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Kenya Climate Smart
Agriculture Project



COMMUNITY DRIVEN DEVELOPMENT GRANTS MANUAL

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MINISTRY OF AGRICULTURE LIVESTOCK FISHERIES AND IRRIGATION

KENYA CLIMATE SMART AGRICULTURE PROJECT (KCSAP)

**COMMUNITY DRIVEN DEVELOPMENT
GRANTS MANUAL
(CDDGM)**

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PREFACE

Agriculture is a major driver of the Kenyan economy and the dominant source of employment. In 2013, agriculture contributed 27 percent to the National Gross Domestic Product (GDP). The crop, livestock and fisheries subsectors contributing approximately 78 percent, 20 percent and 2 percent to agricultural GDP respectively (GoK 2013). Agriculture generates most of Kenya's food requirements, nearly two-thirds (65 percent) of merchandise exports, and roughly 60 percent of foreign exchange earnings. The agricultural sector employs over four-fifths of Kenya's rural work force and accounts for more than one-fifth of formal employment. It therefore plays a key role in poverty reduction. The Kenya Vision 2030 has identified agriculture as one of the six key economic sectors expected to drive the economy to a projected 10 percent economic growth annually. This level of growth will be crucial for attaining the Sustainable Development Goals (SDGs) 1 and 2 of ending poverty and hunger respectively. Vision 2030 reiterates the importance of transforming smallholder subsistence agriculture into an innovative, commercially oriented, and modern sector. It identifies the major challenges as low productivity, underutilized land, inefficient markets and limited value addition.

The agricultural sector responded to Vision 2030 by developing the Agricultural Sector Development Strategy (ASDS). 2010–2020 now under review. The ASDS aimed at attaining an average agricultural sector growth of 7 percent per year between 2010 and 2015. In line with Vision 2030, the ASDS seeks to address two critical challenges: (i) increasing the productivity, commercialization, and competitiveness of agricultural commodities; and (ii) developing and managing key factors of production, such as land, water, and rural finance. With respect to adaptation to climate change, ASDS prioritizes investments in weather information systems, research on drought tolerant crop varieties, soil and water conservation, water harvesting, and strengthening integrated pest management systems. For livestock subsector, ASDS prioritizes improved management of grazing systems, biogas, livestock diversification and improved breeding of animals.

Overall, the performance of Kenyan agriculture has been highly volatile, with growth rates dipping into negative territory in nine years between 1980 and 2012. Extreme weather events, largely droughts and to a lesser extent floods, have been the principal source of volatility in the performance of agriculture in Kenya. The frequency and intensity of severe weather events has increased, and this trend will be further amplified in the future as temperatures rise due to climate change. Drought is a near-constant presence in Kenya, arriving with varying levels of severity. Climate change is increasing production risks, with serious implications for agriculture, the natural resource base, food security, livelihoods, and the stability of the wider economy. Climate projections for Kenya indicate that rising temperatures will significantly affect the availability of water and the quality of soils, worsening the effects of more frequent and severe drought. In addition, the agriculture sector is one of the largest sources of Green House Gas (GHG) emissions in Kenya, contributing about 58.6 percent to total emissions. Agriculture, therefore, needs to reduce its GHG emissions and become part of the solution to tackle climate change. The sector plays an important role in sequestering carbon in soil and trees on farms. Soils also have significant potential to absorb a larger amount of carbon from the atmosphere than they currently do. Restoring this carbon to the soil will not only sequester carbon from the atmosphere, but also boost productivity of crops and pasture, increase water retention hence leading to greater resilience when droughts occur, bring land back into production, thereby reducing pressure on biodiversity and forests,



and boost incomes. Meeting this challenge will require investments in building resilience to near-term shocks and in adapting to long-term climate change.

In this context, Climate-Smart Agriculture (CSA) offers an appropriate strategic framework for responding to and reducing the adverse effects of climate change. Thus, the Kenya Climate-Smart Agriculture Project (KCSAP) has been formulated to address this challenge. The project will help Kenya meet the rising demand for food; and attain the SDGs of ending poverty (SDG1); hunger (SDG2) and combating climate change and its impacts (SDG13). The KCSAP will contribute to GoK's Vision 2030 development strategy as well as Agricultural Sector Development Strategy 2010–2020.

KCSAP aims to achieve three outcomes (triple-wins): (i) sustainably increasing agricultural productivity and incomes; (ii) adapting and building resilience to climate change; and (iii) reducing and/or removing greenhouse gas (GHG) emissions, where possible. KCSAP will focus on increasing agricultural productivity and enhancing resilience to impacts of climate change with reducing GHG emissions (mitigation) as a co-benefit. The direct beneficiaries of the project are estimated at about 521,500 households of smallholder farmers, agro-pastoralists and pastoralists. Approximately 163,350 households organized in about 4,950 Common Interest Groups (CIGs) and 18,150 households in 1,100 Vulnerable and Marginalized Groups (VMGs) will benefit from community CSA micro-projects. In addition, about 240,000 and 100,000 households will benefit from the county-level and public-private partnership (PPP) investments (sub-projects), respectively. Further, over 600 micro-small-and-medium enterprises (MSMEs) will also be direct beneficiaries of the project interventions. It is envisaged that these beneficiaries will come from 24 participating counties. The project is expected to run from April 2017 to January 2022.

The essence of this Community Development Grants Manual (CDDGM) is to provide an effective management tool for the resources available to beneficiaries. The main aim of the Manual is to introduce a simple and effective system for prudent financial management of the available Grants. This Manual will be effective once the micro-projects activities are initiated. The manual will be availed to the County Project Coordinating Units (CPCUs) for use by Community Driven Development Committees (CDDCs) and beneficiaries.

I am confident this accounting tool will be useful to the various implementing structures to ensure accountability, accuracy transparency and openness, in the financial records and reports of the project activities.

