sex disaggregated data on outcomes and impacts, and more emphasis on evidence-based programming that promotes gender equality is needed to reduce poverty, build resilience, and improve nutrition.

[38] https://feedthefuture.gov/lp/womens-empowerment-agriculture-index
[39] https://www.microlinks.org/library/WEAIInterventionGuide

ANNEX E

Seed policy issues in Kenya and implications for USAID programming

Context. Although maize is Kenya's most important staple crop, other grains such as sorghum and millet, and crops such as pulses and legumes are becoming increasingly important for both food security and income. The challenge is that Kenyan food crops can potentially be much more productive. For example, though maize yields increased by 17 percent between 2000 and 2010, Kenyan farmers have yet to reach the productivity of maize farmers in neighboring countries. Based on 2009 data, for instance, the average maize yield was 10 percent higher in Uganda, 37 percent higher in Zambia, and 42 percent higher in Malawi. Estimates suggest that Kenyan maize production can be increased by 51 percent through the widespread adoption of technologies used by the country's best maize farmers.[40] Legumes and other yields in Kenya are far below global averages, and a key reason is the dominance of recycled seed.

Key among inputs needed to increase productivity is improved seed varieties. Kenyan government agencies, particularly the Kenya Agricultural & Livestock Research Organization (KALRO) and the Kenya Plant Health Inspectorate Service (KEPHIS), have mandates to breed, test, certify, and produce breeder, basic and pre-basic seed for improved varieties. Private seed companies have also entered the sector—there are now about 120 seed companies registered in Kenya compared to one in 1980. Most of these companies are vegetable seed traders, and others are commercial farms that are licensed as a company for the purpose of importing seed for their own use, but do not actively market seed. About 20 of this total are private sector companies that produce and sell crop seed. There are also a number of parastatals who market seed, including the very dominant Kenya Seed Company.

As the seed sector has expanded, so have its political and structural challenges, including public seed companies that dominate the seed market, limited public-sector capacities to effectively meet the demand for quality seeds, and a generalized low capacity of many seed companies to produce, market, and distribute seeds. It also appears that attention has focused on maize seed. For example, in 2016, 84 percent of certified crop seed was maize seed. The remaining 16 percent was for all other crops.

The challenges plaguing Kenya's seed system are not new. What is different now is the increasing opportunity cost of not addressing these distortions in the market. Constraints in the seed sector are holding back the expansion of private-sector investments that could increase the availability of much needed quality seeds for the production of maize and other important crops for human consumption and for the growing poultry, dairy, and livestock industries.

Possibilities for USAID/Kenya and other development partners in supporting the seed sector:
USAID/Kenya can work with the GOK and other development partners to continue addressing some of the constraints keeping the seed sector from reaching its potential, including efforts to:

1. **Reduce government-induced market distortions in maize seeds.** Kenya's maize seed sector is highly uncompetitive, with the Kenya Seed Company, a parastatal, holding about 70-80 percent of the total market for crop seeds (especially dominant in hybrid maize, but also selling seed for

[40] Olwande, John (2012). "Smallholder Maize Production in Kenya." Egerton University, Tegemeo Institute of Agricultural Policy and Development. Presented at Regional Workshop on an Integrated Policy Approach to Commercializing Smallholder Maize Production, June 6-7, 2012, Nairobi, Kenya.

common bean, cowpea, sorghum, rice, and other crops). This near monopoly stifles much needed private investments by seed companies and agro-dealers that could boost the production and adoption of improved varieties.[41]

2. **Increase access to financial services for seed companies.** Like other agricultural sectors in Kenya, the seed sector is also constrained by limited access to capital at affordable rates and reasonable terms.

3. **Improve the capacity of KALRO for early-generation seed production, distribution, and licensing**. According to representatives across the seed sector, KALRO's production of parent seed is erratic and insufficient to meet demand, and their approach to licensing could be more transparent

4. **Improve cooperation of the public and private sectors in early-generation seed production and distribution.** The private sector often questions KALRO's selling and marketing seed themselves which they view as unfair competition. KALRO, on the other hand, often cites the private sector as being uninterested in these crops. If this key constraint to the growth of Kenya's agriculture is to be resolved, the cooperation and clarity of roles and responsibilities in both certified seed and early-generation seed production and distribution between the public and private sector needs to be addressed.

5. **Improve effective forecasting of seed supply and demand.** There is no information system that reliably estimates annual seed production, thus making forecasting seed demand very difficult for seed companies and other seed multipliers for maize and other crops. Accurate forecasting requires a level of sophistication still beyond many seed companies. The best model or approach for accomplishing this is not clear.

6. **Strengthen the capacity of KEPHIS.** KEPHIS is responsible for seed inspection, certification, and verification, but has substantial constraints that create bottlenecks for seed companies. KEPHIS has insufficient inspectors for inspecting commercial varieties. However, excellent progress is being made to license private inspectors. Still, even as KEPHIS has increased the availability of certified inspectors through its training and certification of private inspectors, the number of inspectors is far below what is needed across the country. Strengthening KEPHIS' capacity to continue the approach of training private-sector inspectors and address other constraints could significantly contribute to increasing seed supply in the country.

7. **Strengthen the capacity of seed companies**. While the number of Kenyan seed companies have increased over the years, many of these could benefit from having improved capacity to produce, store, market and distribute foundation and certified seeds. This includes efforts to improve forecasting and marketing, improving packaging materials, and aggregating demand for quality packaging material.

8. **Improve demand for improved varieties.** Though about 80 percent of Kenyan maize is hybrid (instead of open-pollinated varieties), productivity remains far below its potential at least partly

[41] Mabaya, Edward (2016). "Performance of the Formal Seed Sector in Africa: Findings from the African Seed Access Index." Paper presented at the 5th International Conference of the African Association of Agricultural Economics, September 23-26, 2016, Addis Ababa, Ethiopia.

because of the low turnover of newer improved varieties."[42] Efforts such as vernacular language public-awareness campaigns with both farmers and agro-dealers can help to increase demand for new varieties—particularly for climate smart varieties and crops—and provide information on where to get them,.

9. **Support the professionalization of STAK.** STAK can better meet the needs of its members by: continuing its on-going effort to aggregate supply and demand information by crops for early-generation and certified seeds, negotiating steps to certify new varieties, developing white papers on policy issues, working with regulators to cost-effectively improve seed quality for farmers, and guiding how seed companies list their varieties in seed catalogues. In addition, strengthening STAK's policy advocacy efforts and supporting STAK to broaden its membership to include other seed stakeholders such as agro-dealer associations, and strengthening the STAK secretariat could be key steps in building STAK's professional capacity.

[42] Smale, Melinda and John Olwande (2014). "Demand for maize hybrids and hybrid change on smallholder farms in Kenya." *Agricultural Economics* 45:409-420

ANNEX F

Descriptions of eastern and western Kenya Livelihood Zones

The following gives a brief description of the two geographic areas targeted by the Crop and Dairy Market Systems Development Activity. The information is extracted from the FEWSNet Livelihoods Assessment of 2011.

Eastern Kenya:
Marginal Mixed Farming (GFSS counties include Meru, Tharaka Nithi, Machakos, Makueni, Taita Taveta, and Kitui)

Eastern Kenya is a semi-arid region with two rain seasons, characterized by erratic rainfall patterns and rain-fed crop production systems. The principal crops grown include maize (with high failure rate due to erratic rains), sorghum, millet, green grams, cowpeas, and beans. Fruits – passion fruit and mangos - are becoming more important as cash crops. Most households have a few cattle, goats, and chickens, and most have beehives.

The majority of the population is fully settled, although there is some migrant labor. Food is largely accessed from own production and purchases, Most households produce more than half of maize consumed, along with sorghum, beans, and vegetables. Livestock production (meat, milk) contributes somewhat to annual food needs. Market purchases make up the balance of food needs. Cash comes from crop (40 percent) and livestock (25-40 percent) sales, and honey. Remittances are another important source of income, sometimes up to 10 percent of cash needs, as is casual labor and petty trade. Maize is the highest contributor to food and cash income. Green grams, cowpeas, beans, sorghum and millet are also sold. Cotton, tobacco and *Miraa* are also sold, particularly in the northern districts of the zone.

This zone is characterized by market gluts, especially during good seasons when virtually all households sell their harvest. Lack of proper storage capacity and alternative income sources compels even poor households with meager cereal harvests to sell during these periods, often at low prices only to repurchase at more than double the price within 3-4 months.

The food security situation in the zone is constrained by limited the development of economic activities. These include shortage of reliable water supply, lack of irrigation, high input costs, poor soil fertility, and poor access to markets. Poor or low yielding livestock genetic stock, costly veterinary drugs and insufficient water for livestock hinder the expansion of the livestock sector. Small enterprise development is hampered by poor access to capital and other financial services, high tax burdens, and shortage of small business expertise.

Being semi-arid, eastern is very vulnerable to increased frequency of drought, and increase the area of low rainfall. Communities continue to grow maize despite regular failures. However, most farmers diversify their farming activities, planting other crops that are more tolerant to drought, and some fruits. Livestock production is important in many parts of eastern, and therefore will face water shortages that could make this livelihood base less sustainable.

Western Kenya:

The western Kenya zone is comprised of three livelihood zones: Western High Potential, Western Lakeshore Marginal Mixed Farming, and Lake Victoria Fishing. In general, western Kenya has good rainfall, although with increasing variability in climate, there may be increased flooding around the lake area, and slight temperature increases may make many higher altitudes more favorable to different crops such as maize.

Western High Potential (includes GFSS counties: Kisii, Bomet, Kericho, Nandi, Nyamira, Kakamega, Vihiga, Bungoma, Uasin Gishu, Trans Nzoia, Elgeyo Marakwet, Busia)

This zone has some of the most densely populated areas in the country, surpassing 1000 people per square kilometer in some locations. The zone is also one of the most food secure areas with high resilience to many hazards including crop failures.

Approximately a third of food consumed at household level is sourced from own production including maize, beans, vegetables, milk and other dairy products. Market purchases account for the remaining food consumed by households. The main source of cash is the sale of crops, including both food crops and cash crops such as tea, coffee and wheat, and increasingly, horticultural products. Livestock sales and the sale of livestock products such as milk and honey are the second most important source of cash. Markets are fairly efficient, well integrated and characterized by high levels of competition. Ugandan markets are important in this zone's economy. Markets are easily accessible and transaction costs are relatively low. The marketing of cereals and milk is often facilitated and organized through national marketing organizations including the National Cereals and Produce Board (NCPB) and Kenya Cooperative Creameries (KCC).

Threats to food security within the zone include the rapidly increasing population which is a constraint to optimal land holding; poor agronomic practices which lead to poor land fertility and low productivity; high cost of veterinary drugs; and low producer prices for agricultural commodities.

Western Lakeshore Marginal Mixed Farming (GFSS counties include: Siaya, Kisumu, Homabay, Migori)

This zone is part of the Lake Victoria shore which is an upland plateau. There are two rainy seasons each year. Food crops are mainly consumed locally within the zone, rather than traded out of the zone. About two thirds of food needs are met through purchases. The main sources of household income are sale of food crops (about 30 percent) livestock sales (about 20 percent) and sale of cash crops (about 15 percent). Casual labor is within the zone contributes up to 10 percent of household incomes in areas where cash crops dominate.

Market access is often disrupted in remote as during peak rainy seasons due to poor roads. Livestock production is an important livelihood strategy since households are deficit producers of food crops (due to widespread growing of cash crops such sugarcane and tobacco. Constraints to livestock production include poor or low yielding animal genetic stock, endemic pests and diseases, and low prices for animals. Constraints to economic activities that negatively impact on food security include low land fertility, low quality of seeds and planting materials, low technical skills/knowledge, high input costs, and lack of credit. Lack of capital and weak financial services are identified as impediments to the development of small enterprises and off farm production activities.

Lake Victoria Fishing (GFSS counties include Kisumu, Homabay, Busia, Migori)
This zone is comprised of the narrow stretch bordering Lake Victoria, receives low rainfall, and is suitable for limited production of drought tolerant crops only. The main economic activity is fishing which provides nearly half of all household income. Despite being a fishing livelihood zone, households typically keep livestock, which enables them diversify their livelihoods. Crop production is mostly kale, cassava and sweet potatoes. The sale of livestock and crop products provides about 30 percent of household income. The remaining cash is earned through waged labor (casual and formal labor), small business activities (including petty trade) and remittances. Frequent flooding episodes in the zone often result in loss of assets including livestock.

Households in this zone purchase up to 70 percent of their food from the market. Households are often faced with poor dietary diversity since they have to sell large proportions fish to generate the income needed for other food and non-food purchases. As a result, malnutrition is a recurring problem in the zone and is exacerbated by frequent outbreaks of waterborne diseases.

There are many constraints to the fishing sector including: poor infrastructure are underdeveloped landing beaches, poor road infrastructure, and limited fish processing capacities; lack of access to credit; pollution of the lake; lack of entrepreneurial skills; and high rates of HIV/AIDS accentuated by retrogressive practices such as ‘sex for fish’. Low fish stocks also limit the potential contribution of fisheries to livelihoods.

ANNEX G

Key USAID/KEA and USAID REI Activities

Kenya Agriculture Value Chain Enterprises (KAVES)
The Kenya FTF KAVES activity works with smallholder farmers, businesses, and national and county government partners to address constraints up and down the value chain (such as agro-processors, input suppliers, transporters, exporters, retailers, financiers) and develop fully-functioning, competitive value chains. KAVES' purpose is to: improve economic stability and food security; improve nutritional outcomes and reduce chronic undernutrition; build and diversify sustainable value chains; and increase the productivity and incomes of 500,000 smallholders. The activity develops smallholder enterprises that combine maize, high- value horticultural crops and dairy farming to generate wealth, thereby enhancing food security, improving nutrition and increasing economic opportunities for women, youth and other vulnerable populations. Engagement with the private sector in a meaningful, comprehensive way ensures the sustainability of the activity's work. In addition to working with and through private sector actors in the dairy, maize, and horticulture value chains, KAVES works with more than 30 Kenyan government organizations including: Ministry of Agriculture, Livestock and Fisheries, county governments, Agricultural Sector Development Support Programme (ASDSP), Kenya Dairy Board (KDB), Kenya Plant Health Inspectorate Services (KEPHIS), Kenya Food Security Steering Group, Pest Control Products Board (PCPB), Horticulture Competent Authority Structure, Horticultural Crops Development Authority (HCDA), Kenya Agricultural and Livestock Research Organization (KALRO).

Accelerated Value Chain Development (AVCD)
The AVCD activity seeks to widely apply technologies and innovations for the FTF dairy, horticulture, and maize and staple crops value chains, so as to competitively and sustainably increase productivity. AVCD interventions contribute to the Feed the Future's goal of inclusive agricultural growth, nutrition and food security in the country. It partners with both the Resilience and Economic Growth in the Arid Lands and Kenya Agricultural Value Chains Enterprises FTF activities, to enhance resilience, agricultural productivity, food security and overall economic welfare of farmers, producers and market actors throughout the value chain. While the entry point is scaling up application of agricultural technologies and innovations, the program aims to address the weakest points of the value chain to the benefit of smallholder farmers and pastoralists. AVCD works closely with other FTF activities including KAVES and NHP Plus, with the Kenya government, public research and extension institutions as well as the private sector. Implementation is led by the International Livestock Research Institute (ILRI), in partnership with the International Crops for Research Institute for Semi-Arid Areas Tropics (ICRISAT) and the International Potato Center (CIP).

Tegemeo Agricultural Policy Research and Analysis (TAPRA) II
Tegemeo Institute conducts policy research and analysis in agriculture, rural development, natural resources and environment. It aims to address micro and macroeconomic policy issues that affect farming, processing, marketing and trade of agricultural products and inputs. The Tegemeo Institute undertakes empirical research and analysis on topical agricultural policy issues and promotes policy dialogue and advocacy. Tegemeo provides empirical evidence that can inform policy and decision makers on the formulation and implementation of policies and programs that impact food security, agricultural growth, livelihoods, and poverty. USAID supports these efforts through TAPRA II.