Francis K. Muthami
National Project Co-ordinator - KCSAP

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ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
CBK	Central Bank of Kenya
CAADP	Comprehensive African Agricultural Development Programme
CAPs	County Annual Plans
CDDC	Community Driven Development Committee
CDDGM	Community Driven Development Grants Manual
CVCDC	Community Value Chain Development Committee
CIAP	County Integrated Action Plan
CIDP	County Integrated Development Plan
CIG	Common Interest Group
CPCU	County Project Coordination Unit
CPSC	County Project Steering Committee
CSA	Climate Smart Agriculture
CTAC	County Technical Advisory Committee
CTD	County Technical Department
GIS	Geographical Information System
IDA	International Development Association
KCSAP	Kenya Climate Smart Agriculture Project
KCSAS	Kenya Climate Smart Agriculture Strategy
MSMEs	Micro Small and Medium Enterprises
PICD	Participatory Integrated Community Development
PF	Private Firm
PO	Producer Organization
S&L	Savings and Loan

SACCO	Savings and Credit Co-operative
SDA	State Department of Agriculture
SDC	State Department for Co-operatives
SDF	State Department of Fisheries
SDG	Sustainable Development Goals
SDL	State Department of Livestock
TIMPs	Technology Innovation Management Practices
UNCCD	United Nations Conventions on Combating Desertification
UNFCCC	United Nations Framework Convention on Climate Change
VC	Value Chain
VMG	Vulnerable and Marginalized Group

DEFINITION OF TERMS

Annual General Meeting (AGM) is the supreme authority of the members in an organization

Common Interest Group (CIG) –is defined as a self-managed, independent group of farmers with a shared goal and interest. The members work together to achieve this goal by jointly developing an Enterprise Development Plan, learning together but individually implementing the lessons learnt. They then pool their produce in order to market/ process together and share the resulting benefits. However, despite this growth, farmers retain the common purpose and goal.

Private Firms (PFs) are registered companies doing business in the country.

Producer Organizations (PO) is an amalgamation of advanced CIGs into cooperatives and or Commodity Associations with an expanded scope of their activities attracting external funding and/or partnerships, so as to support the realization of its objective (s).

Service Provider (SP) is defined as an individual (in private or public sector), consortia, public and private companies, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), or Faith Based Organizations (FBOs), Farmer / Producer Groups, Cooperatives, agro-input dealers among others, enlisted by KCSAP or CPCU to have the requisite technical (production, marketing, value-addition, agribusiness), operational and managerial capacity to offer support services to CIGs/PO.

Vulnerable Marginalized Group (VMG) is a community targeted by KSCAP that meet both the World Bank criteria for marginalization and the Government of Kenya criteria for marginalized and minority communities. They include youths, indigenous people, elderly men and women, windows /orphans, the differently abled, recovering substance abusers, and people living with HIV/AIDS.

Savings and Credit Co-operative (SACCO) is a type of co-operative whose core business is to mobilize savings and offer affordable credit to members.

Structures in this manual refers to the implementation structures at community level, that is, CIG/ VMG/ CDDC/ CVCDC/ PO/ PF.

1.0 INTRODUCTION

1. Agriculture is a major driver of the Kenyan economy and the dominant source of employment for about half of the population. The sector employs over 80 percent of the rural work force and accounts for more than 20 percent of formal employment therefore playing a key role in poverty reduction. In 2013, agriculture contributed 27 percent to the national gross domestic product (GDP). The crop, livestock and fisheries subsectors contributing approximately 78 percent, 20 percent and 2 percent to agricultural GDP respectively (GoK 2013). The Kenya Vision 2030 recognizes the importance of transforming smallholder subsistence agriculture into an innovative, commercially oriented, and modern sector. It identifies the major challenges as low productivity, underutilized land, inefficient markets and limited value addition. Addressing these challenges is crucial in attaining the Sustainable Development Goals (SDGs) 1 ending poverty and 2 of eradicating hunger in Kenya. The Government’s efforts to address these challenges were articulated in a number of policy and strategies which includes Agriculture Sector Development Strategy (ASDS) 2010–2020, National Agricultural Research Systems (NARS) and National Agricultural Sector Extension Policy (NASEP).
2. The Center for Global Development ranks Kenya 13th out of 233 countries for “direct risks” from “extreme weather and 71st for “overall vulnerability” to climate change (KCSAP PAD). The country is active in the regional and international dialogue on mainstreaming climate change into agricultural policies, plans and actions and is a signatory to the UNCCD and UNFCCC. Kenya is also implementing the Compressive Africa Agriculture Development Program (CAADP) Framework (2010) and the East African Community Climate Change Policy (EACCCP), Master plan and Strategy, which also informs Kenya’s National Climate Change Policy. At national level, the Kenya Climate-Change Act, 2016 envisions “a climate resilient and low carbon growth sustainable agriculture that ensures food security and contributes to the national development goal. Further, Kenya Climate-Smart Agriculture Strategy (KCSAS, 2017-2026) provides framework for action on effects of climate change. The Kenya Climate Smart Agriculture Project (KCSAP) project focuses on increasing agricultural productivity, enhancing resilience to impacts of climate change and reduction in GHG emissions.
3. **The Project Development Objective (PDO)** is “*to increase agricultural productivity and build resilience to climate change risks in the targeted smallholder farming and pastoral communities in Kenya, and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response.*” To achieve this objective the project will support:
 - (i) Improving water/soil management, especially within smallholder maize systems in the marginal rainfall zones—specifically, in smallholder mixed crop-livestock, crop-livestock-tree (agro-silvo-pastoral) production systems and in crop forest (agro-forestry) production systems;
 - (ii) Promoting sustainable, community-driven rangeland management and improved access to quality livestock services in ASALs—specifically, in pastoral/extensive livestock production systems;