Kenya Integrated Water, Sanitation, and Hygiene (KIWASH)
KIWASH combines nutrition programming with improved access to water, sanitation, and hygiene. It aims to enable more than one million Kenyans across nine counties to gain access to improved WASH services and increase access to irrigation and nutrition services. Kenya's devolution efforts present great opportunities to expand service delivery through public-private partnerships in the WASH sector. KIWASH partners with water and sanitation providers to develop bankable business plans, improve operations, and facilitate access to financing. In parallel, behavior-change communications linked to Community-Led Total Sanitation (CLTS) and hygiene stimulate demand for improved household sanitation, hygiene, and nutrition.

KIWASH assists water service providers (WSPs) in expanding household connections and extending their networks to unserved communities. It also works with counties, WSPs, and private entrepreneurs to expand and improve operations and management of existing community drinking water systems; work with Water Resource Users Association to improve catchment area protection and water access, and improve sanitation and multi-use services that reinforce interventions in nutrition; and work with committed counties to apply the CLTS approach and engage with private sector providers to make access to household latrines/toilets more affordable. KIWASH will work through public health clinics and local organizations already active in the agricultural and health/nutrition sectors (community savings groups, farmer groups, and community care groups), prioritizing locations with high percentages of malnourished or stunted children and where there are opportunities to link with related USAID activities.

Kenya Innovations Engine (KIE)
The Kenya Innovation Engine identifies, fosters, and brings to scale innovative market-driven solutions to persistent food insecurity, undernutrition and poverty. The Innovation Engine partners with entrepreneurs who design new concepts, products and services to maximize their
commercial potential, as well as nutritional and livelihoods benefits to the targeted communities. The Innovation Engine supports experimentation and rewards proven successes that represent game-changing approaches for thousands of Kenyan families.

Similar to a venture capital fund, the Innovation Engine uses an open and competitive process to identify agriculture and nutrition innovations with the greatest potential for large and sustainable impacts. Such impacts include generating significant measurable increases in productivity, household income and nutrition to support Kenya's FTF value chains such as dairy and other livestock, horticulture, maize and other staple food crops. The Innovation Engine strives to enable innovations to become fully sustainable in the market. It provides targeted financial support and technical assistance at different stages of the entrepreneurial life cycle to enable the adoption of these innovative approaches by target populations throughout Kenya.

Kenya Investment Mechanism (KIM) – Under Procurement
The purpose of the project is to promote private sector growth for development gains. In simplified terms, the effort looks to identify small business (and larger when applicable) and entrepreneurs, and mobilize all forms of capital with technical assistance and transaction advisory services--both by itself and in partnership with other USAID programming--to seed enterprise growth at scale. The KIM activity will advance USAID/Kenya priorities in (and increasing the availability of financing for) county-led investment, cross-border trade, youth, and entrepreneurship and small and growing businesses. It aims to mobilize financing, and facilitate financing and broad access to credit for investment in agriculture and clean energy.

Kenya Resilient Arid Lands Partnership for Integrated Development (Kenya RAPID)
Kenya RAPID is a five-year development program bringing together public and private institutions and communities, to increase access to water and sanitation for people and water for livestock, and to rebuild a healthy rangeland-management ecosystem.

Partnership for Resilience and Economic Growth in Kenya (PREG)
Kenyan counties in arid and semi-arid lands (ASALs) have suffered recurrent drought, human conflict, and a legacy of marginalization by government and international investments. The PREG brings together humanitarian and development partners to build resilience among vulnerable pastoralist communities in northern Kenya. It includes both USAID programs and implementing partners. USAID PREG works with the Kenya National Drought Management Authority (NDMA) and county governments to coordinate resilience and economic growth activities.

Resilience and Economic Growth in Arid Lands – Accelerated Growth (REGAL-AG) aims to increase economic resilience among pastoral communities in Kenya's arid counties by strengthening the livestock value chain. The activity will foster more sustainable management of natural resources, address issues related to governance of grazing land, water and other natural resources help mitigate conflicts, and allow for diversification of the livelihoods of pastoralists. Interventions will target actors at all levels of the value chain—from livestock keepers to middlemen, traders, transporters and buyers— in order to improve incomes and stimulate growth.

Kenya Livestock Market Systems Development Activity - Under Procurement
USAID/KEA's Livestock Market Systems Development Activity will build on previous investments in the ASALs and be a key partner in the PREG. The Activity's purpose is to enable people, households, and communities to escape poverty and chronic vulnerability and strengthen their resilience so they can do so sustainably, in the face of complex risk and recurrent shocks and stresses.

Kenya Youth Employment and Skills (K-YES)
The K-YES activity gives motivated but disenfranchised youth the skills and support they need to compete and succeed in the workplace. Skills and vocational training that are designed in coordination with local industry and the private sector will create pathways to employment and turn the youth bulge into a demographic dividend. K-YES overarching goal is to foster a partnership between young people and the private sector to design and develop vocational training for increased economic competitiveness and better jobs. K-YES will provide young Kenyans with access to youth-friendly services (e.g., information, capacity building, and finance), allowing them to make informed and empowered decisions about education and business investments. K-YES focuses on building local relationships and capacity to increase the efficiency, effectiveness, and sustainability of education and employment outcomes. K-YES targets under or unemployed youth (ages 18-35) who have had primary or some secondary education. The activity objectives include: improved technical and vocational skills; increased business skills; awareness and utilization of financial services; improved effectiveness of market/employment information, career counseling, mentoring, and job placement; gender equity; and develop sustainability through partnerships.

K-YES and FTF value chain activities will collaborate in counties of geographic overlap as K-YES expands its focus to employment opportunities generated by the agricultural sector. K-YES focus counties are: Kericho, Bungoma, Garissa, Kwale, and Nairobi and in 2017, will expand to include Nyeri, Migori, Kisii, and West Pokot.

Generation Kenya

Generation Kenya addresses the need for sustainable youth employment through an innovative, replicable, rapidly scalable youth employment model that offers a measureable return on investment for employers and youth. The activity aims to close the gap between young people who are out of work and employers who are short of skilled employees. Generation Kenya's goal is to work in any city for any middle-skill profession. The initial focus is on two sectors: financial services and retail.

Young African Leaders Initiative (YALI) Mandela Washington Fellowship

YALI aims to support young Africans as they spur growth and prosperity, strengthen democratic governance, and enhance peace and security across Africa. YALI's flagship program, the Mandela Washington Fellowship, provides skills and support for outstanding young leaders from sub-Saharan Africa at U.S. higher education institutions and upon their return to home.

YALI Regional Leadership Center East Africa

The East African Regional Leadership Center is located in Nairobi, and builds on existing institutional capacity in Africa to provide high quality training, mentoring, and networking support to a greater number of young leaders than can be reached through the Mandela Washington Fellowship. The Center partners with African and international organizations, and reaches exceptional young leaders between the ages 18 and 35 from a wide range of backgrounds and diverse experiences.

Power Africa Support

In Kenya, Power Africa is supporting the development of the energy sector through financing, grants, technical assistance, and investment promotion. Power Africa is working to mobilize more than $1 billion in private investment for electricity to accelerate geothermal and wind projects. Central to Power Africa's work in Kenya is the Grid Management Support Program that provides technical assistance to address challenges of integrating intermittent renewable energy into the national grid. Power Africa is also helping major infrastructure investments advance and is demonstrating the effectiveness of U.S. technological solutions. Power Africa also supports "beyond the grid" focusing on using such innovative approaches as using the USAID Development Credit Authority to connect rural Kenyans to the electricity grid. It also supports small on-grid power generation projects, as well as projects to provide off-grid and mini-grid solutions for small communities.

USAID/KEA Office of Regional Economic Integration (REI) Regional Program

COMESA: USAID REI supports COMESA in its efforts to establish regional integration among its member states in East and Southern Africa. COMESA aims to improve the efficiency and competitiveness of regional trade, particularly in agricultural commodities, and increasing investment in the economic community. USAID also support COMESA's Sanitary and Phytosanitary (SPS) unit to develop SPS policy measures to facilitate trade in agricultural commodities among member states and with other countries. USAID is also supporting the COMESA Business Council (CBC) for its Local Sourcing for Partnerships Project to equip small and medium-size businesses to implement compliant standards and food-management systems, and link the businesses into the supply chain of corporate companies. COMESA's Trading for Peace activities increase cross-border trade and build awareness of the role of trade in peace building, governance, and poverty reduction. Trade Information Desks have been established at 10 border points in the region with USAID funding.

The **Alliance for Commodity Trade in Eastern and Southern Africa** (ACTESA) is a Specialized Agency of COMESA and a key USAID partner. ACTESA promotes expanded access for smallholder farmers to national, regional, and international markets for staple food crops and livestock, enhancing food security and increasing incomes. ACTESA helped the USAID Feed the Future program develop improved policy environments to support biotechnology, seed, and fertilizer. It facilitated the validation of COMESA's Biotechnology and Biosafety Policy Implementation Plan, completed several activities under the COMESA Seed Harmonization Implementation Plan, sensitized 13 member states on COMESA's Seed Trade Regulations (STR) and helped member states pass Seed Acts.

East Africa Community (EAC)

USAID/KEA provides support to the EAC with the objective of increasing regional integration, with specific focus on trade and investment, agriculture, environment, and health. USAID's assistance has helped build the foundation for a Customs Union that will enable East African to move goods regionally with fewer delays and less expense. USAID support has also facilitated trade through harmonization of standards of 22 staple foods, and simplified trade regimes for small traders. Environment programs include transboundary biodiversity management in the EAC region.

East Africa Trade and Investment Hub

The goals of the Hub deepen regional integration, increase the competitiveness of select regional agricultural value chains, promote two-way trade with the U.S. under the African Growth and Opportunity Act (AGOA) and facilitate investment and technology to drive trade growth intra-regionally and to global markets.

The Hub works with the private sector and local governments to find practical solutions for trade and investment constraints that lead to a pro-investment environment. It also builds awareness of opportunities for African and U.S. firms to increase trade, expand business partnerships, and invest in East Africa. The Hub also supports the Global Food Security Strategy through activities to increase access, availability, and utilization of East African grown staple foods in the region. It supports regional initiatives that improve market information, increase access to inputs, and reduce non-tariff barriers that can hinder trade across borders.

Trade Mark East Africa

TradeMark East Africa (TMEA) program is a multi-donor funded initiative established in 2010 with the overall goal of increasing growth and reducing poverty in East Africa through greater regional integration and trade competitiveness. TMEA works closely with East African Community (EAC) institutions, national governments, the private sector and civil society organizations and non-governmental organizations. USAID REI's funding to TMEA contributes to the objective of reducing time and cost of doing business in/and with the region, promotes further physical and virtual economic integration of the EAC countries, expands intra-regional trade in strategic value chains, particularly staple food commodities, and increases the circulation of agricultural inputs within the East African Community countries.

EAC Aflatoxin Policy and Program for the East Africa Region (APPEAR) Activity

The East African Community (EAC) has the mandate from its member states to make policy on matters of interest to its member states within the health, agriculture, trade and environment sectors and build technical capacity to support policy recommendations. The USAID REI-supported APPEAR activity, implemented by the International Institute for Tropical Agriculture (IITA) focuses on the challenges of mitigation and control of aflatoxin, and building the technical capacity in the EAC region through:

- Development of technical papers on all aspects regarding aflatoxin (health, nutrition, pre- and post-harvest interventions, communications strategies).
- Development of policies regarding aflatoxin control and mitigation for the EAC region;
- Develop bio-control products to prevent unsafe levels of aflatoxin in targeted food crops;
- Set up a manufacturing plant for Aflasafe that serves the EAC region.
- Strengthen local capacity within the EAC region to address mycotoxin (including aflatoxin) issues.

Aflasafe Technology Transfer and Commercialization Activity

The International Institute of Tropical Agriculture (IITA) has been working with the United States Department of Agriculture – Agriculture Research Service (USDA-ARS) and national partners to develop a biocontrol product known as Aflasafe. The product significantly and consistently reduces aflatoxin concentration in treated maize and groundnut thereby making the harvests safe for consumption and marketing. The ATTC activity is designed to identify strategic options for partnership with private companies or government entities to help in ensuring the Aflasafe products reach millions of farmers. The Aflasafe technology has been tested and is now ready for scaling up in 11 African countries for farmers use, covering 500,000 ha where Aflasafe is, or will soon be registered, including Kenya. The ATTC activity aims to increase the number of African countries where aflasafe is registered, develop commercialization strategies, develop public-private partnerships for the manufacture and distribution at scale of aflasafe, develop transfer the technology agreements, and provide technical support, quality assurance, and monitor product usage by farmers.

Maize Lethal Necrosis Diagnostics and Management Activity

The MLN Diagnostics and Management project aims to coordinate regional efforts to strengthen response to the emergence and spread of MLN in sub-Saharan Africa. Its activities will result in:

- effective MLN surveillance and monitoring system;
- established community of practice comprising seed companies and national plant protection organizations;
- harmonized protocols for detecting MLN-causing viruses in commercial seed lots;
- model for voluntary, private sector driven MLN containment;
- development of appropriate diagnostic and management strategies.

ANNEX H

Climate Variability in Kenya[43]

Kenya's Vision 2030 – the long-term development blueprint for the country – aims to transform Kenya into "a newly industrializing, middle-income country providing a high quality of life to all its citizens in a clean and secure environment". Achieving long-term sustainable economic growth up to and beyond Vision 2030 in the face of trends of increasing frequency of droughts and unpredictable rainfall patterns is a primary concern. The country's economy is highly dependent on climate sensitive sectors including agriculture, tourism, and energy.[44] Climate change potentially poses one of the greatest challenges for Kenya to realize its vision to become a prosperous country. The World Bank states that "poverty and vulnerability to climate change remain the most critical development challenges facing Kenya".[45] Increasingly frequent droughts and floods in particular have devastating consequences on the environment, society, and the wider economy. For example, the impact of the 2008-2011 drought in Kenya is estimated at $12.1 billion, and was predicted to have caused a slowing down in the growth of the country's economy by an average of 2.8 per cent per year during that period.[46]

Rainfall has become irregular and unpredictable, extreme and harsh weather is now the norm and some regions experience frequent droughts during the long rainy season while others experience severe floods during the short rains. Effects of climate variability are different in different agro-ecological zones, with semi-arid areas being more vulnerable to drought events. These trends suggest that impacts are likely to continue to affect the country in the future.

The effects of these climatic changes on the agriculture and livestock sectors include a reduction in the number of reliable crop growing days as rainy season length is reduced. Changes in precipitation patterns are likely to directly increase short-term crop failures and long-term production declines for rain-fed agriculture. The high inter-annual unpredictability in precipitation is already having negative consequences on rural livelihoods, and is particularly pertinent to semi-arid areas such as the eastern ZOI. Indirect impacts include increased rates of runoff and soil erosion, and increased crop losses from livestock and wildlife encroachment, and higher levels of diseases and pests. With increased droughts come increased likelihood of wildfires that cause damage to plant and animal species, habitats, reduced forest productivity, and lower water levels. Freshwater resources are already highly influenced by inter- and intra-annual rainfall variability, including the extremes of flooding and drought and climate change may further reduce the availability of this resource through altered rainfall patterns, higher evaporation, resulting in lower lake levels. This is particularly critical to western counties located around Lake Victoria.

As Kenya's energy generation is largely from hydropower, drought will reduce hydropower production, which typically is supplemented with more costly thermal power, increasing costs of

[43] The material is largely extracted from Kenya's National Climate Change Action Plan https://cdkn.org/wp-content/uploads/2013/03/Kenya-National-Climate-Change-Action-Plan.pdf and the NCCAP Chapter on "Adaptation Analysis and Prioritisation" http://www.kccap.info/index.php?option=com_phocadownload&view=category&id=37

[44] Mutai, C. C., S. O. Ochola, H. K. Mukiira, L. N. Gachimbi, M. Otiono, S. M. King'uyu, and S. N. Marigi. 2011. State of the Environment – Chapter 3: Climate change and variability. NEMA, 2011.

[45] World Bank. 2012. Kenya Overview. Available online at [http://www.worldbank.org/en/country/kenya/overview]. Downloaded 24 Aug 2012

[46] Kenya National Climate Change Action Plan. Pg 46

production and decreasing competitiveness of Kenyan products. Climate change is a potential "external shock" to the financial services sector, though, for example, exposure to indirect risks to investment portfolios, and retail customers defaulting on loans, and to insurance through increased risks leading to high claim ratios and lower uptake of insurance cover.

A multi-faceted approach to address climate variability is required to build resilience of households involved in agricultural and livestock production livelihoods. Various technologies and practices are already being employed, and efforts are underway to continue development of more. Continued efforts are needed to develop through research climate resilient inputs, technologies and strategies and identify adaptation success stories and support up-scaling in relevant agro-climatic zones.

The Institute of Climate Change and Adaptation (ICCA) has recently been established at the University of Nairobi to focus on research and training related to adaptation. Kenya has also established the first Climate Innovation Centre (CIC) at the Strathmore Business School. Dedicated to supporting climate change technologies and research and development entrepreneurships, its main focus will be on innovative technologies in the area of energy, agriculture and water supply.

Technologies that have been identified as priority for development by agricultural research institutions include drought tolerant sorghum, drip irrigation, conservation tillage, bio-technology, tissue culture banana, early warning systems, hay production, and soil and water conservation. However, adaptation strategies should be well thought out to avoid maladaptation, such as use of inappropriate hybrid seeds and construction of dams in inappropriate areas and settlement in areas that historically are known for flooding.

Other areas to consider for increasing resilience to variable climate:

- Strengthening demand-driven R&D to generate climate resilient information technologies, and methodologies;[47]
- Delineating emergency drought reserve areas for livestock keeping, and encourage fodder preservation and storage techniques;
- Developing buffer areas of crop/forage production as part of contingency planning;
- Developing climate information sharing enhance capacity for agro-meteorological information provision and ensure effective service delivery mechanisms including climate smart extension;[48]
- Enhance early warning systems;
- Coordination and mainstreaming of climate change into agricultural extension services (government, private sector, NGOs);
- Establishment and maintenance of climate change related information for agriculture;
- Water harvesting – ground run-off, roof top – for crop and livestock production;
- Conservation agriculture: including agroforestry, integrated soil fertility management integrated pest management, low/no tillage, drought tolerant varieties and species;

[47] KALRO conducts research and development on the relationships between climate variability and change and agricultural crops and livestock. The World Centre for Agroforestry is conducting research and application of conservation agriculture with the objective of conserving soil, water and plant nutrients under variable climate conditions. The International Livestock Research Institute (ILRI) conducts research on the influence of climate change on livestock pests and diseases.

[48] The Kenya Meteorological Department (KMD) conducts research on climate information packages, develops seasonal climate information products and disseminates the same to the public for early warning and preparedness.

- Diversification of cropping/livestock systems;
- Systematic vaccination campaigns for livestock;
- Improve postharvest and food preservation practices; and
- Irrigated agriculture

In developing strategies and technologies for adaptation, it is important to recognize that many communities are aware of climate change impacts including traditional/inbuilt mechanisms on adaptation. Many local communities, farmers, fishermen, and pastoralists have traditionally employed a range of resource management adaptation strategies that enhance flexibility and resilience. However, these traditional coping methods are disappearing as a result of changing lifestyles, reduced farm sizes and higher costs of living. Also, some of the more marginalized communities, often in ASALs, may have reduced adaptive capacity and are poorly equipped to cope with interventions that change their traditional practices.

While research is important in understanding climate change, it may not be utilized if it is not supported by education and outreach programs on potential climate change impacts and ways to respond. Capacity building and information sharing activities by civil society organizations (CSOs) has been central to understanding of climate change impacts and in adaptation/coping mechanisms by CSOs and local communities.

ANNEX I: Implementation Principles for Market Systems Development Using a Conflict Lens and the Development Response for Countering Violent Extremism (CVE)

Market Systems Development Using a Conflict Lens. Evidence-based principles [49, 50] for intervening in conflict-affected environments include:

- Start early. Start the implementation of interventions to expand market-oriented economic opportunities at the beginning of the recovery process, much earlier than traditionally has been the case.[51]
- Build on the principle of iteration and improvement toward longer term goals rather than rigid plans
- Recognize the need and huge challenge of coordinating with a multitude of different development organizations
- Address the underlying causes of the conflict related to poverty and vulnerability
- Use a conflict lens in the design of interventions, first, to 'do no harm' and second, to mitigate rather than fuel conflict and third create a positive peace building environment.
- Stimulate economic (diverse enterprise) opportunities, focusing on local investment and demand and using grants to strategically buy-down risks (making clear the time-limited nature of subsidies from the outset)
- Link firms to a source of commercial finance, either during the grant phase or immediately afterwards.
- Promote collaboration, coordination and partnerships to enhance volume of product (to sell to end markets), maximize efficiencies, and ability to compete.
- Link economic recovery to economic and social inclusion and conservation of the environment and natural resources
- Get labor and capital back to work quickly.
- Principles for market systems programming in conflict-affected contexts include:
  - Ensure that market opportunities drive programming and harness market forces to reinforce positive coping mechanisms
  - Understand the business enabling environment (BEE) -- the norms and customs, laws, regulations, policies and infrastructure that facilitate or hinder the movement of products and services within a market system -- may be unfavorable, weak or in flux in conflict-affected contexts.
  - Acknowledge and plan for the fact that transportation, mobility and security present challenges for program designers, implementers and other value chain actors operating in conflict environments, such as:
  - Increased product prices due to higher fuel and freight costs
  - Higher risks of product damage from longer travel times, bad roads and rough handling
  - Limited safe movement of people (including program staff) and products due to ongoing security issues
  - Long delays at borders caused by poor policies, regulations, weak or corrupt border management practices and/or security concerns for those trading legally.

[49] http://pdf.usaid.gov/pdf_docs/PNADO408.pdf
[50] https://sustainabledevelopment.un.org/content/documents/guidancenotes.pdf
[51] By implementing economic growth programs in the immediate aftermath of conflict, donors can better address the underlying causes of conflict and reduce the probability that it will return (USAID/EG/EGAT, *A Guide to Economic Growth in Post-Conflict Countries)*.

- Invest in input supply and support services—financial services (credit, leasing), cross-cutting services (business, legal) and sector specific services (veterinary, irrigation) can address constraints across different agricultural value chains and livelihoods and allow for flexible targeting of value chains.
    - Strengthen information and communication technologies (ICT), where possible, to strengthen linkages to markets, sources of inputs, and suppliers of products
    - Promote employment generation focusing on local employers
    - Incorporate strategies that recognize the social dimensions of markets (e.g. how social status, gender, or age, social status affect inclusion) and that build bridging and linking social capital to strengthen trust and social cohesion inclusive and competitive market systems
    - Empower women, youth, vulnerable households and marginalized social groups to be market system players: Strategies for expanding economic opportunities for youth are a priority and should recognize that: youth are a heterogeneous group (by gender, age, living situation and education level); many young people need basic literacy and numeracy skills and increased access to information to seize economic opportunities.

Resilience Capacities in Conflict-Affected Contexts. Principles for strengthening resilience capacities include:

- Apply an integrated approach in coordinating the planning design, and implementation of cross-humanitarian and development assistance by layering programs across sectors and funding streams; integrating programming to address multidimensional challenges; and sequencing of programs to maximize long-term impact.
- Integrate resilience and conflict-management analyses.[52]recognizing that armed conflict, political instability, and violent extremism pose direct threats to market development through displacement, restricted movement, social upheaval, and disruption of market linkages.
- Recognize the complexity of the risk environment and understand the different types of risks that affect households, communities and markets through a comprehensive risk and resilience capacity assessment
- Conducting a conflict assessment can be a critical first step in identifying taking local context as the starting point and building existing institutions to be more effective and legitimate in conflict-affected regions, such as those in the Horn of Africa. Based on recent assessments, USAID is now developing programs across East Africa that link conflict management, good governance, and climate adaptation activities to foster greater resilience.
- Resilience is not an outcome but a set of capacities that enable households and communities to effectively function in the face of shocks and stressors and still meet a set of well-being outcomes.

USAID POLICY: The Development Response to Violent Extremism and Insurgency.[53] USAID's CVE policy calls for applying a core body of program principles at all stages of the programming cycle. The following principles will guide USAID's design and implementation of development programming targeted at violent extremism and insurgency. These are informed by our knowledge base as well as USAID's broader stabilization experience.

[52] https://www.usaid.gov/sites/default/files/documents/1870/USAIDResiliencePolicyGuidanceDocument.pdf
[53] https://www.usaid.gov/sites/default/files/documents/1866/FINAL%20--%20State%20and%20USAID%20Joint%20Strategy%20on%20Countering%20Violent%20Extremism%20%28May%202016%29.pdf

For Analysis, Planning, and Design

Focus on the drivers of violent extremism and insurgency. USAID will identify and prioritize drivers, set clear objectives, design a focused set of interventions, and systematically evaluate related measures of progress and impact.

- *Promote inclusive country ownership.* USAID will engage a wide range of country stakeholders committed to addressing these issues.
- *Exercise selectivity.* USAID will invest where it can achieve the greatest impact, avoid programs that could have a destabilizing effect, and target resources demographically, sectorally, and geographically.
- *Take a coordinated and integrated approach.* In close coordination with interagency and other partners, USAID will coordinate and integrate such programs with other assistance efforts.
- *Tailor and coordinate communications.* USAID will effectively communicate local ownership and partnership to achieve program objectives.
- *Think locally and bring an entrepreneurial approach.* USAID will specifically tailor programming to the local environment, scale up successful approaches, and dis continue ineffective investments.
- *Consider transnational strategies.* USAID will take advantage of appropriate opportunities for cross border or regional programming and coordination, as the dynamics driving extremism and insurgency often cross national boundaries.

For Operational and Management Responsiveness

- *Flexibility, agility and procurement speed.* USAID will increase its capability to procure rapidly, adjust as conditions change, and expand its work with and through local partners.
- *Intensive program management.* USAID will ensure staff are trained and equipped to provide hands-on management and oversight required for results.
- *Innovation, evaluation, and learning.* USAID will promote innovation, create mechanisms for on-going review and adaptation, and actively share lessons learned.
- *Informed risk taking and experimentation. USAID* will encourage staff to take risks, informed by the best available information and mitigation practices.

SECTION B – AWARD INFORMATION

1) ESTIMATED FUNDING: Subject to the availability of funds, USAID intends to provide approximately **$60 Million** in total funding for the **Crops and Dairy Market Systems Development Activity.** While USAID anticipates making only one award as a result of this funding opportunity, USAID reserves the right to make one or more award(s) without discussions to responsible applicant(s) whose application(s) offer the greatest value to the U.S. Government. To the extent they are necessary, negotiations will be conducted with the Apparently Successful Applicant(s). Award(s) will be made to the responsible applicant(s) whose application(s) offers the greatest value, cost and other factors considered. **USAID reserves the right to fund any or none of the applications submitted.**

2) PERFORMANCE PERIOD: The period of performance anticipated herein is **five years**. The estimated start date will be upon the signature of the award, **on or about September 30, 2017.**

3) AWARD TYPE: USAID anticipates the resulting award will be a **Cooperative Agreement(s).** **Substantial Involvement** under the award is expected to be as follows:

   USAID/KEA considers collaboration with the Recipient crucial for the successful implementation of this program. Substantial involvement during the implementation of this activity shall include the following:

   1. Approval of the Recipient's Annual Implementation Plans to ensure host government input has been incorporated both at the county and sub-county levels. The plans include:
      a. Approval of Annual Work Plans
      b. Approval of the Recipient’s Monitoring and Evaluation Plan

   2. Approval of Specified Key Personnel.
      The required technical qualifications of the positions listed below are critical to the successful implementation. In accordance with the Substantial Involvement, prior approval from the Agreement Officer is required to fill the listed positions as “Key Personnel”. The positions include:

      - Chief of Party
      - Agricultural Productivity Specialist
      - Market Systems /Value Chain Specialist
      - M&E and CLA Specialist
      - Contracting Officer/Grants Manager

   3. Agency and Recipient Collaboration or Joint Participation.

      a. Approval of Sub Awards. USAID shall have substantial involvement in the criteria and selection of sub-award recipients through means of collaboration and joint participation. Unless otherwise directed by the Agreement Officer, USAID shall concur on the selection of all sub-award recipients and substantive provisions of the sub-awards. (see 2 CFR 200.331 for requirements).

b. Agency monitoring to permit special kinds of direction or redirection because of inter-relationships with other USAID and other donor programs, alignment with U.S. foreign policy objectives and USAID/KEA's strategy.

USAID will monitor program implementation to ensure activities are supporting strategic objectives, to share best practices and capture lessons learned. USAID will also monitor program implementation to be sure the activity does not duplicate the work being done by other USAID and donor funded programs. This monitoring will be conducted through the work plans, related program and coordination meetings, the M&E System, the Environmental Compliance System, and through site visits (conducted by USAID and other USG personnel). The AOR may request additional ad hoc reporting to facilitate coordination among USAID Mission programs as needed.

4) AUTHORIZED GEOGRAPHIC CODE: The Authorized Geographic Code is 937 for the procurement of goods and services.

5) BRANDING STRATEGY AND MARKING PLAN: The **successful applicant(s) only** will be required to submit a Branding Strategy and Marking Plan to be evaluated and approved by the Agreement Officer with concurrence from the Agreement Officer's Representative (AOR). A Branding Implementation Strategy and Marking Plan shall be in accordance with USAID Branding and Marking plan as required per ADS 320. Please refer to ADS 320, (**http://www.usaid.gov/policy/ads/300/**) specifically ADS 320.3.3.3 for more information. The Recipient shall comply with the requirements of the USAID "Graphic Standards Manual" available at www.usaid.gov/branding, or any successor branding policy. Pending formal Mission guidance, activity with a government entity will be branded, as appropriate, for the program's stabilization goals (USAID Graphic Standards Manual 4.10).

[END OF SECTION B]

SECTION C – ELIGIBILITY INFORMATION

1) USAID policy encourages competition in the award of Grants and Cooperative Agreements. In response to this RFA, any U.S. or non-U. S. organizations, non-profit, or for-profit entity is eligible to apply.

2) USAID encourages applications from potential new partners.

Applicants must have established financial management, monitoring and evaluation processes, internal control systems, and policies and procedures that comply with established U.S. Government standards, laws, and regulations. The successful applicant(s) will be subject to a responsibility determination assessment (Pre-award Survey) by the Agreement Officer (AO).

The Recipient must be a responsible entity. The AO may determine a pre-award survey is required to conduct an examination that will determine whether the prospective recipient has the necessary organization, experience, accounting and operational controls, and technical skills – or ability to obtain them – in order to achieve the objectives of the program and comply with the terms and conditions of the award.

3) Cost-Sharing (Matching): USAID encourages cost-sharing to the maximum practicable extent, and any proposed cost-sharing will be assessed by USAID as part of determining which applications offer the greatest value. Cost-sharing or matching means that portion of project or program costs not borne by the U.S. Government. Cost-sharing includes cash and in-kind contributions, and is subject to 2 CFR 200.306 and the USAID standard provision for U.S. NGOs entitled "Cost-Sharing (Matching)" which, *inter alia*, requires that cost-sharing be verifiable from the Recipient's records. Cost-sharing or matching is normally associated with contributions from the same prime and sub-recipient sources that also receive USAID funds under an award, but can include contributions from third parties. Failure to meet a cost-sharing requirement can result in the Recipient having to make refunds to USAID or a reduction in future funding.

[END OF SECTION C]

SECTION D - APPLICATION AND SUBMISSION INFORMATION

SUBMISSION AND PREPARATION GUIDELINES

GENERAL CONDITIONS AND INSTRUCTIONS

1) *Definitions*. As used herein:

"Discussions" are negotiations that occur that may, at the Agreement Officer's discretion, result in the Applicant being allowed to revise its application.

"In writing," "writing," or "written" means any worded or numbered expression that can be read, reproduced, and later communicated, and includes electronically transmitted and stored information.

"Application modification" is a change made to an application before the RFA's closing date and time, or made in response to an RFA amendment, or made to correct a mistake at any time before award.

"Revised application/addendum" is a change to an application made after the RFA's closing date, at the request of or as allowed by the Agreement Officer as the result of negotiations.