- (iii) Supporting the generation and dissemination of improved agricultural Technology, Innovation, Management Practices (TIMPs) and building sustainable seed systems
4. The project interventions will be concentrated in 24 selected counties in **Arid Areas** (Marsabit, Isiolo, Tana-River, Garissa, Wajir and Mandera); **Semi-Arid Areas** (West-Pokot, Baringo, Laikipia, Nyeri, Tharaka-Nithi, Lamu, Taita-Taveta, Kajiado and Machakos) and **Medium-to-High Rainfall Areas** (Busia, Siaya, Nyandarua, Bomet, Kericho, Kakamega, Uasin-Gishu, Elgeyo-Marakwet and Kisumu). Each county will select four to six wards in up to three sub-counties using the following criteria: (i) poverty level of ward; (ii) vulnerability to climate risks; (iii) presence of priority value chains; (iv) geographic proximity and contiguity of wards; (v) absence of similar initiatives to avoid duplication; and (vi) presence of ward-level technical department officials.
 5. The direct beneficiaries of the project are estimated at about 521,500 households of smallholder farmers, agro-pastoralists, and pastoralists. These beneficiaries include members of Common Interest Groups (CIGs,) Vulnerable and Marginalized Groups (VMGs,) or PPPs, including POs, and thus recipients of Grants, as well as beneficiaries that benefit from landscape-level investments implemented by counties. Of these, 163,350 represent households organized into about 4,950 CIGs and 18,150 represent households organized into 1,100 VMGs. All these groups will also benefit from community CSA micro-projects. About 240,000 and 100,000 households will benefit from the county-level and public-private partnership (PPP) investments (subprojects), respectively. More than 600 micro small- and-medium enterprises (MSMEs) will also benefit directly from project interventions.
 6. The total project cost is estimated at US\$279.7 million, of which the International Development Association (IDA) will finance US\$250 million under an Investment Project Financing (IPF) instrument. The estimated project cost takes into account GoK counterpart funds (US\$15.9 million equivalent), county governments (US\$8.3 million), and beneficiary contributions (US\$5.5 million equivalent) for a total of US\$29.75 million equivalent.
 7. This Community Development Grants Manual (CDDGM) is prepared to provide guidance on effective management of the resources available for implementation of micro-projects. The main aim of the Manual is to introduce a simple and effective system for prudent management of CSA Investment Grants to be provided by the project.
 8. CSA Investment Grants will be provided through three windows;; (i) community-level investment to finance micro-projects; (ii) county level investments to finance relatively larger sub-projects; and (iii) productive alliance investments through providing competitive matching Grants to private firms (for profit companies) and registered Producer Organizations (POs) to support value chain development.

2.0 OBJECTIVES OF THE COMMUNITY DEVELOPMENT GRANTS MANUAL

9. The overall objective of this manual is to **provide guidance on effective management of the Grants available to project beneficiaries.**

The specific objectives are:

- i. To set out the arrangements and procedures for preparation, appraisal, approval, implementation and supervision of activities to be financed under CSA Investments Grants;
- ii. To facilitate a simple and structured flow of Grants funds to beneficiaries;
- iii. To enable effective capacity building of beneficiaries and service providers on the accessibility; utilization and accountability of the Grants.
- iv. To simplify and speed up the accountability process and monitoring of the Grants at community level;

3.0 GENERAL AREAS TO BE FINANCED

3.1 Smallholder Agro-pastoral Production Systems Investment Grants

10. The CSA investment Grants for the 17 agro-pastoralist Counties (West Pokot, Baringo, Laikipia, Machakos, Nyeri, Tharaka-Nithi, Taita-Taveta, Kajiado, Busia, Siaya, Nyandarua, Bomet, Kericho, Kakamega, Uasin-Gishu, Elgeyo Marakwet, and Kisumu) will be financed under three windows: (i) Community Investment Grants - support to Common Interest Groups (CIGs), Vulnerable and Marginalized Groups (VMGs) and POs for implementing TIMPs; (ii) County Investment Grants - support to county governments to implement CSA interventions that provide public goods that are ward-specific or span across several wards; and (iii) Public-Private Partnerships Grants— support to private firms and POs to promote production alliances in priority VCs. Within the three windows, there are therefore, three types of Grants; (1) micro-project or Community Grants; (2) Sub-project or County Grants; and (3) Public Private Partnerships (PPPs) with Producer Organizations (POs) Grants.

3.1.1 Window 1: Community Investment Grants

11. Two types of Grants are available at the community level; (i) service fee funds that will be used by the beneficiaries (Common Interest Groups –CIGs, Vulnerable Marginalized-VMGs and Producer Organizations-POs) to pay for the contracted extension services offered by their service providers (SPs) by the Community Value Chain Development Committees (CVCDC) and (ii) community-led CSA micro-projects Grants managed by the Community Driven Development Committee (CDDC).
12. The beneficiaries groups will be identified and their CSA investments needs will be identified through the Participatory Integrated Community Development (PICD) process; while the SP will assist the groups to identify their micro-projects as detailed in the KCSAP Extension and Value Chain Development Manual. The national project coordinating unit (NPCU) through the county project coordinating unit (CPCU) will ensure that the micro-projects are consistent with the respective county CSA Plans.

a) Common Interest Group (CIG) Grants

13. The CSA investment Grants will support CIGs to investment in community micro-projects that focus on the following areas: (i) implementation of CSA TIMPs (70 percent); (ii) livelihood diversification (20 percent); and (iii) mainstreaming nutrition (10 percent). CIGs with support of their SPs will prepare micro-project proposals and submit to CPCUs for vetting by CTAC for recommendation and approval by CPSC. Once their proposals are approved, CIGs will receive matching Grants ranging from USD7, 000 to USD 10,000 equivalent to implement their community CSA micro-projects. To enhance ownership of community CSA micro-projects, CIG members will be required to contribute at least 10% of the cost of their micro-projects either in cash or in kind. CIGs will be encouraged to initiate Savings and Loan (S&L) groups and federate into savings and credit cooperative (SACCOs). Eventually various groups will be facilitated to

federate into legal entities such as co-operatives. The project will provide matching Grants of up to 50 percent of members' contribution total savings to boost the SACCOs capital.

3.2 Eligibility Criteria for CIG Grants

14. The micro-project Grants will be provided to both existing or newly formed CIGs who meet the following criteria;
- i. Be legally registered with relevant government authorities such as the department of social services and have a membership of at least 20 members;
 - ii. Have a constitution developed with the participation of all members;
 - iii. Have elected officials;
 - iv. Have a management structure in place;
 - v. Be involved in agricultural activities;
 - vi. Be in existence for at least a period of six (6) months;
 - vii. Have a group bank account with at least three mandatory signatories;
 - viii. Have a bankable business plan;
 - ix. Be able to contribute at least 10% of the cost of their micro-projects either in cash or in kind.

b) Vulnerable Marginalized Group (VMG) Grants

15. The Grants will support VMGs to invest in community micro-projects that focus in the following areas: (i) implementation of CSA TIMPs (60 percent); (ii) livelihood diversification (30 percent); and (iii) mainstreaming nutrition (10 percent). VMGs with support of their SPs will prepare CSA micro-project proposals and submit to CPCUs for vetting by CTAC with the aim of improving them and recommending for approval by CPSC. VMGs will receive matching Grants ranging from US\$3,000 to US\$5,000 depending on the selected and approved micro-project. Approximately 10 percent (US\$2.8 million equivalent) of the total Grants under Window I will be allocated for support to VMGs. The Vulnerable and Marginalized Group members will not be required to contribute towards the costs of their approved CSA micro-projects.