"Time," if stated as a number of days, is calculated using calendar days, unless otherwise specified, and will include Saturdays, Sundays, and legal holidays. However, if the last day falls on a Saturday, Sunday, or legal holiday, then the period shall include the next working day.

2) *Amendments to RFA*.

(a) If this RFA is amended, all terms and conditions that are not amended remain unchanged.

(b) As of November 1, 2005, the preferred method of distribution of USAID assistance solicitations (*i.e*., RFAs and Annual program Statements [APSs]) and amendments to such solicitations is electronically via http://www.grants.gov ("Grants.gov"), which provides a single source for USG-wide competitive grant opportunities. Any future amendments to this RFA can be downloaded from that website. In order to use this method, an applicant must first register online with Grants.gov. If the applicant has difficulty registering or accessing the RFA or related documents, the applicant should contact the Grants.gov Helpdesk at 1-800-518-4726 or via e-mail at support@grants.gov for technical assistance. It is the responsibility of the recipient of this RFA and any related documentation to ensure that it has been received from Grants.gov in its entirety and USAID bears no responsibility for data errors resulting from transmission or conversion processes. It is important that interested organizations sign-up for e-mail updates with Grants.Gov so that as changes are posted to this and other USG (including USAID) assistance solicitations, alerts will be received.

3) *Submission, Modification, Revised Applications/Addenda, and Withdrawal of Applications*.

(a) All applicants must have a DUNS number and must be registered in the U.S. Government's System for Award Management (SAM). USAID cannot fund organizations that do not comply. A DUNS number may be obtained at http://fedgov.dnb.com/webform, and is required for registration in SAM. **Per ADS 303.3.5.3, applicants must be registered in SAM before submitting an application.** Please refer to Attachment I for further important instructions. Applicants who are not registered in SAM before submitting an application may be considered ineligible for consideration.

(b) Applications, application modifications, and/or revised applications/addenda consist of a technical application and a cost/management application which must be submitted in **two separate volumes**, each of which must be organized by the headings set forth below and must include the information described below.

(c) Applications, application modifications, and revised applications/addenda must be submitted electronically to the e-mail address noted in Section G of this RFA, and may (but are not required to) be submitted through www.grants.gov. An applicant must first register online with www.grants.gov, and should allow sufficient time to do so. If the applicant has difficulty registering, the applicant should contact the www.grants.gov Help Desk at 1-800-518-4726 or via e-mail at support@grants.gov for technical assistance.

(d) Applications, application modifications, and revised applications/addenda must include a cover letter which, at a minimum, includes: (A) the RFA number; (B) the name, address, and telephone and email address of the applicant; and (C) names, titles, and telephone and e-mail addresses of persons authorized to negotiate and sign on the applicant's behalf.

(e) Applications, application modifications, and revised applications/addenda in response to this RFA must be in English or with accompanying English translations, and in U.S. dollars.

(f) Applicants may submit application modifications at any time before the RFA closing date and time, and may submit application modifications in response to an RFA amendment, or to correct a mistake at any time before award.

(g) Applicants may submit revised applications/addenda only if requested or allowed by the Agreement Officer.

(h) Applications may be withdrawn by written notice received at any time before award. Applications may be withdrawn in person by an applicant or an authorized representative, if the representative's identity is made known and the representative signs a receipt for the application before award. Withdrawals are effective upon receipt of notice by the Agreement Officer.

4) *Late Applications, Application Modifications, and Revised Applications/Addenda*.

(a) Applicants are responsible for submitting applications, and any application modifications or revised applications/addenda, so as to reach the Government office designated in Section G of this RFA by the dates and times indicated on the cover letter of this NOFO.

(i) Any application received at the office designated in this RFA after the exact date and time specified for receipt of applications is “late” and will not be considered.

(ii) Any application modification is subject to the same conditions as described in paragraph (4)(a)(i) above, except that it will be considered “late” if it received after the dates and times specified in paragraph (3)(e) above.

(iii) Any revised application/addendum is also subject to the same conditions as described in paragraph (4)(a)(i) above, except that it will be considered “late” if it is received after the date and time specified in the Agreement Officer’s request for the revised application/addendum.

(b) Notwithstanding paragraphs (4)(a) above, a late application, application modification, or revised application/addendum of an otherwise successful application that makes its terms more favorable to USAID will be considered at any time it is received and may be accepted at the discretion of the Agreement Officer.

(c) If an emergency or unanticipated event interrupts normal Government processes so that applications cannot be received at the office designated for receipt of applications by the exact time specified in cover letter of this RFA, and urgent Government requirements preclude amendment of the RFA, the time specified for receipt of applications will be deemed to be extended to the same time of day specified in the cover letter of this RFA on the first work day on which normal Government processes resume.

5) *Application Expiration Date*.

Applications, application modifications, and revised applications/addenda in response to this RFA will be valid for 150 days unless a different period is proposed by the applicant.

6) *Restriction on Disclosure and Use of Data.*

(a) Applicants that include in their applications data that they do not want disclosed to the public for any purpose, or used by the Government except for evaluation purposes, shall:

(i) Mark the title page with the following legend:

This application includes data that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed—in whole or in part—for any purpose other than to evaluate this application. If, however, a grant or cooperative agreement is awarded to this applicant as a result of—or in connection with—the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting award. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction.

The data subject to this restriction are contained in sheets [*insert numbers or other identification of sheets*];

and

(ii) Mark each page containing restricted data with the following legend:

Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this application.

(b) Applicants are advised that it is anticipated that the successful technical application, application modification, and/or revised application/addendum will become the Program Description of the grant awarded as a result of this RFA. Pursuant to the Freedom of Information Act of 1981, the public is entitled to request information from Agency award files. As a general rule, information will be disclosed except:

(i) Information submitted in response to this RFA, prior to award of the grant, or modifications or revisions thereto.

(ii) Information properly classified or administratively controlled by USAID.

(iii) Information specifically exempted from disclosure under the Freedom of Information Act.

(c) Upon award of the cooperative agreement resulting from this RFA, USAID will disclose, use, or duplicate any information submitted in response to this RFA to the extent provided in the award and as described in this RFA, and as required by the Freedom of Information Act.

7) *Award.*

USAID intends to award one Cooperative Agreement, as described in Section B and respective attachments of this RFA, to the responsible applicant whose application, application modification(s), and/or revised application(s)/addendum (a) is responsive to this RFA and represents the greatest value after evaluation in accordance with the evaluation criteria in Section E of this RFA. USAID may reject any or all applications and may accept more than one application if such action is in USAID's interest. USAID may waive informalities and minor irregularities in applications received. Award is expected to be made in September, 2017.

8) *Responsiveness to RFA and False Statements.*

The applicant shall follow the instructions contained herein and supply all information as required. Failure to furnish all information requested, or to submit an application directly responsive to the terms, conditions, specifications, and provisions of this RFA may disqualify an application. Applicants must set forth full, accurate and complete information as required by this RFA. The penalty for making false statements to the Government is prescribed in 18 U.S.C. 1001.

9) *Pre-Award Audits/Surveys and Discussions.*

USAID reserves the right to perform a pre-award audit/survey which may include, but is not limited to: (1) interviews with individuals to establish their ability to perform award duties under project conditions; (2) a review of the applicant's financial condition, business and personnel policies and procedures, etc.; and (3) site visits to the applicant's institution. However, it must be understood that USAID undertakes no obligation to perform any of the foregoing elements. Accordingly, applicants should submit their best and most complete application initially.

10) *Interviews/Discussions/Oral Presentations in Nairobi, Kenya*

While it is not anticipated, USAID nevertheless reserves the right to request the applicant and the applicant's key personnel to travel to Nairobi, Kenya for interviews, discussions, and/or oral presentations. USAID will not pay any travel costs associated therewith.

11) *Submission of Questions and Explanation to Prospective Applicants.*

(a) Written Questions

Written questions concerning this RFA must be received no later than the time specified on the cover page. Questions must be in writing and should be e-mailed only to the e-mail address specified in this RFA. Please note that all questions, without attribution to the organization, and answers will be posted online at grants.gov as an amendment to this RFA. Sensitive or proprietary information should not be included in the questions.

(b) Contact with USAID Missions

In order to maintain the integrity of the competitive process, USAID Missions and other USAID operating units will be unable to advise or provide information to potential applicants that would be used in preparation of the application. Therefore, applicants are advised not to contact USAID Missions regarding this RFA. Information on Mission strategies and programs can be accessed from Mission websites.

12) *Unnecessarily Elaborate Applications.*

Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective response to this RFA are not desired and may be construed as an indication of the applicant's lack of cost consciousness. Elaborate art work, expensive paper and bindings, and expensive visual and other presentation aids are neither necessary nor wanted.

13) *Inconsistencies between this RFA and 22 CFR 226/ADS 300.*

In case of any disagreements or discrepancies between the terms and conditions of this RFA and 2 CFR 200 or ADS 303, the latter shall prevail unless any such conflicting terms and conditions of this RFA are expressly and specifically stated to be an approved deviation from 2 CFR 200 or ADS 303 .

14) *Failure to Conform.*

The USAID evaluation committee may consider any failure to conform to these instructions and rules, and any attempt to evade these specifications and rules on the basis of technicalities, as indications of the kind of behavior that it may expect from the applicant during award performance/implementation. The committee will take this into account when making its evaluation. If an applicant does not understand these instructions, it should follow the instructions in paragraph 11 above.

15) *USAID Obligation.*

USAID is not obligated to make an award or pay for any costs incurred by the applicant in preparation and submission of an application in response hereto.

16) *Authority to Commit USAID.*

The Agreement Officer is the only individual who may legally commit USAID to the expenditure of public funds. No costs allocable to the proposed award(s) will be reimbursed by USAID before receipt of either a fully executed grant or cooperative agreement, or a specific written authorization from the Agreement Officer.

17) *Pre-Award Costs.*

USAID will not reimburse any applicant for pre-award costs unless specifically authorized by the Agreement Officer, who may, at his/her sole discretion, authorize the selected applicant, at its own risk, to begin program implementation and the incurrence of costs prior to a signed award as of a specified date, with no commitment to reimburse costs in the event that the award is not subsequently signed.

18) *ELECTRONIC SUBMISSION OF APPLICATIONS VIA E-MAIL IS REQUIRED.*

Please submit your applications to all of the e-mail addresses below by **the time specified on the cover page.** Receipt by the deadline for submission will constitute timely receipt of your application. **RECEIPT TIME IS WHEN THE APPLICATION IS RECEIVED BY THE USAID/KENYA AND EAST AFRICA INTERNET SERVER.** Paper copies of the applications are not required. Per Section G, the addresses for the receipt of applications are: Regional Agreement Officer, Ms. Caroline Bertolin Hillas, via email at cbertolin@usaid.gov with a required copy to the Acquisition & Assistance Specialist, Ms. Charity Igweta at cigweta@usaid.gov. Applications which are submitted late or do not follow the instructions contained herein run the risk of not being considered in the review process.

All applications received by the deadline will be reviewed for responsiveness to the specifications outlined in these guidelines and the application format. Applications should take into account the evaluation criteria provided in **Section E** and must include the **Representations and Certifications** provided at the USAID website http://www.usaid.gov/sites/default/files/documents/1868/303mav.pdf which must be signed and dated by the applicant. In the event Representations and Certifications are not submitted with the application, they must be completed before final award is made. **Please note that technical and cost applications should be kept separate.**

Applications must be submitted electronically in MS Word and .pdf (Adobe Acrobat) versions. In case of any conflicts between the MS Word and .pdf versions of the application, the .pdf version will govern as it will be the version presented to the Technical Evaluation Panel.

Applicants are advised that any pages exceeding any of the prescribed limits below will not be considered for evaluation.

Applications must be legible and must not require **magnification** (!). Please be kind to the evaluators and keep the technical application clear, concise, easy to follow, while also in complete compliance with the instructions herein.

Applications will be evaluated by a USAID Selection Committee (SC). Additional discussions with applicants may take place if the applications submitted do not adequately describe the activities to be funded and/or there are one or more points to be clarified or modified based on the recommendations of the SC.

Technical applications are limited to 25 pages. This includes all information that makes up the technical application including the cover page and table of contents. A page in the technical proposal which contains a table, chart, graph, etc., is counted as a page within the page limitation. Information beyond these limits will not be evaluated. The evidence of registration in SAM described in Annex A **does not** count towards the page limit.

Applicants should retain for their records one copy of the application and all enclosures which accompany their application. Erasures or other changes must be initialed by the person signing the application. To facilitate the competitive review of the applications, USAID will consider only applications conforming to the format prescribed below.

APPLICATION INSTRUCTIONS

A. Submission of Applications

The Applicant will be expected to submit one technical application and one cost application in response to this Crops and Dairy Market Systems Development Activity NOFO. The Technical Application has a strict **FORTY (25) PAGE LIMIT inclusive the cover letter and table of contents.** The technical application should clearly and concisely outline how the Applicant proposes to achieve the activity purpose and the expected outcomes for each sub-objective. Each of the applications must include a detailed description of the management approach for implementing the proposed activity, which includes specifying the composition and organizational structure of the entire implementation team (including home office support); and describing each team member's role and level of effort.

- **Content and Form of Application**

Applications shall be submitted in two separate parts: (1) Technical application and (2) Cost or Business application and as follows:

Electronically - internet email with up to 10 attachments (5MB limit) per email compatible with Microsoft Office 2010 (MS WORD or Excel) or in a MS Windows environment. Multiple emails may be sent to accommodate the application size and content, but each must contain very clear identification of the attachment and instructions for assembling the application. Applicants may also send an Adobe Acrobat portable document format (pdf) for electronic submission; however, zipped files attachments are not allowed.

Email addresses: cbertolin@usaid.gov and cigweta@usaid.gov

The subject line for every email must be formatted as follows:

xxxxxxxxxxx
Applicant's name **TECHNICAL application** EMAIL: **1 of XX**

xxxxxxxxxxx
Applicant's name **COST application** EMAIL: **1 of XX**

The applicant shall sign the application and certifications and print or type its name on the cover page of the technical and cost applications. Applications signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the issuing office. Applicants should retain for their records at least one copy of the application and all enclosures which accompany their application. Erasures or other changes must be initialed by the person signing the application.

ONLY ELECTRONIC SUBMISSIONS WILL BE ACCEPTED IN RESPONSE TO THIS RFA.
Fax applications are NOT authorized for this RFA and will not be accepted.
Applicants are encouraged to obtain confirmation of receipt of their applications.

- **Late or incomplete applications** will only be considered at the discretion of the Agreement Officer. (see ADS 303.3.6.7)

- **Questions and Clarifications.** Any questions and/or requests for clarifications regarding this RFA should be received no later than the date and time indicated on the cover letter of this RFA, in writing via email to the Agreement Officer, Ms. Caroline Bertolin Hillas at cbertolin@usaid.gov and the Acquisition and Assistance Specialist, Ms. Charity Igweta at cigweta@usaid.gov. No questions will be accepted after this date. If substantive questions are received which affect the response to the solicitation, or if changes are made to the closing date and time, as well as other aspects of the RFA, this solicitation will be amended.

- **Closing Date and Time.** All applications in response to this RFA shall be due at the above email addresses, no later than the date and time, as indicated on the cover page of this NOFO.

B. Technical Application Format and Instructions

THE TECHNICAL APPLICATION HAS A STRICT THIRTY (25) PAGE LIMIT including the cover letter and table of contents. The technical application should clearly and concisely outline how the Applicant proposes to achieve the activity purpose of: (1) inclusive and sustainable agriculture-led growth, (2) strengthened resilience among people and systems, and (3) a well-nourished population. The application must include a detailed description of the management approach for implementing the proposed activity, which includes specifying the composition and organizational structure of the entire implementation team (including home office support); and describing each team member's role and level of effort.