c) Eligibility Criteria for VMG Grants

16. The micro-project Grants will be provided to people who meet the World Bank's criteria for "marginalization" and the GoK's criteria for "marginalized" and "minority" communities. The VMGs will be composed of vulnerable individuals including; youths, indigenous people, elderly women and men, widows/orphans, the differently-abled, recovering substance abusers, and people living with HIV/AIDS. These individuals will be identified by the communities using the participatory methods in analysis of poverty (PAPOD) during the participatory integrated community development process (PICD). The set out criteria for identification of VMG individuals will focus on the indicators of poverty including; lack /limited ownership to land and other assets; value (actual or perceived) of land/ assets owned, number of meals per day, number of dependents, female-/child-headed households, and advanced age as well as other indicators to be developed by the communities during the process. The identified individuals will be facilitated to form VMG groups that must meet the following criteria;



- i. Be legally registered with the relevant government authorities such as department of social services with a membership of at least 20 members
- ii. Have a constitution developed with the participation of all members.
- iii. Have elected officials
- iv. Have a management structure in place.

Window II: County Level Grants

17. The Grants will be used to finance county-level CSA investments that have great impact on many beneficiaries. These investments could either be within a specific ward or cut across various wards that are strategically important to the county or multiple counties. The sub-projects will be consistent with the county CSA plans which are incorporated in the counties' respective annual plans (CAPs) and CIDPs. County-level investments will include sustainable land management (demarcation and restoration of livestock migration routes and common grazing lands; watershed management/rehabilitation); water management (dredging waterways, building reservoirs, installing boreholes, and constructing and rehabilitating small, farmer-managed irrigation schemes); animal health (infrastructure for disease surveillance and vaccination, holding grounds, and quarantine yards); crop-livestock integration (crop and pasture seed multiplication, breed multiplication); and marketing infrastructure (rehabilitation of slaughterhouses and market centers, rural roads, and milk cooling center).
18. The sub-projects will be identified during the CSA planning and prioritization at the county and ward levels and ratified during the PICD process. The county technical departments will develop CSA sub-project proposals that will be vetted by CTAC. The CPCUs will submit the competitive county CSA sub-projects through the NPCU to NTAC for approval and funding. The approved and financed county sub-projects will be presented to NPSC by the NPCU for information and records. County-level sub-projects are expected to be completed within two years of approval and geo-referenced (GIS Coordinates provided) at proposal development. The sub projects should adhere to the social and environmental safeguards policies of the World Bank as detailed in the Environmental and Social safeguards frameworks. The project beneficiaries through their sub committees will be consulted at all stages.
19. The cost of each county-level CSA sub-project could range from US\$200,000 to US\$1,000,000. With average county-level sub-project cost of US\$500,000, a total of 60 sub-projects are expected to be financed under this window in 17 counties (an average of four sub-projects per county). Each county would be eligible for submitting multiple CSA sub-projects to CPCU, up to a maximum of US\$3 million per county over the life of the project. The county governments will be required to contribute at least 20 percent of the costs of their county sub-project in cash or in kind.

d) Eligibility Criteria for Sub-Project or County Grants

20. County level Grants proposals must address either of the following: sustainable land management; water management; animal health; crop-livestock integration and marketing infrastructure. The County level Grants will be provided to proposals that meet the following criteria;

- i. The sub-project proposals must be consistent with the County CSA plan which is incorporated in the CAP and CIDP;
- ii. Have a subproject management committee in place;
- iii. For sub-projects involving multiple Counties, the participating Counties must enter into a MoU.

Window III: Public Private Partnerships (PPPs) and Producer Organizations (PO) Grants.

21. This Grants will be used to pilot the productive alliance models of Public-Private Partnerships with Producers. It will provide competitive matching Grants to private firms (for profit companies), and registered Producer Organizations (POs) and their federations to support value chains development and linking them to markets. The Kenya National Farmers Federation (KENAFF) and the State Department for Cooperatives will play a critical role in organizing productive alliances and supporting the POs to federate into commodity-based farmer organizations and linking them to the markets.

3.2.2.1 Matching Grants for supporting Private Firms (PF).

22. The project will provide competitive VC-upgrading matching Grants of up to a maximum of US\$200,000 per Grants¹ to local private firms in the 24 participating counties. The 4P matching Grants will create favorable conditions and incentives for buyers and smallholders to establish mutually beneficial relationships by ensuring that farmers consistently produce a particular quality and reliable supply of a good or commodity. Thus smallholders are able to overcome market barriers and gain stability by receiving consistent and higher prices for their goods, while buyers benefit from a consistent supply of goods of a particular quality that meets their demands. It is envisaged that about 10 private firms will benefit from this support. The 4P matching Grants will also be used to leverage private capital necessary for unlocking bottlenecks in the priority VCs. The private firms are expected to contribute at least 50 percent of the costs of their business plans. It is envisaged that 4P matching Grants will be used to finance, among others, input supply, technology development, post production and storage facilities, value addition and processing, and market development.

3.3 Eligibility Criteria for Matching Grants to support Private Firms

23. The matching Grants will be provided to private firms that meet the following criteria;
- i. The Private firm must be registered under the Companies Act 2015 and must be up to date with all statutory requirements
 - ii. Each firm must have a bankable 5 year business plan
 - iii. The firm will be engaged in agricultural activities including agrovets, seed companies (pasture), processors, value addition
 - iv. Must have good business records and be able to provide 1 year audited accounts

¹ Grants are expected to range from as low as US\$10,000 for MSEs such as equipment fabricators to maximum of US\$200,000 for medium and large scale enterprises involved in processing or produce aggregation and storage.