(1) Application Content

Required Format for Technical Application

- Cover Page: Title, name of organization(s) submitting application, contact person, telephone and fax numbers, address, and e-mail.
- Executive Summary (not to exceed 2 pages): Briefly describe the proposed technical approach, key personnel, and staffing and management plan for how the overall activity will be implemented, organized and managed to achieve the activity Priority Areas expected outcomes.
- Body of the Technical Application: (1) Succinctly describe the theory of change that underlies the Applicant's technical approach, and how the proposed approach, activities, and/or outputs will lead to activity proposed expected outcomes. (2) Address the issues detailed below under *Technical Discussion*. (3) Include a *plan for how to effectively use grants* to achieve the higher-level purpose and/or expected outcomes. (4) Include *narrative related to the M&E Plan* that details how the Applicant will measure systemic change, monitor both the direct and indirect results, apply lessons learned from working collaboratively with other ongoing USAID activities, other development partners, and county governments and economic blocs, and local institutions; (5) Describe the technical and managerial resources of the Applicant's organization that will be brought to bear in implementing this activity. (6) Describe how the overall activity will be managed, including the roles of sub-awardees and key and non-key personnel.

- Outline of Technical Application
  - A. Technical Approach
    1. Technical Discussion
    2. Plan for the Effective Use of Grants
    3. Illustrative First-Year Work Plan
    4. MEL Plan

  - B. Key Personnel, Staffing Plan, and Management Plan
    1. Key Personnel
    2. Staffing Plan
    3. Management Plan

  - C. Past Performance

(2) Authorized Attachments

The above page limitations of the body of the application exclude the authorized attachments. Applicants should retain for their records one copy of the Application and all enclosures that accompany their Application. Erasures or other changes must be initialed by the person signing the Application. The authorized Annexes specified below shall not be counted towards the technical application page limit; however, any attachments other than those specified below shall not be read.

The applicant must submit the following annexes only:

- ANNEX I. Draft First-Year Workplan

- ANNEX II. Draft Monitoring, Evaluation and Learning (MEL) Plan
- ANNEX III: Organizational Chart with Position Descriptions, including sub-awardees
- ANNEX IV. CVs of Key Personnel (each with of 3-5 references and current contact information) and Letters of Commitment for Key Staff. The Applicant has the option of including curriculum vitae of additional named personnel and letters of commitment from partners. CVs are limited to a maximum of 3 pages in length each.
- ANNEX V. Past Performance References and Information
- ANNEX VI: Draft Branding and Marking Plan – Apparently successful applicants ONLY.
- ANNEX VII: Start-up plan in table format
- ANNEX VIII: Environmental compliance plan

(3) Application Instructions

This section includes instructions for: (a) Technical Approach, (b) Personnel, Staffing and Management Plan, and (c) Past Performance.

Technical Discussion

The Applicant is asked to propose a technical approach that takes into consideration the Kenyan context, development challenges and opportunities for competitive, inclusive, and resilient market systems development in Kenya, an understanding of GOK (national, regional, and county), USAID FTF and other development partner strategies and activities, including the past achievements, successes and lessons learned from USAID Kenya's FTF Program (see Mid-term Assessment of Kenya's Feed the Future Program).

The Technical Discussion should present how the proposed technical approach will achieve the activity purpose and priority area (1-5) outcomes. It will be evaluated based on how well it demonstrates:

- Its evidence-based Theory of Change
- Its Results Framework[54] (based on the Theory of Change)
- An approach that achieves the objectives and outcomes, i.e., systemic changes, described under each priority area (1-5) and takes into consideration the challenges and opportunities articulated under the focus areas of each priority area (see SECTION A: The Program Description).

Additionally, the technical discussion should reflect an approach that:

(1) increases *competitiveness* of selected market systems (including input and output market systems) with the ability to create a pull effect for farm households with profit potential through linkages to buyers and smallholder-dominated supply chains;

(2) increases *inclusiveness* of selected market systems such that youth, women and farm households without profit potential can be pushed (through buying down risks) and pulled into market-oriented livelihoods (upstream and downstream and other parts of selected value chains such as service markets);

(3) increases the *resilience* of selected market systems by building system and household level capacities to absorb, adapt, and transform in the face of market- and climate-related shocks and stresses;

(4) achieves layering and sequencing by leveraging collaboration and learning with the range of

[54] The M&E Plan should align with the Results Framework

USAID/FTF, other development partners, and GOK (including county level)-funded activities;
(5) integrates rather than stovepipes cross cutting issues (see SECTION A: Program Description); and
(6) uses iterative learning, a monitoring system that tracks systemic changes related to priority area outcomes, and adaptation of interventions based on learning to ensure results.

Plan for Effective Use of Grants Applicants are asked to propose a plan for how to effectively use grants, while ensuring that it is flexible and will be able to respond to anticipated and unanticipated bottlenecks and opportunities, and encourage innovation. The potential uses of grants to be considered are articulated in SECTION A: Program Description. The Applicant should include a plan for managing grants to ensure transparent award procedures and alignment with USAID financial requirements.

Illustrative Year 1 Work Plan

Based on the approach that explains why certain activities will be undertaken (and their expected outcomes), the Applicant should provide an illustrative First-Year Work Plan of specific activities, timetable, and methodology for carrying out proposed interventions. The Work Plan should present a clear, year-one roadmap—for implementation of activities or interventions—that translates the Applicant's approach to field-level implementation. The Work Plan should include a plan for collaborative action and tracking of systemic outcomes articulated in the Program Description (SECTION A). It should also include a plan for collaborating, coordinating, or layering with other activities funded by USAID, other development partners, and the GOK regional blocs and counties, including planning for joint work planning, implementation and shared indicators.

Draft MEL Plan

Applicants will include in their proposals a description of the process that they will follow in coordination with USAID during the first three months of the award period for developing and finalizing an MEL Plan. The MEL Plan should include a plan for finalizing indicators that will be regularly reported to USAID, obtaining baseline data, and setting targets.

The Applicant should present a draft MEL Plan that clearly incorporates the required indicators, including FTF required indicators (note that FTF indicators are being revised as of this writing. See Feed the Future Handbook of Indicator Definitions[55]), and any custom indicators needed to measure expected outcomes. The MEL Plan must also propose specific metrics to measure nutritional outcomes, gauge improvements in household incomes, outcomes for resilience to increasing incidences of drought and climate variability, market, and other risks, and demonstrate gender and youth integration.

The narrative to the MEL Plan will specify the systems that will be established to collect data regarding performance targets and to verify and substantiate data gathered. The Applicant shall also describe how environmental compliance will be tracked, measured, and reported. The MEL Plan should include a strategy for coordinating activities to support the external performance and impact evaluations.

The MEL Plan should offer creative approaches to measuring outputs and outcomes and reporting efficiently on the required and custom indicators. The MEL Plan should align with the Applicant's proposed Results Framework and include the priorities and focus areas presented in the Program Description, including (but not limited to) approaches for:

- measuring systemic change including intended, unintended, positive, or negative changes; and for learning about how to increase the competitiveness, inclusiveness, and resilience of selected

[55] http://feedthefuture.gov/resource/feed-future-handbook-indicator-definitions

market systems (including upstream, downstream, and service-market businesses), what can be done about impoverishment and stunting; and for understanding pathways that contribute to resilient escapes from poverty;

- measuring both direct and indirect results and beneficiaries in order to understand success at scaling;
- understanding the incentives and disincentives for behavior change (related to resilience capacities, new market-oriented activities, improved nutrition practices, improved agricultural and enterprise practices, and practices to mitigate risks from unpredictable climate ;
- ensuring that the new activity learns over time – in collaboration with other activities – and uses this learning to adapt implementation in order to achieve the expected outcomes and targets;
- collaborating with and leveraging relationships with other USAID, development partner, and GOK activities.

The draft MEL plan should include:

a) *Proposed performance monitoring indicators:* The draft MEL plan should include performance monitoring and indicators to track progress of this activity. The indicators in the draft MEL plan should align with the priority and focus areas of this Award. Indicators required under USAID/GFSS will be identified during the work plan stage in consultation with the USAID Agreement Officer's Representative (AOR) and included in the final MEL plan. GFSS indicators will include at least one standard indicator under relevant Objectives[56] and IRs in the Global Results Framework (Figure 2 includes preliminary identification of relevant IRs, to be finalized at the work plan stage). Measuring goal level indicators is outside the scope of this activity as they are covered at the population level in the PBS.[57]

b) A proposed strategy for collecting, analyzing, and reporting data: This should include reference to timing, data quality, and budgetary requirements.

c) *A proposed approach to layering performance monitoring activities:* the draft MEL plan should include a strategy for aligning with and/or complementing performance monitoring indicators, GIS data, and baseline and other data collected by relevant GFSS implementing partners in the targeted geographic areas. The successful Applicant will identify opportunities to layer in consultation with the AOR in the completed MEL plan. The aim is to improve the efficiency and reduce the cost of data collection efforts across projects, and generate a base of information to assess the combined impact of interventions.

d) *A proposed approach to building upon available data sets:* Given that USAID/KEA has invested significantly in generating baseline, performance, GIS and population based data on interventions and related activities in the targeted geographies, the draft MEL plan should be informed by these investments.

[56] See p. 11 of the USG Global Food Security Strategy for illustrative activity outcomes. https://www.usaid.gov/sites/default/files/documents/1867/USG-Global-Food-Security-Strategy-2016.pdf

[57] As described in the GFSS 2017-2021, at least one standard indicator will be associated with each intended Intermediate Result, Objective, and Goal under the Global Results Framework. Sample indicators that the framework may include are: **Goal-level:** *Prevalence of stunted children under five years of age; Prevalence of US$1.90 a day poverty (2011 PPP); Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale.* **Objective-level***:* Objective 1: *Daily per capita expenditures in U.S. Government-assisted areas;* Objective 2: *Depth of poverty at the US$1.90 poverty line (2011 PPP);* Objective 3: *Prevalence of underweight children under five years of age.* **Intermediate Result-level:** IR 1: *Value of smallholder incremental sales generated with U.S. Government assistance*; IR 7: *Prevalence of children 6-23 months receiving a minimum acceptable diet.*

e) A proposed approach to coordinating with external evaluation and learning activities: The draft MEL plan should include a proposed approach for coordinating activities with a USAID funded external impact evaluation, identifying what performance monitoring data and indicators might be needed to support the impact evaluation. For example, could include information on the level of 'exposure' of beneficiaries - individuals, households, enterprises, or communities - to Award interventions, progress towards systems change at the market and households levels, or intermediary indicators that relate priority and focus areas to the theory of change. This type of information would help to plausibly associate the contribution of this Award to higher level change. Successful Applicants will be able to work with the external evaluators and the USAID AOR to discuss what indicators best meet both performance monitoring and impact evaluation needs.

f) *Proposed feedback loops to USAID:* The draft MEL Plan should include a strategy to insure the performance monitoring and other data, evaluation results and learning are used to improve project implementation and impacts.

g) *Proposed approach to sharing learning, and methods for measuring systems change:* The Leader's draft MEL plan should propose an approach to harmonizing the MEL with other proposed learning activities that will be carried out under priority area 4.

At any time during program implementation, USAID may conduct one or more evaluations to review overall progress, assess the continuing appropriateness of the program design, and identify any factors impeding effective implementation. USAID would use the results of the evaluations to recommend course-corrections in implementation, if needed, and to help determine appropriate future directions.

Baseline survey: In order to evaluate the overall effectiveness of USAID/KEA support to this Award, the Draft MEL Plan should incorporate plans for conducting a baseline and end line survey. The baseline survey should commence no later than 3 months after the award, and the end line should commence three months prior to the end of the award.

Performance evaluation: The Mission will also support an outside entity to conduct a mid-term performance evaluation approximately 30 months after the award and a final performance evaluation near the end of the award.

Impact evaluation: USAID will take the lead in planning for and undertaking external evaluation work. This will be in consultation with the successful applicant to ensure a sound design that aligns with the Associate's implementation plan and contributes to improved impact. As mentioned above, the successful Applicant's completed MEL plan should include a strategy for coordinating activities to support the external evaluation activities.

Indicators. Required FTF[58] and Resilience indicators will be decided upon in consultation with USAID during the work planning stage when the MEL Plan is finalized. Applicants should propose the indicators that they will use to track accomplishments against purpose and objectives of their submission.

The plan should include gender and youth indicators and disaggregate data by sex and age where it makes sense.

[58] https://feedthefuture.gov/sites/default/files/resource/files/Feed_the_Future_Indicator_Handbook_Sept2016.pdf

Key Personnel and Staffing and Management Plan

Key personnel will include a (1) Chief of Party, (2) Market Systems/Value Chain Specialist, (3) Agricultural Productivity Specialist, (4) M&E and CLA Specialist, and (5) Contracting Officer/Grants Manager

The Chief of Party shall have the following skills and experience:

- Demonstrated expertise and a minimum of 15 years' experience in managing large (at least $10 million), complex value chain or agri-business projects, with an experience in production, agricultural economics, market intelligence, or related field.
- A minimum of 10 years' experience as a COP, Project Director or other similar management experience for projects with similar magnitude and complexity in developing countries.
- Excellent oral, written, and interpersonal skills.
- Demonstrated ability to be collaborative across projects, flexible and creative.
- Strong communications and interpersonal skills with evidence of ability to productively interact with a wide range and levels of organizations (government, private sector, NGOs, research institutions).
- At least a Master's degree or extensive management experience and expertise.

Market Systems /Value Chain Specialist shall have the following skills and experience:

- A minimum of 10 years' international experience with successful market systems development projects with management responsibility.
- A minimum of 10 years' experience on projects with similar magnitude and complexity in developing countries.
- Demonstrated success in implementing projects aimed at increasing the competitiveness and inclusiveness of market systems using facilitation approaches.
- Education and technical expertise in a field related to agricultural development such as: agricultural economics, marketing, agribusiness management or related fields.

Agricultural Productivity Specialist shall have the following skills and experience:

- A minimum of 10 years' international experience with successful value chain development projects in the technical area of management responsibility.
- A minimum of 10 years' experience on projects with similar magnitude and complexity in developing countries.
- Demonstrated success in implementing projects aimed at increasing the productivity and inclusiveness of value chains using facilitation approaches.
- Education and technical expertise in a field related to agricultural development such as: agricultural economics, marketing, agronomy, agribusiness management or related fields.

M&E and CLA Specialist shall have the following skills and experience:

- At least 5 years (preferably 7) experience in managing performance monitoring plans, evaluation, collaboration and learning, preferably with knowledge of USAID's CLA approach and measuring systemic change.
- At least 5 years (preferably 7) of practical experience in using monitoring and evaluation and learning activities to inform activity implementation and results.
- Education and technical expertise in a field related to monitoring, evaluation, knowledge management, and learning.

Contracting Officer/Grants Manager

- A minimum of 10 years' international experience of successful contracting, administration, or grants management.
- A minimum of 10 years' experience on projects with similar magnitude and complexity in developing countries.
- Education and technical expertise in a field related to international development, contracting, public administration, and business development.

Staffing plan. Long-term personnel are expected to have the requisite skill set to: (1) implement the innovative approach called for in the Program Description, (2) achieve sustainable outcomes, and (3) coordinate and cooperate with complementary USAID-funded, development partners', and GOK (especially county-level) activities. This skill set might include but not be limited to:

- Skills in value chain and market systems development—including agricultural inputs supply, output markets, supporting services (financial and non-financial) and enabling environment—using facilitation to ensure sustainability, local systems development, and local ownership as well as engagement of the private sector.
- Expertise in promoting enterprise development, business development and financial services, including strategic alliances between the banks, value chain actors and financial institutions, savings, credit, insurance, e-payments, e-savings, and e-lending, and new product development tailored to the needs of vulnerable populations.
- Expertise in selected commodities and input market systems, including horticulture, dairy, animal feeds and fodder, and selected tier 2 value chains
- Skills in risk management approaches, including risk transfer and in developing capacities for resilience.
- Expertise in programming that enables the inclusion of youth/women/men in upstream and downstream activities in targeted market systems.
- Collaborative action, learning, and adaptive management, including but not limited to collaboration and coordination with other FTF activities, other development partners' activities, and county-funded activities.
- Skills in managing grants to strengthen the competitiveness, inclusiveness, and resilience of market systems (including on-farm, off- farm, and agriculture-related employment)
- Skills in nutrition-sensitive agriculture approaches.
- Skills in promoting sustainable natural resource systems, conservation agriculture, and adaptation to risks of climate variability and recurrent drought, soil degradation, water scarcity, and pest and disease outbreaks in the Kenyan context

The Staffing Plan and organizational chart for the activity should include a description of the primary responsibilities of each staff person that will play a major role in the activity. Describe the authorities, if any, that will be delegated to the Chief of Party and the activity team from the home office of the Applicant. Identify how the home office of the Applicant will support the in-country staff and Chief of Party.

The organizational chart and staffing plan must relate directly to the strategies, activities and approaches described in the technical approach of the application, and will include long-term personnel, short-term advisors, and administrative and support staff for the Nairobi office, sub offices envisioned, and US headquarters office (if any). The proposed technical team and management and support staff must be adequate in number and have the necessary skills and knowledge to fully achieve results with a high level of quality within the contractual time requirements and available funding.

The Applicant should demonstrate how the entire team - together - meets the technical priorities laid out in the Program Description, and the skill-set described above for long-term personnel. As part of the staffing plan, Applicants should identify the position titles within the organization chart. Long-term staff with previous regional and Kenyan experience is an added advantage. As part of the staffing plan, the Applicant should provide a supporting narrative that includes (1) all long-term staff positions, their duties, and their respective levels of effort, (2) the roles and/or duties of short-term technical staff and their proposed level of effort, (3) the selection process for engaging local Kenyan entities as sub-awardees and/or partners, and (4) the roles and/or potential contributions of short-term technical assistance (STTA) to the effective implementation of the activity.

To the maximum extent feasible, Applicants should strive to hire Kenyans—in key and non-key positions—who have the requisite level of skills, demonstrate familiarity with the country's private sector and agricultural sector, and have language and cultural expertise. In the event that the Applicant proposes Third Country Nationals in long-term positions, strong justification is required.

USAID/KEA recognizes the need for short-term technical assistance (STTA) to complement the skills and enhance the work of local staff. It is the preference of USAID/KEA that, to the extent possible, the Applicant engages short-term technical assistance resources available locally (in the East Africa Region) and actively promotes South-South technical assistance to foster South-South exchange and minimize travel costs.

Management Plan. Factors under this criterion include, but are not necessarily limited to, the following:

a) Suitability of management structure including organization of any and all sub-awards;
b) Consortium structure and technical strengths of each organization;
c) Appropriateness of positions and staffing including key personnel.

Program set-up should be efficient and cost-effective in order to devote as high a percentage of the budget as possible to programmatic activities. After the start-up phase, the Applicant's operations in the primary office should be self-sufficient and able to respond directly to inquiries of various types from USAID/KEA and the host-country government. The preference is to have key senior staff who can communicate at a highly proficient level in English. USAID encourages the use of Kenyan nationals where possible.

Applicants should provide an overview of the proposed management of the activity, including the number and location of offices, quality and previous experience of the applicant in implementing similar programs in developing countries, especially in Kenya. Technical consortia that bring together organizations with different technical expertise relevant to the proposed programmatic priorities are strongly encouraged. Youth and gender expertise on the technical team is essential.

Sub-awards: The Applicant should describe how the partnership(s) will be organized and managed to minimize duplication of home office and local-office management structures. This includes the combined strength of the proposed partners, proposed staff and reporting relationships within and between each of these organizations, and experience in collaborating with other programs/activities in the target areas and in implementing complementary activities. Include location where proposed staff will be based.

Applications should include a non-exclusive signed letter of commitment from all Consortium partners. They should also describe the staffing and management plan for review, selection and oversight of sub-awards made to local partners.

Past Performance

Applicants must offer evidence of their technical resources and organizational expertise in addressing relevant problems and issues described in the program components. The Applicant shall demonstrate its ability to field qualified staff, ability to work with host governments, local organizations and ability to coordinate and mobilize resources and manage a broad range of activities within a limited timeframe as well as offer good value for USG funds.

The technical application should include in the Annex section a list of relevant contracts, grants, task orders, etc. implemented by the applicant. The quality of Applicant's past performance on previous programs of similar size and scope will be assessed. The principal factors to be assessed are the following:

- The overall quality of the product or service provided;
- Timeliness of performance;
- Cost control performance;
- End-user satisfaction with performance; and
- Performance of key personnel.

The Applicant must provide past performance references for itself and each major sub-Implementing Partner or grantee. Care should be taken to establish the relevance of past experience to this program and the basis for reliance upon that experience as an indicator of success on this program. Information in this section should include (but is not limited to) the following:

- Brief description of organizational history/expertise;
- Pertinent work experience and representative accomplishments in developing and implementing programs of the type required under the proposed NOFO;
- Collaboration, including collaborative learning and cross-project implementation, as well as cooperation with development partners and host country governments
- Evidence of a successful record of implementing similar programs. The Applicant should describe U.S. Governmental and/or privately funded contracts, grants, cooperative agreements, and others involving similar or related programs received by your organization during the five years before the application, providing further details in Past Performance References in an Annex;
- Relevant experience with proposed approaches;
- Institutional strength as represented by the breadth and depth of experienced sub-awardee capabilities and expertise.

Past Performance and Experience References

Past Performance. The Applicant should present up to three contracts, grants, or cooperative agreements, not necessarily with USAID, in which the primary Applicant has implemented similar or related programs during the past three years. This information is to include programs of similar complexity and magnitude involving technical assistance to the education sector. If the Applicant is a

consortium, provide information on past experience for all identified partners. Reference information is to include the contract information for an official point of contact,
award or contract numbers, and a brief description of the work performed by the Applicant's partners and/or sub-awardees/sub-recipients. Copies of certificates of Program Completions or any evidentiary documentation should be forwarded as an Annex to the technical application.

Past Experience. The Applicant may supply a table showing previous experience by award, not to exceed one page. In the table list, show the following:

- Name of awarding organization or agency;
- Address of awarding organization or agency;
- Place of performance of services or program;
- Award number;
- Amount of award;
- Term of award (begin and end dates of services/program);
- Name, current telephone number, current fax number, and email address (if one is available) of a responsible technical representative of that organization or agency; and
- Brief description of the program

Organizational Chart

The Applicant must submit a detailed organizational chart for USAID's review. The organizational chart should be both structural and functional. At a minimum, it should clearly define the communication and reporting structure for Key Personnel and all program staff in Kenya. The supervisory responsibility, authority, and accountability for all staff should be included in the chart. Relationship with the home office may be included, as can STTA staff, where appropriate. Functionally, the chart should include bullets to briefly describe job functions and roles of staff. The chart should not exceed 3 pages in length.

COST APPLICATION INSTRUCTIONS/FORMAT

The cost application is to be submitted via a **separate e-mail** from the technical application. Certain documents are required to be submitted by an applicant in order for the Agreement Officer to make a determination of responsibility. However, it is USAID policy not to burden applicants with undue reporting requirements if that information is readily available through other sources. The cost application consists of:

- The **SF-424**, Application for Federal Assistance; **SF-424A**, Budget Information – Non-Construction Program; and **SF-424B**, Assurances – Non-Construction Programs. These forms may be downloaded from the following website: https://www.grants.gov/web/grants/forms.html);
- A summary budget;
- A detailed/itemized budget;
- A budget narrative explaining costs to be incurred. **The budget narrative must explain all proposed costs**; and
- Other administrative documentation as required.

The following sections describe the documentation that applicants for an Assistance award must submit to USAID prior to award. While there is no page limit for this portion, applicants are encouraged to be as concise as possible, but still provide the necessary detail to address the following.

a. The SF-424, Application for Federal Assistance; SF-424A, Budget Information – NonConstruction Program; and SF-424B, Assurances – Non-Construction Programs. The SF-424 is embedded here and included as an annex to this NOFO.

SF424_SF424A.xls

b. A summary budget: It must provide a breakdown by cost element for the duration of the project for the anticipated costs under this Cooperative Agreement.

Figure 1 – RFA Illustrative Summary Budget Template

	Line Item
1	Labor
2	Travel
3	Supplies
4	Other Direct Costs
5	Training
6	Equipment
7	Subawards
8	Overhead, G&A, & Sub-handling
	Total Direct Costs
9	Indirect Costs
10	Cost share
	Total Cost

c. A detailed/Itemized budget must be submitted in U.S. dollars for the applicant and all sub-awards for the duration of the project. It must be in Excel format with unlocked formulas to show how calculations are derived. An accompanying budget narrative must be submitted in Word, text accessible, for the prime applicant and all sub-awardees, and must provide in detail the total costs for implementation of the project that the applicant is proposing. The budget narrative must provide detailed budget notes and supporting justification of all proposed budget line items. It must clearly identify the basis of all costs, such as market surveys, price quotations, current salaries, historical experience, etc. The budget format is embedded here and included as an annex to this NOFO.

Budget Template.xls

Please be sure that the budget includes at least the following elements:

- The breakdown of all costs associated with the program according to costs of, if applicable, headquarters, regional and/or country offices;
- The breakdown of all costs in the program, in the same detail and format as the budget template;
- Potential contributions of non-USAID or private commercial donors to this agreement, including, the breakdown of the financial and in-kind contributions (cost sharing*****) of all organizations involved in implementing this agreement;
- Summary of program vs administrative costs.
- Construction costs- NO Construction is anticipated under this award.

Detailed budgets and supporting notes and justifications should also include the following:

(a) The name, annual salary, fringe benefits and expected level of effort of each person charged to the program.
(b) If not included in the indirect cost rate agreement negotiated with the U.S. Government, specify the applicable fringe benefit rates for each category of employee, and all benefits covered by the rate.
(c) The same information shall be provided for individual consultants as for regular personnel.
(d) Allowances should be broken down by specific type and by person and must in accordance with the applicant's policies. All salaries, benefits and allowances must be based on written compensation policies of the employer organization.
(e) Other direct costs such as visas, passports and other general costs should be separate cost line items.
(f) Travel, per diem and other transportation expenses should be detailed in the financial plan to include number of international trips, from where to where, number of per diem days and rates. Per Diem and other travel allowances must be based on written travel policies of the employer organization.
(g) Details of all home office support to be provided.
(h) Specific budget details and narrative information, in addition to the percentage and total dollar amount of the proposed cost-share contribution.
(i) Cost-share***** (see note below), once accepted, becomes a condition of payment of the federal share.
(j) No profit shall be included in the prime award

*****Note on Cost Sharing: Please note that Applicants should estimate the amount of cost-sharing resources to be mobilized over the life of the agreement and specify the sources of such resources, and the basis of calculation in the budget narrative. Applicants should also provide a breakdown of the cost share (financial and in-kind contributions) of all organizations involved in implementing the resulting Cooperative Agreement.

Also include:

a) Details of sub-award arrangements to the extent they are known at the time of application development. In case there are multiple organizations and partners, please explain as clearly as possible the management structure and how the parties are going to interact. If there are formal legal arrangements such as sub awards or sub contracts please clearly explain how these are to be structured and list past experience between the organizations.

   NOTE: If sub-awards are anticipated and not explained in the original application, the Agreement Officer's approval (after award) may be required before the sub agreement may be executed.

b) Certification for compliance:
   a. Certificate of Compliance: Please submit a copy of your Certificate of Compliance if your organization's systems have been certified by USAID/Washington's Office of Acquisition and Assistance (M/OAA). **-or-**
   b. A copy of the self-certification for compliance with USAID policies and procedures for personnel, procurement, and travel.

c) A copy of the organization's US Government Negotiated Indirect Cost Rate Agreement (NICRA), if applicable***** (see note below).

d) Applicants should submit additional evidence of responsibility they deem necessary for the Agreement Officer to make a determination of responsibility. The information submitted should substantiate that the Applicant:

1. Has adequate financial resources or the ability to obtain such resources as required during the performance of the award.

2. Has the ability to comply with the award conditions, taking into account all existing and currently prospective commitments of the applicant, non-governmental and governmental.

3. Has a satisfactory record of performance. Past relevant unsatisfactory performance is ordinarily sufficient to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance.

4. Has a satisfactory record of integrity and business ethics; and

5. Is otherwise qualified and eligible to receive a cooperative agreement under applicable laws and regulations (e.g., EEO).

*****NOTE on Negotiated Indirect Cost Rate Agreement (NICRA): Applicants must provide a copy of the most recent NICRA negotiated with your organization's cognizant US Government agency, if there is one. If your organization does not have a NICRA with a US Government agency, you may elect **one** of the following options:

1. To charge a *de minimis* rate of 10% as described in 2 CFR 200.414 (https://www.ecfr.gov/cgi-bin/text-idx?SID=ec86cce8b12d73244903878b8eff667c&mc=true&node=se2.1.200_1414&rgn=div8).
2. To charge all costs as direct costs, and not include proposed indirect costs in the proposed budget
3. To submit the following documentation in the absence of a NICRA, where the Applicant seeks to charge an overhead rate other than the 10% de minimus rate noted above:
    - Reviewed Financial Statements Report: a report issued by a Certified Public Account (CPA) documenting the review of the financial statements was performed in accordance with Statements on Standards for Accounting and Review Services; that management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework and for designing, implementing and maintaining internal control relevant to the preparation. The account must also state the he or she is not aware of any material modifications that should be made to the financial statements; or
    - Audited Financial Statements Report: An auditor issues a report documenting the audit was conducted in accordance with Generally Accepted Auditing Standards (GAAS), the financial statements are the responsibility of management, provides an opinion that the financial statements present fairly in all material respects the financial position of the company and the results of operations are in conformity with the applicable financial

reporting framework (or issues a qualified opinion if the financial statements are not in conformity with the applicable financial reporting framework.

NOTE: The award will not provide for the reimbursement of pre-award costs.

[END OF SECTION D]

SECTION E – APPLICATION REVIEW INFORMATION

Overview

The criteria presented below have been tailored to the requirements of this particular NOFO. Applicants should note that these criteria serve to: (a) identify the significant matters which applicants should address in their applications and (b) set the standard against which all applications will be evaluated. To facilitate the review of applications, **applicants should organize the narrative sections of their applications in the same order as the selection criteria**.

USAID/Kenya and East Africa intends to evaluate the applications and award an agreement without discussions with the applicants. However, USAID reserves the right to conduct discussions if the latter is determined by the Agreement Officer to be necessary. Therefore, the initial offer should contain the applicant's best terms from a technical and cost/price stand point.

The technical applications will be evaluated in accordance with the Technical Evaluation Criteria set forth below. Thereafter, the cost application of all applicants submitting a technically acceptable application will be opened and costs will be evaluated for general reasonableness, allowability, and allocability. To the extent that they are necessary, negotiations will then be conducted with all applicants whose applications, after discussion, presentation and negotiation, have a reasonable chance of being selected for award. Awards will be made to responsible applicant(s) whose applications offer the greatest value, cost and other factors considered.

USAID may request clarification and supplemental materials from applicants whose applications have a reasonable chance of being selected for award. The entry into discussions is to be viewed as part of the review process and shall not be deemed by USAID or the applicants as indicative of a decision or commitment upon the part of USAID to make an award to the applicants with whom discussions are being held.

Awards will be made based on the ranking of applications according to the selection criteria identified below. Applicants will be assessed on the quality of the overall design and the extent of understanding of the Program Description, a technical approach that is comprehensive and feasible, a proposed management plan that is sound, cost effective, and able to implement the project, and a staffing plan that provides expertise covering the full range of skills required to achieve the goal and objectives of this activity.

Review and Selection Process

The Selection Committee will be constituted consistent with ADS 303.3.6.3. Please note that the Agreement Officer makes the final selection.

APPLICATION REVIEW INFORMATION:

I. TECHNICAL EVALUATION

Technical Evaluation Criteria

The technical evaluation criteria are tailored to the requirements of this RFA and are set forth below based on a 100 points scale. Applicants should note that these criteria serve to: (a) identify the significant matters which the Applicants should address in their applications and (b) set the standard against which all applications will be evaluated. To facilitate the review of applications, applicants must organize the narrative sections of their technical application with the same headings and in the same order as the selection criteria. There are three criteria against which the Technical Proposal will be evaluated: Technical Approach, Key Personnel, Staffing and Management Plan/Institutional Capability, and Past Performance. The maximum possible points for each of these criteria are outlined in the table below.