- v. Application for this Grants should not exceed USD 200,000 per Grants.
- vi. The private firms must contribute 50% of the cost of their business plans

3.3.1 Enterprise Development Matching Grants for Supporting POs

24. The project will provide enterprise development matching Grants of up-to a maximum of US\$100,000 to POs for financing value addition activities. The POs will integrate CIG and VMG members into input, output, and service markets along their priority VCs in the 24 participating counties. POs will comprise inter-community Co-operatives, pastoralists' associations, or other forms of market-oriented enterprises (including companies), primarily formed by federated CIGs and VMGs in agro-pastoralist and pastoralist production systems. Each CIG and VMG joining a PO will pay membership and annual fees. Eligible POs will submit their business plans to the CPCUs for vetting and recommendation by CTAC and approval by NTAC. It is estimated that up to 30 POs will benefit from this arrangement. Supported POs will be required to contribute at least 10 percent of the total cost of their investment proposals in cash or in-kind.

Eligibility Criteria for Enterprise Development Grants for Supporting POs

25. Enterprise Development matching Grants will be provided to POs that meet the following criteria;
- i. Benefitting POs must be legally registered with the relevant government authorities;
 - ii. Each PO must have a bankable 5 year business plan;
 - iii. Provide at least one year audited accounts report;
 - iv. Supported POs will be required to contribute at least 10 percent of the total cost of their investment proposals in cash or in kind;
 - v. Each application should not exceed US\$100,000.

3.3.2 Inclusion Grants for Supporting Producer Organization

26. The project will support the federation of CIGs and VMGs into producer organizations (POs) through the provision of an inclusion grant. To access the grant, the PO will develop an inclusion grant proposal and submit to the CPCU for review by CTAC and approval by CPSC.

27. Producer Organizations covering 1- 3 wards will be eligible for inclusion grant of up to Kes. 500,000 (Five hundred thousand Kenya Shillings only) while those covering 4 – 6 wards are eligible for inclusion grant of up to a maximum of Kes 1,000,000 (One million Kenya Shillings only).

28. The inclusion grant will be used to;

- i. Mobilize and recruit new members to join CIG/VMG
- ii. Federate CIGs/VMGs into POs

- iii. Support capacity building in governance, leadership and management skills. The task will require concerted effort from key stakeholders including the department of co-operative, social services, panel of experts, extension staff, NGOs/CBOs and service providers
- iv. Establish new market linkages.

3.4 Investments in Pastoral Systems

29. This will support the operationalization of the Northeastern Development Initiative (NEDI) and will cover seven out of the eight NEDI² counties: Marsabit, Isiolo, Tana River, Garissa, Wajir, Mandera and Lamu. The CSA investments under this subcomponent will be financed under two windows: (i) Community Investments - support to CIGs and VMGs to implement CSA practices; and (ii) County Investments - support to county governments to implement CSA interventions that provide public goods and span across several wards or cross-county areas. Investments financed under these two windows will be consistent with the respective county CSA plans which have been incorporated in the County Annual Plans (CAPs) and CIDPs.

3.4.1 Window 1: Community Level Grants in Pastoral Systems

a) CIG Grants

30. The Grants will support existing and newly formed CIGs to enable them invest in community CSA micro-projects in extensive/pastoral production systems. With support from SPs, CIGs will prepare micro-project proposals and submit to CPCUs for vetting and recommendation by CTAC and approval by CPSC. Each proposal received from the CIGs shall have three investment windows: (i) implementation of CSA TIMPs (70 percent); (ii) livelihood diversification (20 percent); and (iii) mainstreaming nutrition (10 percent). Typical interventions of the CSA micro-projects will include forage production; storage and marketing; small-scale fattening operations; water resource development (water pans, sand dams, water harvesting, tubewells or boreholes). The Grants will range from US\$7,000 to US\$10,000 to implement and manage their community CSA micro-projects, while allowing each member to derive private benefits.

3.5 Eligibility Criteria for CIG Grants in Pastoral Systems

31. ³Common interest groups (CIG) that will be considered for the Grants will be selected using the following criteria;
- i. Be legally registered the relevant government authorities such as by department of social services with a membership of at least 20 members;
 - ii. Have a constitution developed with the participation of all members;

² NEDI is a GoK's special program that aims at supporting infrastructure (water, transport and off-grid energy) and agriculture development, especially the livestock sub-sector in the marginalized counties of northeastern, based on the recently completed needs assessment and investment plan. Although Turkana is one of the NEDI counties it is not included under KCSAP because it is supported by NARIGP and RPLRP. One of the county selection criteria was that counties that are under NARIGP should not be included under KCSAP.

³ Common interest group in pastoral systems may refer to pastoralists living together in a 'Manyatta' or village.



- iii. Have elected officials;
 - iv. Have a management structure in place;
 - v. Have a group bank account with at least three mandatory signatories;
 - vi. Have a bankable business plan;
 - vii. Will be required to contribute at least 10% of the cost of their micro-projects either in cash or in kind.
32. To increase access to rural finance and enhance the sustainability of project interventions, CIGs will be encouraged to form Savings and Loan groups that will federate into SACCOs. The project would provide matching Grants of up to 50 percent of members' total savings to boost SACCOs' capital. These intermediary financial institutions will ultimately be linked to micro-finance institutions and commercial banks.

b) VMG Grants

33. The Grants will support CSA micro-projects exclusively targeting VMGs. The objective is to empower VMG members and elevate their productive capacity and economic status, so that they fully participate in VCs, POs and SACCOs. With support from SPs, CIGs will prepare micro-project proposals and submit to CPCUs for vetting by CTAC with the aim of improving them and recommending for approval by CPSC. Each proposal received from the VMGs shall have three investment windows: (i) implementation of CSA TIMPs (60 percent); (ii) livelihood diversification (30 percent); and (iii) mainstreaming nutrition (10 percent). Grants ranging from US\$3,000 to US\$5,000 will be provided to each VMG depending on the selected and approved micro-project. Approximately 10 percent (US\$2.5 million equivalent) of the total Grants under Window I will be allocated for support to VMGs. VMG members will not be required to contribute towards the costs of their approved CSA micro-projects.

3.6 Eligibility Criteria for VMG Grants

34. The Grants will be provided to people who meet the World Bank's criteria for "marginalization" and the GoK's criteria for "marginalized" and "minority" communities as described under 5.1: smallholder agro-pastoral production systems investment Grants (paragraph 15); . The identified individuals will be facilitated to form VMG groups that must meet the following criteria;
- i. Be legally registered with the relevant government authorities such as the department of social services
 - ii. Have a constitution fully developed by all members.
 - iii. Have elected officials
 - iv. Have a management structure in place.