1. Technical Approach 40 percent

Technical discussion
Plan for effective use of grants
Illustrative first-year work plan
MEL Plan

2. Key Personnel, Staffing & Management Plan 50 percent

Key personnel and staffing plan
Management plan
Institutional capability

3. Past Performance 10 percent

2(a) TECHNICAL APPROACH (40 percent)

Applicants shall provide a technical approach that takes into consideration the Kenyan context, development challenges in Kenya, other activities of USAID/KEA, including but not limited to FTF, other development partners, and GOK, and the past achievements/successes of the USAID/KEA activities that will serve as the foundation for the new activity (see the Mid-term Assessment of Kenya's Feed the Future Program, September 2016). The Technical Approach will be evaluated based on:

- A technical discussion that articulates the Applicant's approach to achieving the activity's purpose, objectives, and priorities, and outcomes (see SECTION A, Program Description). The technical discussion will be evaluated based on its soundness—given the problem statement, theory of change, programmatic principles and priorities, and focus areas—and appropriateness for achieving the activity's purpose, objectives and priority area outcomes, including—but not limited to—the integration of youth, women, nutrition, resilience, sustainable natural resource systems, and adaptation to risks of climate variability. Further, the technical discussion will be evaluated based on the extent to which the Applicant's submission demonstrates a thorough and complete understanding of the implementation implications of the Kenyan context and the market system- and people-related challenges and opportunities. Finally, the technical discussion will be evaluated based on the soundness of the approach to incorporating contextually appropriate learning on how to achieve systemic change that leads to intensification and diversification into higher-value commodities and nonfarm activities and ultimately— reductions in poverty and malnutrition.

- Demonstrates an effective plan for using grants to innovate, stimulate the competitiveness, inclusiveness, and resilience of targeted market systems, and support other elements articulated in the Program Description (see SECTION A, *Partnership and Innovation Fund*). The plan will be evaluated based on its effectiveness for using grants in flexible, strategic, and cost-effective ways to buy down risk, stimulate private sector engagement, promote innovative practices and technologies, and stimulate learning and adaptation for ensuring results.

- An illustrative First-Year Work Plan (that further articulates the Applicant's approach). The work plan will be evaluated based on its clarity and appropriateness (given the theory of change) for achieving expected outcomes, layering with other USAID- and GOK- (county-) funded activities, and building in sufficient flexibility to learn and adapt.

- A Monitoring, Evaluation, and Learning (MEL) Plan will be evaluated based on the appropriateness of indicators for measuring outcomes (including intermediate outcomes and outputs) and results, cost effectiveness in terms of data collection, effectiveness for managing the activity and learning about what works.

2(b) PERSONNEL, STAFFING & MANAGEMENT PLAN (50 percent)

The Applicant's plan to manage the Award and extent to which this plan is appropriate for achievement of the activity's goal and objectives, results, and expected outcomes with regard to the Program Description, is largely dependent on the staffing and personnel capabilities. This section will consist of a discussion of the skills required to achieve the technical results defined in the Program Description, an explanation of the staffing approach to ensure these skills are available to the Applicant, and resumes of all proposed key personnel. Evaluation under this sub-factor includes the Applicant's overall staffing and management plans and approaches, as well as the capabilities of specific key personnel. Section D elaborates on what is needed under this criterion. Personnel and staffing plan will be evaluated based on:

- The appropriateness of the persons proposed for the key personnel positions, including a review of their experience and skill in areas relevant to the successful implementation of the proposed activity, their performance history as shown through references and/or other sources;

- Appropriateness and expertise of other long-term personnel and other specialists or experts that the Applicant proposes to use to perform the award contemplated by the NOFO;

- Realism and effectiveness of the overall staffing plan, i.e., the extent to which the proposed team, STTA, sub-awards (if any) and partnership agreements (if any) have the mix of requisite skills and relevant experience to achieve expected outcomes; and

- Effectiveness of the staffing plan to maximize, for purposes of sustainability, the use of staff from Kenya to staff positions.

The Applicant's institutional capacity and management plan will be evaluated based on:

- The clarity, feasibility and cost-effectiveness of the plan to manage the geographic scope and complex relationships with local organizations and systems, other FTF activities, the relevant GOK programs, other development partners, and country government authorities;

- Demonstrated capacity and experience of the Applicant to start up in a timely fashion (e.g,, effective systems for procurement, post-award administration, financial management), maintain positive customer satisfaction, manage (technically, administratively, and financially) a project of similar type, size, and complexity and to deliver the required results;

- Demonstrated experience and ability of home- and in-country office to provide full managerial, financial, and technical support and oversight for an award of this type; and

- Plan for collaboration and coordination with other USAID-, development partner-, and GOK-funded activities.

2(c) PAST PERFORMANCE (10 percent)

(a) Performance information will be used for both the responsibility determination and best value decision. USAID may use performance information obtained from other than the sources identified by the Applicant or proposed sub-awardees. USAID will utilize existing databases of performance information and solicit additional information from the references provided and from other sources if and when the Agreement Officer finds the existing databases to be insufficient for evaluating an Applicant's performance.

(b) If the performance information contains adverse past performance information to which the Applicant or sub-awardee has not had a prior opportunity to respond, USAID will provide the Applicant an opportunity to comment on it prior to its consideration in the evaluation, and any Applicant comment will be considered with the adverse performance information.

(c) USAID will initially determine the relevance of similar performance information as a predictor of probable performance under the subject requirement. USAID may give more weight to performance information that is considered more relevant and/or more current. Performance in the Africa region, especially in Kenya, and that relates to the technical areas identified in the Program Description are the most highly relevant types of performance.

(d) The Applicant's performance information determined to be relevant will be evaluated in accordance with the elements below (NOTE – the bullets below are not sub-factors and no specific points or weights are associated with these considerations):

- Quality of product or service, including consistency in meeting goals and targets;
- Timeliness of performance, including adherence to schedules and other time-sensitive project conditions, and effectiveness of home and field office management to make prompt decisions and ensure efficient completion of tasks;
- Business relations, addressing the history of professional behavior and overall business-like concern for the interests of the customer, including coordination among sub-awardees, and

with host country partners; cooperative attitude in remedying problems; and timely completion of all administrative requirements;
- Customer satisfaction with performance, including end user or beneficiary wherever possible;
- Effectiveness of key personnel, including appropriateness of personnel for the job and prompt and satisfactory changes in personnel when problems with clients were identified; and
- Cost control, including forecasting costs as well as accuracy in financial reporting, ensuring that unnecessarily expensive technical assistance is not used when lower cost advisors are adequate, and pacing the expenditure of level of effort such that required products/reports and outputs can be produced within budget.

II. COST EVALUATION

While cost is less important than technical and is not weighted, the cost applications of the apparently successful technical applications will be evaluated for cost effectiveness including the level of proposed cost share. Other considerations are the completeness of the application, adequacy of budget detail and consistency with elements of the technical application. In addition, the organization must demonstrate adequate financial management capability, to be measured for a responsibility determination.

The application with the lowest estimated cost may not be selected if award to a higher priced technical application offers a greater overall benefit for the program. All evaluation factors other than cost, when combined, are significantly more important than cost. However, estimated cost is an important factor and the estimated cost to the Government increases in importance as competing applications approach equivalence and may become the deciding factor when technical applications are approximately equivalent in merit.

Cost estimates will be analyzed as part of the application evaluation process. Proposed costs may be adjusted, for purposes of evaluation, based on results of the cost analysis and its assessment of reasonableness, completeness, and credibility.

Cost Sharing

USAID encourages a cost share contribution from the recipient of the award. Leveraged non-USAID resources from private firms and institutions (such as equipment, training, level of effort and any in-kind contributions) may be considered part of cost share. Cost sharing may be also demonstrated either through direct funding, beneficiary contributions, in-kind assistance, or a combination thereof. USAID shall make the final determination and assess whether or not the Applicants cost share contributions (e.g. categories or items) meet the standards set in 2CFR 200.

[END OF SECTION E]

SECTION F – AWARD AND ADMINISTRATION INFORMATION

(1) USAID reserves the right to make awards without discussions. The successful applicant can expect to receive a notice of award signed by the Agreement Office which serves as the authorizing document. Unsuccessful applicants will be notified by letter sent electronically from the Agreement Officer. Notification will be sent electronically to the person indicated on the cover page of the application. Debriefings will be considered if requested in writing within 10 days of notification from the Agreement Officer.

Award of the agreement contemplated by this NOFO cannot be made until funds have been appropriated, allocated and committed through internal USAID procedures. While USAID anticipates that these procedures will be successfully completed, potential applicants are hereby notified of these requirements and conditions for the award. The Agreement Officer is the only individual who may legally commit the Government to the expenditure of public funds. No costs chargeable to the proposed Agreement may be incurred before receipt of either a fully executed Agreement or a specific, written authorization from the Agreement Officer.

(2) This award will be administered in accordance with the applicable Standard Provisions as laid out in ADS 303 (https://www.usaid.gov/sites/default/files/documents/1868/303.pdf). USAID does not anticipate any deviations from the Standard Provisions.

(3) Reporting Requirements - The resulting award will require the following reporting requirements:

a. Annual Work Plans

The Work Plan will be submitted to USAID within **thirty (30) days after the award**. USAID will provide comments within 10 working days and the implementer will submit the final Work Plan within 10 days of receiving feedback from USAID. AOR approval of the Work Plan will be in writing. Upon acceptance of the Work Plan by the AOR, any substantial revisions to the Work Plan will require the written approval of the AOR. The implementer will designate responsible parties and establish a timeline for completion of each action.

The work plan will include:

- Proposed activities for the duration of the award
- Corresponding time table for implementation of those activities
- Information describing how activities will be implemented

Sixty days before the end of each project year, the Recipient will submit to the AOR an annual work plan for the following project year.

b. Monitoring, Evaluation & Learning (MEL) Plan

Within 30 days of award, the implementer will develop a Monitoring Evaluation & Learning (MEL) Plan in collaboration with USAID/Kenya and East Africa. USAID will provide comments within 10 days and the implementer will submit the final PMP within 5 days of receiving feedback from USAID.

The monitoring and evaluation system will be directly linked to the Work Plan; will track activities of the

Program; and will measure, through appropriate indicators (Standard Indicators and Custom Indicators), the achievement of results. In addition to appropriate indicators, the MEL must include targets, data sources and collection methods, baseline information and benchmarks. All data collected should be disaggregated by gender, age whenever applicable. In addition to monitoring targeted trainees, the MEL should gather, prepare and present the data necessary for USAID/KENYA AND EAST AFRICA/OEG to report on the standard indicators for the relevant Program Elements and Sub-elements, which will enable OEG to fulfill the Standard Indicators reporting requirements.

The MEL will include mechanisms through which findings can be incorporated, on a continual basis, to the implementation process. The implementer will discuss ways in which the collection, analysis, and reporting of performance data will be managed under the program.

c. Quarterly Performance Reports

The implementer shall submit Quarterly Progress Reports within 30 days of the reporting period (i.e. in accordance with USAID/Kenya and East Africa fiscal year) to reflect results and activities completed during the given quarter. Quarterly Progress Reports will summarize targets and results established in the Work Plan for that period, report the actual targets/results achieved, state the estimated budget for the period as set forth in the Work Plan, and report the actual costs incurred by the implementer during that period. The reports will also indicate any problems encountered, corrective actions taken, and any additional proposed means of resolutions. The report will list activities proposed for the next period, noting if they deviate from the Work Plan.

The report should also include budgeted versus actual expenditures (along with a brief analysis of any variance) and estimated accruals for the quarter.

d. Quarterly Financial Reporting

The Recipient will submit electronic copies of the Federal Financial Report on a quarterly basis in accordance with the Standard Provisions. The SF 425 must be submitted electronically to the AOR with a copy to USAID/KEA/RFMS at the following:

The Controller
USAID/Kenya and East Africa
Regional Financial Management Services
P.O. Box 629, 0621 Village Market
8900 Nairobi Place
Nairobi, Kenya
E-mail: nairobirfmspayments@usaid.gov

e. Annual Reports

The Annual Performance Report will report on the project activities and progress made against indicators as outline in the PMP. The Annual Performance Report should cover activities and results through the end of the fiscal year (i.e. October 01 – September 30). Therefore, the Annual Performance Report must be received by USAID in draft no later than September 30 and the final no later than October 15 each year in order to allow USAID sufficient time to integrate the results and prepare the Mission’s Annual Report for timely submission to Washington.

This report would complement, not replace, the relevant quarterly reports.

f. Special Reporting

Unless otherwise agreed upon in writing by the AOR, The implementer will submit copies of other reports and information products that document development program activities and experience performed under this Cooperative Agreement. These reports and information products should include at the minimum success stories.

These reports can also include short-term consultant reports, documents, studies, publications, curriculums, newsletters, bulletins and other intellectual material prepared by and for The implementer that identify significant issues and make recommendations on the same, describe, communicate, or organize development program activities and experiences.

Depending on the final scope of activities and results indicators agreed by USAID and the recipient, USAID may require additional reporting to fulfill Agency, congressional, or presidential requirements. The Recipient will be notified of these requirements in advance.

g. External Evaluation Report
An external program evaluation will be carried out in collaboration with USAID/Kenya and East Africa/OEG.

h. Demobilization and Closeout Plan
Six months prior to the completion date of the agreement, the Recipient will submit a demobilization plan to the AO and AOR for approval. The demobilization plan shall include:

a) Draft property disposition plan in accordance with award requirements, which must be approved by the Agreement Officer
b) Plan for the phase-out of project operations
c) Delivery schedule for all final liquidations, remaining reports or other deliverables required under the agreement
d) Report on the estimated amount of funds required for the completion of the award
e) Report on compliance with all local labor laws, tax clearances, and other appropriate compliance matters.
f) A schedule to address office leases, bank accounts, utilities, cell phones, personnel notification, outstanding payments, household shipments, vehicles, phone subscriptions, etc.
g) Timetable for completing all required actions in the demobilization plan, including the submission date of the final property disposition plan to the Agreement Officer.

i. Final Report

Pursuant to 22 CFR 226.51 (b), a Final Performance Report will be submitted for review forty-five (45) days after the end date of the award and sent to USAID/Kenya and East Africa. USAID will review and comment within (thirty) 30 days of receipt. The implementer will have an additional fifteen (15) days to respond to USAID comments and submit the final report. The Final Performance Report should not exceed twenty-five (25) pages (including an executive summary and excluding attachments), and will:

- Contain an overall description of the activities under the program during the period of this

award, and the significance of these activities.
- Describe the methods of assistance used and the strengths and weakness of these methods
- Present life-of-project results towards achieving the performance indicator targets and the overall USAID/KENYA AND EAST AFRICA/OEG Development Objective and appropriate results.
- Summarize the program's accomplishments, as well as any unmet targets, reasons for these shortcomings, and recommendations on the unfinished work and/or program follow-on.
- Discuss the issues and problems that emerged during the program implementation and the lessons learned in dealing with them.
- Contain a summary of data similar to the semi-annual reports.
- Contain an index of all reports and information products produced under this award.
- Contain a budget spreadsheet that contains final expenditures of the program broken down by budget line item.

In addition, an electronic copy of the final version must be submitted either:

a) Online: http://dec.usaid.gov
b) By mail (for pouch delivery):

DEXS Document Submissions
M/CIO/KM/DEC
RRB M.01-010
Washington, DC 20523-6100

For questions on DEC submissions, contact:
M/CIO/KM/DEC
Telephone: +1 202-712-0579 E-mail: DocSubmit@usaid.gov

c) Online: http://www.dec.org/index.cfm?fuseaction=docSubmit.home.

i. Geographic Information System (GIS) data

Geographic location or coordinate data must be collected and provided quarterly for all USAID-supported sites, including at both implementing organization offices, and locations of all sites that benefit from project resources (e.g. radio stations, clinics, communities, etc.) Project and Activity Location Data will be provided as latitude and longitude coordinates as derived from Global Positioning System (GPS) units, GPS-enabled mobile devices, or a digital map interface, such as Google Earth or Google Maps. When providing exact latitude and longitude coordinates poses sensitivity issues, another geographic resolution for reporting Project and Activity Locations will be agreed upon with the AOR. As specified in further guidance from USAID/East Africa, additional attribute data such as project name, activity name, implementing partner name, project start and end dates, project description, beneficiaries, etc. will be submitted along with Project and Activity Location Data for reporting and portfolio management needs. This information will be provided quarterly. It should be included as a section in the Semi-Annual and Annual Reports, and separately when not coinciding with the other reports. The AOR will provide guidance on the format to be used and additional attribute data to be reported.

[END SECTION F]

SECTION G – AGENCY CONTACTS

The point of contact for this RFA and for any questions during the RFA process is:

Caroline Bertolin Hillas
Regional Agreement Officer
U.S. Agency for International Development
Kenya and East Africa Regional Mission
United Nations Avenue, Gigiri
P.O. Box 629 Village market 00621
Nairobi, Kenya
E-mail: cbertolin@usaid.gov

[AND]

Charity Igweta
Acquisition and Assistance Specialist
U.S. Agency for International Development
East Africa Regional Mission
United Nations Avenue, Gigiri
P.O. Box 629 Village market 00621
Nairobi, Kenya
Email: cigweta@usaid.gov

Any prospective applicant desiring an explanation or interpretation of this RFA must request it in writing by the date listed on the cover letter to allow a reply to reach all prospective applicants before the submission of their applications. Oral explanations or instructions given before award of a Cooperative Agreement will not be binding. Any information given to a prospective applicant concerning this RFA will be furnished promptly to all other prospective applicants as an amendment of this RFA, if that information is necessary in submitting applications or if the lack of it would be prejudicial to any other prospective applicants.

[END SECTION G]

SECTION H – OTHER INFORMATION

The award resulting from this RFA will be administered in accordance with 2 CFR 200, Chapter 303 of USAID's Automated Directives System (ADS-303), relevant U.S. Office of Management and Budget (OMB) Circulars, and the USAID standard provisions for U.S. Non- Governmental Organizations.

ADS 303 is available at: https://www.usaid.gov/sites/default/files/documents/1868/303.pdf. 22 CFR 226 is available at: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Applicable OMB Circulars are available at: https://www.whitehouse.gov/omb/information-for-agencies/circulars. Standard Provisions for U.S. Non-Governmental Organizations are available at: https://www.usaid.gov/sites/default/files/documents/1868/303maa.pdf.

Resulting award to Public International Organizations (PIOs, or IOs) will be administered in accordance with Chapter 308 of USAID's ADS including the Standard Provisions set forth in ADS 308.5.15 (ADS 308 is available here: https://www.usaid.gov/sites/default/files/documents/1868/308.pdf).

Potential for-profit applicants should note that USAID policy prohibits the payment of fee/profit to the prime recipient under grants and cooperative agreements. However, if a prime recipient has a subcontract with a for-profit organization for the acquisition of goods or services (i.e., if a buyer-seller relationship is created), fee/profit for the subcontractor is authorized. Additional information is available at: https://www.usaid.gov/sites/default/files/documents/1868/303sai.pdf

Standard Provisions for Non-U.S. Non-Governmental Organizations are available at: https://www.usaid.gov/sites/default/files/documents/1868/303mab.pdf.

The USAID Inspector-General's "Guidelines for Financial Audits Contracted by Foreign Recipients" is available at: https://oig.usaid.gov/sites/default/files/guidelines_for_financial_audits_contracted_by_foreign_recipients_02-09-2009.pdf.

ENVIRONMENTAL COMPLIANCE:

1a) Section 117 of the Foreign Assistance Act of 1961, as amended, requires that the impact of USAID's activities on the environment be considered and that USAID include environmental sustainability as a central consideration in designing and carrying out its development programs. This mandate is codified in Federal Regulations (22 CFR 216) and in USAID's Automated Directives System (ADS) Parts 201.5.10g and 204 (http://www.usaid.gov/policy/ads/200/), which, in part, require that the potential environmental impacts of USAID-financed activities are identified prior to a final decision to proceed and that appropriate environmental safeguards are adopted for all activities.

1b) In addition, the Recipient must comply with host country environmental regulations unless otherwise directed in writing by USAID. In case of conflict between host country and USAID regulations, the latter shall govern.

2 USAID prepared and approved an Initial Environmental Examination (IEE) for the program funding this award(**Attachment II**). The IEE covers activities expected to be implemented under this cooperative agreement. USAID has determined that a Negative Determination with conditions applies to one or more of the proposed activities. This indicates that if these activities are implemented subject to the specified management conditions, they are expected to have no

significant adverse effect on the environment. The Recipient shall be responsible for implementing all IEE conditions pertaining to activities to be funded under this award.

3a) The IEE contains one or more Negative Determinations with conditions relevant to this program pertaining to sub grants and sub awards. This requires the Recipient to: Complete an environmental mitigation and monitoring plan (EMMP) describing how the Recipient will, in specific terms, implement the management conditions that apply to the above proposed project activities within the scope of the award. The EMMP shall include monitoring the implementation of the required mitigation measures and their effectiveness. The attached IEE has a template EMMP.

4a) A provision for sub-grants is included under this award. The Recipient will be required to use an Environmental Review Form (ERF) checklist found at http://www.encapafrica.org/documents/AFR-EnvReviewForm-20Dec2010.doc to screen grant proposals to ensure the funded proposals will result in no adverse environmental impact, to develop mitigation measures, as necessary, and to specify monitoring and reporting. The Recipient is responsible for ensuring that mitigation measures specified by the ERF checklist process are implemented.

5b) The Recipient will be responsible for periodic reporting to the USAID Agreement Officer's Representative, as specified in this Program Description of this award.

The USAID Kenya and East Africa Inclusive, market driven, environmentally sustainable economic growth portfolio—Development Objective Three (DO3), Initial Environmental Examination (IEE) file number Kenya_DO3_EG_IEE_061015.doc, covering DO3 portfolio activities, including The implementer , was approved by the Africa Bureau Environment Officer on June 10, 2015 and will expire on June 9, 2020. The IEE has determined that this activity has Environmental Threshold Decisions of Categorical Exclusion and Negative Determination with conditions.

USAID/KENYA AND EAST AFRICA/OEG will ensure that the implementer has identified any potential environmental concerns of proposed activities and has planned any necessary mitigation at the work planning stage. This process will ensure activities remain Categorical Exclusions or within the bounds of the 'Negative Determination with Conditions' as described in the IEE.

REPORTING OF FOREIGN TAXES

(a) Reports. The Contractor must annually submit a report by April 16 of the next year.

(b) Contents of Report. The reports must contain: (i) Contractor name. (ii) Contact name with phone, fax and email. (iii) Agreement number(s). (iv) Amount of foreign taxes assessed by a foreign government [each foreign government must be listed separately] on commodity purchase transactions valued at $500 or more financed with U.S. foreign assistance funds under this agreement during the prior U.S. fiscal year. (v) Only foreign taxes assessed by the foreign government in the country receiving U.S. assistance are to be reported. Foreign taxes by a third party foreign government are not to be reported. For example, if an assistance program for Lesotho involves the purchase of commodities in South Africa using foreign assistance funds, any taxes imposed by South Africa would not be reported in the report for Lesotho (or South Africa). (vi) Any reimbursements received by the Contractor during the period in (iv) regardless of when the foreign tax was assessed plus, for the interim report, any reimbursements on the taxes reported in (iv) received by the Contractor through October 31 and for the final report, any reimbursements on the taxes reported in (iv) received through March 31. (vii) The final report is an updated cumulative report of the interim report. (viii) Reports are required even if the Contractor/recipient did not pay any taxes during the report period. (ix) Cumulative reports may be provided if the Contractor/recipient is implementing more than one program in a foreign country.

(c) Definitions. For purposes of this clause: (i) "Agreement" includes USAID direct and country contracts, grants, cooperative agreements and interagency agreements. (ii) "Commodity" means any material, article, supply, goods, or equipment. (iii) "Foreign government" includes any foreign governmental entity. (iv) "Foreign taxes" means value-added taxes and custom duties assessed by a foreign government on a commodity. It does not include foreign sales taxes.

(d) Where. Submit the reports to USAID/KEA/RFMS at nairobirfmspayments@usaid.gov

(e) Subagreements. The Contractor must include this reporting requirement in all applicable subcontracts, subgrants and other subagreements.

(f) For further information see http://www.state.gov/m/rm/c10443.htm.

[END SECTION H]

SECTION I – ATTACHMENTS

- Attachment I – REGISTRATION IN THE SYSTEM FOR AWARD MANAGEMENT
- Attachment II - IEE
- Attachment III - List of Acronymns

[END OF SECTION I]

ATTACHMENT I: REGISTRATION IN THE SYSTEM FOR AWARD MANAGEMENT

IMPORTANT!!

Submission of applications must be accompanied with evidence that the potential Recipient has registered in the System for Award Management (SAM). This evidence may be in the form of a screenshot showing current registration in the system, or an e-mail from the system confirming registration (the page limitations do not apply to this requirement). **Applicants who fail to register successfully in SAM before submitting their applications will not be considered further for funding.**

The requirement for this registration is found at Automated Directives System (ADS) 303.3.5.3(d)(3), which states that each applicant must:

(i) Be registered in SAM before submitting its application;
(ii) Provide a valid DUNS number in its application; and
(iii) Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal awarding agency.

Refer to the following link: https://www.usaid.gov/sites/default/files/documents/1868/303.pdf

USAID is not permitted to make a Federal award to an applicant until the applicant has complied with all applicable DUNS and SAM requirements and, if an applicant has not fully complied with the requirements by the time the Federal awarding agency is ready to make a Federal award, the Federal awarding agency may determine that the applicant is not qualified to receive a Federal award and use that determination as a basis for making a Federal award to another applicant.

To complete the registration in SAM, a DUNS number will have to be obtained. Please visit http://fedgov.dnb.com/webform to obtain a DUNS number. USAID is not responsible for reimbursing applicants for any costs associated with obtaining a DUNS number. Should you have any questions on the process, please contact the D&B helpdesk at the following for assistance:

+1–800–234–3867 (Monday – Friday from 8 a.m. to 6 p.m. Eastern Standard Time) or e-mail govt@dnb.com

Once you have obtained a DUNS number, please find the detailed steps below in order to register in SAM:

1) Go to https://www.sam.gov/portal/public/SAM/
2) Click on “Create an Account.”
3) Choose an “Individual Account.”
4) Once you complete creating an individual account, a link will be sent to the email address you will provide during registration. Click on that link and log in to activate your account.
5) Once you log in, agree to usage agreement.
6) Click on “Manage Entity” and then click on “Register New Entity.”
7) Follow each of the listed steps and click on submit

Should you have any questions on the SAM registration process, please use the following numbers:

Monday – Friday from 8 a.m. to 8 p.m. Eastern Standard Time

U.S. Calls: 866–606–8220
International Calls: +1–334–206–7828
DSN: 866–606–8220

The process for applying for a DUNS number and registration on the SAM website can be lengthy. **We therefore strongly encourage applicants to begin the process immediately.** If you have already registered in SAM and already have a DUNS number, include this evidence as part of your application.

[END OF ATTACHMENT I]

ATTACHMENT II – IEE

Kenya_DO3_EG_
IEE__05-07-2015.pdf

[End of Attachment II]

ATTACHMENT III – List of Acronymns

ABREVIATIONS AND ACROYNMS USED IN THIS NOFO

AAK	Agrochemicals Association of Kenya
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
AEZs	Agro-ecological Zones
Africa Lead	Africa Leadership Training and Capacity Building Program
AGOA	Africa Growth and Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
AI	Artificial Insemination
APPEAR	Aflatoxin Policy and Program for the East Africa Region
ASAL	Arid and Semi-arid lands
ATTC	Afla safe Technology Transfer Commercialization
ASARECA	Association for Strengthening Research in East and Central Africa
AKEFEMA	Association of Kenya Feed Manufacturers
ASCU	Agricultural Sector Coordination Unit
ASDS	Agricultural Sector Development Strategy
AVCD	Accelerated Value Chain Development
BDS	Business Development Services
CAADP	Comprehensive Africa Agriculture Development Program
CBJ	Congressional Budget Justification
CBC	COMESA Business Council
CBO	Community-Based Organization
CDCS	Country Development and Cooperation Strategy
CDROM	Compact Disc, Read-Only-Memory
CFR	Code of Federal Regulations

CFSVA	Comprehensive Food Security and Vulnerability Analysis
CGIAR	Consultative Group on International Agricultural Research
CIC	Climate Innovation Center
CIP	International Potato Center
CIDP	County Integrated Development Plans
CLA	Collaboration Learning and Adaptation
CLTS	Community-Led Total Sanitation Approach
COMESA	Common Market for East and Southern Africa
CSO	Civil Society Organizations
DCA	Development Credit Authority
DHS	Demographic Health Survey
DO	Development Objective
DTA	Dairy Traders Association
DPA	Dairy Processors Association
EAC	East African Community
ECF	East Coast Fever
EU	European Union
FAK	Fertilizer Association of Kenya
FEWSNet	Famine Early Warning Systems Network
FIRM	Financial Inclusion for Rural Microenterprises (Project)
FPEAK	Fresh Produce Exporters Association of Kenya
FTF	Feed the Future (the “FTF Initiative”)
GDA	Global Development Alliance
GDP	Gross Domestic Product
GFSS	Global Food Security Strategy

GFSA	Global food Security Act
GHG	Green House Gas
GIS	Geographic Information System
GOK	Government of Kenya
HCDA	Horticultural Crops Development Authority
HR	High Rainfall-1
ICCA	Institute for Climate Change and Adaptation
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IEE	Initial Environmental Examination
ILRI	International Livestock Research Institute
IPM	Integrated Pest Management
IR	Intermediate Result
KALRO	Kenya Agriculture & Livestock Research Organization
KAVES	Kenya Agricultural Value Chain Enterprises Project
KCB	Kenya Commercial Bank
KCC	Kenya Cooperative Creameries
KCDMSA	Kenya Crops and Dairy Market Systems Activity
KDB	Kenya Dairy Board
KEPHIS	Kenya Plant Health Inspectorate Service
KFIE	Kenya Feed the Future Innovation Engine Project
KIE	Kenya Innovation Engine
KIM	Kenya Investment Mechanism
K RAPID	Kenya Resilience Arid Lands and Partnership for Integrated Development
KIWASH	Kenya Integrated Water, Sanitation and Hygiene
K-YES	Kenya Youth Employment Skills

LEO	Leveraging Economic Opportunities
M&E	Monitoring and Evaluation
MEL	Monitoring Evaluation and Learning
MLND	Maize Lethal Necrosis Disease
MSME	Medium Sized Enterprises
MTP	Medium Term Plan
MOALF	Ministry of Agriculture Livestock and Fisheries
NCPB	National Cereals and Produce Board
NDMA	National Drought Management Authority
NGO	Non-governmental Organization
NRM	Natural Resource Management
OEG	Office of Economic Growth
PBS	Population Based Survey
PCPB	Pest Control Products Board
PD	Program Description
PPP	Public-Private Partnerships
PREG	Partnership for Resilience and Economic Growth
PS	Private sector
REGAL AG	Resilience and Economic Growth in Arid Land – Accelerated Growth
REGAL IR	Resilience and Economic Growth in Arid Land – Improving Resilience
RFP	Request for Proposal
SA2	Semi-Arid Zone Two
SACCOS	Savings and Credit Cooperative Organizations
SBC	Social Behavior Change
SECURE	Securing Land Tenure and Property Rights

SLI	Sequencing Layering and Integration
SME	Small and Medium enterprise
SOW	Statement of Work
SPS	Sanitary and Phyto-sanitary
STAK	Seed Trade Association of Kenya
STR	Seed Trade Regulations
SUN	Scaling Up Nutrition
TA	Technical Assistance
TAPRA	Tegemeo Agricultural Policy Research and Analysis
Tegemeo	Tegemeo Institute for Agricultural Policy and Development
TMEA	Trade Mark East Africa
UK	United Kingdom
UN	United Nations
UNICEF	United Nations Children’s Fund
UON	University of Nairobi
USAID/KEA	USAID/Kenya and East Africa
USDA-ARS	U.S. Department of Agriculture- Agricultural Research Service
USG	United States Government
VCFC	Value Chain Finance Center
WEAI	Women’s Empowerment in Agriculture Index
WASH	Water Sanitation and Hygiene (Program)
WFP	World Food Program
WHO	World Health Organization
WSP	Water Service Providers
YALI	Young African Leaders Initiative

ZOI Zone of Influence

[End of Attachment III]

[END OF RFA]