3.6.1 Window II: Supporting County and Cross-County Grants in Pastoral Systems

35. The Grants will finance selected CSA interventions under the priority livestock sub-sector investments identified by the Needs Assessment and Investment Plan for NEDI counties. Each county will prepare and submit sub-projects for improving productivity and value addition in the extensive pastoral production systems. According to the needs assessment report the NEDI investment priority investments include: (i) rehabilitation and equipping of selected abattoirs; (ii) development of disease-free zones; and (iii) supporting breeding programs and animal feed production. Detailed investment proposals will be developed by CTDs.
36. The GoK and county governments are financing the construction of several abattoirs in the seven NEDI counties. These structures are at different stages of development. KCSAP will prioritize: (i) the upgrading of existing facilities and (ii) equipping two abattoirs strategically located in the primary livestock markets (Wajir and Marsabit) and two others in the secondary markets (Isiolo and Garissa). The Grants will also finance the development of complementary infrastructure to operate abattoirs efficiently, such as holding/fattening/resting grounds, reception stockyards, waste/effluent management ponds, and infrastructure to process by-products such as skins and hides.
37. Each of these investments will be accompanied by training programs designed to change the way traders, slaughterhouse management, slaughter men, meat inspectors, and transporters deal with waste management, energy and water use efficiency, bio-security, and meat hygiene and food safety. Each upgraded and equipped abattoir will be subjected to regular inspection to ensure that hygiene standards and safe operational procedures are being maintained.
38. Supporting the development of disease-free zones. The project will explore possibilities of establishing animal Disease Free Zones (DFZs)/ Livestock Export Zones (LEZs) in Lamu, Tana-River, Isiolo, Wajir, Marsabit, and Mandera Counties. Initially, support will include feasibility studies and the development of business plans for economically viable investments.
39. These holding areas will be strategically sited with regard to current stock routes, some of which are based along the Lamu Port and Southern Sudan–Ethiopia Transport corridor. DFZs/LEZs will be established based on the concept that livestock targeted for local and export trade that are produced in disease-infected areas can first be subjected to a disease-cleansing process at the production areas. Thereafter, they can be isolated in secured holding grounds to be treated and cleansed of diseases that are a high priority for the livestock trade.
40. The animals screened through these internal holding grounds will eventually be transported to the coastal export certification stations in Kurawa, Buchuma, or Miritini. Animals held at these export certification zones (export quarantine stations) are quarantined for a period acceptable to a trading partner (21–30 days, for instance) while being screened to confirm that they are free from specific diseases in compliance with international livestock movement guidelines and import certification requirements. Following certification, the animals will be transported through an agreed transport protocol to the ports for shipment to the destination markets.

41. More specifically, to facilitate the movement of livestock from DFZs/LEZs to destination markets, the project will finance the development of livestock corridors by providing strategically located holding grounds/yards, quarantine areas, water supply, pasture, fodder, feedlots, and demarcated stock routes. The Grants will also finance animal health infrastructure, including upgrading of county (and national/referral) veterinary laboratories; and disease surveillance and vaccination programs—for instance, for Peste des Petits Ruminants, Foot and Mouth Disease, Contagious Bovine Pleuropneumonia, Contagious Caprine Pleuropneumonia, Rift Valley Fever, and Newcastle Disease.
42. Given the “public bad” nature of animal diseases and the need for cross-county interventions (such as the development of stock routes/livestock corridors), this activity, if found financially feasible, will be coordinated at the national level by the Department of Veterinary Services, MoALF.
43. Supporting breeding programs and animal feed production. The project will finance the introduction of heat-tolerant animal breeds in the NEDI counties to increase the resilience of the animals and thus of pastoral livelihoods. New, improved, and heat-tolerant animal breeds will be multiplied in county and ward farms/ranches, in conjunction with Subcomponent 2.2 activities (refer to seed manual for details).
44. Breeding programs for camels and small ruminants (sheep and goats) are critical for sustaining livelihoods in these drylands. The Grants will also finance the production and distribution of drought-tolerant feed crops. This effort will involve sharing innovations and knowledge on feed production and conservation (feed banks/hay sheds) in county and ward model farms for use by pastoralists during droughts or the dry season.
45. PPP arrangements will be promoted to encourage investment in irrigated fodder/pasture seed and fodder/pasture production (also storage and marketing) along the rivers in Tana River, Isiolo, Wajir, Mandera and Garissa Counties.
46. Support will include the provision of machinery and equipment for fodder/pasture production; examples include tractors, mowers, compactors, pelleters, balers, pulverizers, mixers and the construction of hay sheds and marketplaces. Training of farm staff (managers, machine operators, and field officers, for example) and the development of PPP business plans will also be supported under these Grants.
47. The CTDs will prepare sub-project proposals and submit them to the CTAC for vetting and recommendation for approval by NTAC. NPCU will report to the NPSC on the number and cost of the approved county-level subprojects. Priority will be given to sub-project proposals submitted by two or more counties to address joint resource management and supply chain issues that cut across a number of counties. Examples include the maintenance of cattle corridors for facilitating livestock mobility, or watershed/catchment management for sustainable soil and water management. To be eligible for support, the integrated subprojects must include a combination of activities that together deliver on CSA’s triple outcomes. The list of potential sub-projects includes and not limited to activities detailed in *Table A2.1 of KCSAP PAD*.

Eligibility criteria for County and Cross-County Grants in Pastoral Systems

48. The Grants will be provided for County and Cross-County sub-projects based on the following criteria;
- i. Be consistent with the county CSA plan which is incorporated in the CAP and CIDP;
 - ii. Demonstrate financial viability (based on cost-benefit analysis) of the investment;
 - iii. County governments to provide a contribution of at least 20 percent of the total cost of the sub-projects;
 - iv. Individual subprojects may range from US\$200,000 to US\$500,000, and counties can submit multiple subprojects up to a maximum of US\$1 million;
 - v. Sub-projects financing for supporting the rehabilitation and equipping of selected abattoirs should not exceed US\$2 million per county;
 - vi. For abattoirs they must be located in local primary or secondary livestock markets and with potential for accessing export markets for meat products;
 - vii. Abattoirs should be adequately connected to utilities (water, energy) and transport networks;
 - viii. Abattoirs have bankable business plans for PPP operations and maintenance;
 - ix. Abattoirs should be located in areas with a large animal population or where livestock marketing routes converge;
 - x. Abattoirs should be located in areas earmarked as future disease-free zones;
 - xi. Investments in DFZs/ LEZs will be considered only for counties that develop bankable PPP business plans that include clear links to local and export markets;
 - xii. The maximum project financing for DFZ/LEZ activities will be US\$3 million equivalent per county;
 - xiii. Inter-county subprojects proposals can receive Grants of up to US\$3 million.

4.0 MANAGEMENT STRUCTURE

Micro-Project Management Structures

49. The Management Committee will be at three levels: (i) CIGs/VMGs/POs level; (ii) CDDC level; and (iii) CVCCDC. Each management committee will be governed by their respective constitutions and have the following sub-committees: Executive, Grants Management, Procurement, Social Accountability and Integrity Committee (SAIC), among others as the need arises. Sub-committee



members of the procurement and Grants will be elected from the management committee and must not be in the executive committee. Members of the SAIC will be elected directly by members at the Annual General Meeting to be the watchdog of the members.

50. The Grants Management sub-committees are compelled to disclose all material facts relating to the Micro-project Grants under this project and the management committee will be held singularly and /or severally responsible in case of any missing document or misrepresentation of facts.
51. The management structure must take the governance structure in line with their registration requirements and must comply with statutory obligations.
52. All organization decisions shall be made in a properly constituted meeting supported with minutes. A properly constituted meeting shall comprise of at least two thirds of the membership of that committee or sub-committee.
53. The main roles and responsibilities of the members and the various committees are indicated below:

5.0 CIC/ VMG/ POs Members

- i. Attend all scheduled meetings including Annual General Meeting (AGM);
- ii. Consider and confirm the minutes of the previous general meetings and discuss matters arising;
- iii. Confirm and/or reject admission of new members;
- iv. Prepare constitution and by-laws and effecting changes when and where necessary;
- v. Elect management and supervisory committee members;
- vi. Prepare budgets (for the ensuing year);
- vii. Deliberate and ratify proposals made by the management committee;
- viii. Fill in service delivery certificate after participating in the various programme implementation activities;
- ix. Transact any other business of the organization in a properly constituted AGM/GM.

6.0 MANAGEMENT COMMITTEE

- i. Overall management of the organization's affairs;

-
- ii. Ensure that the organization conforms to relevant legislation such as local authority by-laws, the provisions of the labour laws, Public Health Act, NEMA Act, Factories Act and any other relevant laws;
 - iii. To constitute subcommittees; executive, procurement and Grants management;
 - iv. To implement the resolutions of the members;
 - v. To authorize procurement of goods and services;
 - vi. To guide in the overall work planning and budgeting process;
 - vii. To prepare and submit reports and documents as may be required;
 - viii. The custodian of all documents of the organization;
 - ix. To guide in case of disposals of any goods and assets;
 - x. To approve of financial management reports before they are tabled to the members.

6.1 The Executive Committee

54. The Executive committee consist of the Chairperson, Vice chairperson, Secretary and Treasurer who oversee the day to day operations of the organization. Members of the executive committee will not be expected to sit in any other sub-committee of the management committee. The main roles of the Executive Committee include:

- i. Supervise all the organizations activities;
- ii. Receive procured inventories and consumable goods and stores from the Procurement sub-committee (See annex 2A & 2B);
- iii. Ensure proper utilization of assets and consumables, goods and services procured by the organization.

6.2 Procurement sub-committee

55. The Procurement sub-committee at the CIG/ VMG/ POs level will be responsible for planning all works, goods and services on behalf of the group; make request to the CDDC procurement Committee for procurement of their goods and services; receive the procured goods and services; and keep records.

56. The Procurement sub-committee at the CDDC level will be responsible for vetting, planning and procuring all works, goods and services requested by the various micro-projects on behalf of the organization in the manner prescribed in the revised Community Procurement Manual and Finance

Management Manual. It will consist of at least five members from the management committee, who will not be members of the executive committee. Roles of the Procurement Sub-committee include:

- i. Procure all works, goods and services which meet the requirements of the organization;
- ii. Responsible for floating, opening and adjudication of bids, tenders and quotations;
- iii. Ensure that the procurement process is guided by the principles of economy, efficiency, equal opportunity, transparency and openness;
- iv. Maintain a stock register where all receipts and issues will be recorded (See Annex 2A);
- v. Inspect, verify and issue goods and services procured to users using the prescribed form Annex 2B.
- vi. Supervise maintenance and servicing of equipment and endorse payment for such services rendered;
- vii. Ensure proper installation of equipment and/or machinery where necessary;
- viii. Take custody (storage) of goods, identify any obsolete and non-functioning inventories and make recommendations for disposal of such inventories to the management committee;
- ix. Ensure that the premises intended to house the machinery and equipment are identified, renovated and or rehabilitated and all the necessary agreements and contracts are signed before they are procured;
- x. In consultation with the management committee, ensure that the assets of the organization are insured.

N/B: The organizations must seek assistance from Procurement specialists at CPCU/NPCU in drawing the equipment and machinery specifications before procurements are effected.

6.3 Grants Management Sub-committee

57. The management committee of the organization will elect three members to the Grants Management sub-committee to oversee the management of Grants. The roles of this sub-committee are;

- i). Planning/budgeting for community and micro- projects;
- ii). Open and operate KCSAP bank account with a commercial bank, which will be operated by all the three members being mandatory signatories. A KCSAP bank account will be opened by all the organizations receiving KCSAP Grants;

- iii). Fast tracking the implementation of micro-project proposals;
- iv). Participate in the development and implementation of contracts;
- v). Coordinate and supervise projects;
- vi). Fill Beneficiary Certification and Procurement Report for organization projects;
- vii). Receive requisition for projects materials and equipment from the management committee and forward to CPCU for verification;
- viii). Prepare a report for the management committee.

6.4 Social and Accountability and Integrity Committee (SAIC)

58. There shall be an SAIC Sub-Committee consisting of three members who will put in place internal control mechanisms to ensure proper utilization of organizational resources as prescribed in the organization's by-laws to minimize operational risks. The roles of SAIC are:

- i. To set up internal control mechanisms for the smooth running of the organization;
- ii. To ensure the organizations expenditures are in accordance with predetermined estimates (approved budgets);
- iii. To ensure activities and procurement of goods and services are in line with Micro-project Grants accounting form (Annex 6) and Micro-project Grants proposal guidelines (Annex 7);
- iv. To investigate any misappropriations of resources;
- v. To prepare audit reports to be presented to the full management committee as need may arise;
- vi. To seek external intervention on behalf of the organization as need may arise;
- vii. Ensure that the assets and equipment procured are not misused or misapplied;
- viii. Receive implementation report from management committee and raise the red flag or report any corrupt practises through supervisory sub-committee;
- ix. Handling complaints and grievances as per the GRM manual.

6.5 Sub-Project Management Committee

59. Each sub-project proposed for approval must have a management committee in place. Each management committee will be governed by their respective constitutions and have the following sub-committees: Executive and Social Accountability and Integrity Committee (SAIC), among others as the need arises.

60. The main roles and responsibilities of the members and the various committees are indicated below:

6.6 Management Committee

- i. Overall management of the organization's affairs;
- ii. Ensure that the beneficiaries conform to relevant legislation as it may be required by law;
- iii. To constitute subcommittees; Executive, and SAIC;
- iv. To implement the resolutions of the members;
- v. To prepare and submit reports and documents as may be required;
- vi. The custodian of all documents of the organization;
- vii. To guide in case of disposals of any goods and assets.

6.7 The Executive Sub-committee:

61. The Executive committee consist of the Chairperson, Vice chairperson, Secretary and Treasurer who oversee the day to day operations of the organization. Members of the executive committee will not be expected to sit in any other sub-committee of the management committee. The main roles of the Executive Committee include:

- i. Supervise all the organizations activities;
- ii. Ensure proper utilization of assets and consumables, goods and services procured by the organization;
- iii. Receive any procured goods and ensure safe storage of the same;
- iv. Develop and ensure implementation of appropriate sustainability mechanisms.

6.8 SAIC Sub-Committee:

62. There shall be an SAIC Sub-Committee consisting of three members who will put in place internal control mechanisms to ensure proper utilization of investment resources as prescribed in the organization's by-laws to minimize operational risks. The roles of SAIC are:

- i. To set up internal control mechanisms for the smooth running of the investment;
- ii. To investigate any misappropriations of resources;

- iii. To prepare audit reports to be presented to the full management committee as need may arise;
- iv. To seek external intervention on behalf of the beneficiaries as need may arise;
- v. Ensure that the assets and equipment procured are not misused or misapplied;
- vi. Receive implementation report from management committee and raise the red flag or report any corrupt practises;
- vii. Handling complaints and grievances as per the GRM manual.

7.0 DEVELOPMENT OF GRANTS PROPOSALS

Preparation of the Proposal

63. The primary responsibility for formulating proposals rests with the CIGs/ VMGs/POs with the guidance of the Service Provider. For a CIG/ VMG/PO to qualify for the Micro-project Grants. For proposal in Window I and II, the CPCUs will be expected to coordinate, but not lead, the proposal development process. In particular, the CPCU will identify relevant stakeholders and institutional linkages that will be required to ensure smooth and effective implementation of the proposals. In order to ensure effective back-stopping, at least one value chain-based Service Provider firm should be reliably associated with each proposal that is approved for funding. For benefiting POs and Private Firms (PFs) under Window III, KENAFF and State Department for Cooperatives will be expected to coordinate, but not lead the business planning and proposal formulation process. KENAFF and the State Department for Cooperatives will develop criteria for aiding development and assessment of business plans. Key guidelines to assist CIG/VMG/PO/ PF in developing proposals are given in Annex 7.

7.1 Grants Proposal Appraisal and Approval

64. Micro-project proposals under window I submitted to CPCUs must undergo initial technical screening and recommendation by CTAC. None of the CTAC members should have participated in the formulation of the proposals. The CTAC will also be responsible for technical advice and quality assurance of micro-project Grants investments and services provided by SPs at county level. Under window II, proposals will be appraised and recommended by CTAC at the county level and forwarded for approval by NTAC. Business plans/ Proposals submitted under window III will be reviewed by NTAC for approval.

65. All applications received will be logged in an electronic register and given a reference tracking number. The application should be accompanied by a separate form indicating the geographical coordinates of the proposed micro-project, the name of the CIG/VMG/PO/PF, and the nature of the project in accordance with a unified classification to be provided by KCSAP Project Management Information System (PMIS) system. This is applicable across all the three windows.

66. The appraisal shall include site visits to confirm information provided in the proposal including the geographical coordinates. The service provider shall assist the CIGs/ VMGs/POs in obtaining the geographical coordinates. The M&E assistant at the CPCU will verify the information contained in the application. Following screening, all approved proposals (together with the independent assessments) will be shared with the KCSAP M&E Officer. Under window I, upon approval by the CTAC the CPCU will inform the applicants, in writing, of the outcome of the approval process. In cases where approval is pending awaiting incorporation of recommended adjustments to the proposal, CPCU staff together with the respective Service Provider will assist as may be necessary in making the required adjustments. In cases where applications are rejected in windows I & II, the CPCU Coordinator will write to the Chairman of the CIG/PO and the service provider with an explanation on the rejection of the application.
67. Under window III, upon approval by the NTAC, NPCU will inform the applicants, in writing, of the outcome of the approval process. In cases where approval is pending awaiting incorporation of recommended adjustments to the proposal, NPCU will assist as necessary in making the required adjustments. In cases where applications are rejected, the NPCU will write to the chairman of the PO/PF with a brief explanation on the rejection of the application.
68. Details of all approved proposals must be posted on KCSAP website and various public notice boards, especially at the Chiefs, Sub-county, County, County Commissioners offices, Churches, Mosques, Temples, Public and/or Social halls. The CPCUs should also use any other available media to disclose to the public the names of the groups and/or organizations, areas of support, location and the approved and disbursed levels of funding of each proposal.

7.2 Implementation and Monitoring and Evaluation

69. The implementation of all project activities will be the responsibility of the CIG/ VMG/PO, and their respective Service Providers with support from the CPCU and NPCU.
70. The CIG/ VMG/PO will, through the guidance of the service provider, prepare and submit quarterly and annual progress reports to the CPCU and NPCU. A completion report, focusing on results obtained and the likely or apparent outcomes and impact will be submitted by the service provider as a prerequisite for authorization of the final payment for services provided to the CIG/ VMG/PO.
71. Monitoring and Evaluation will be done in a participatory manner and each CPCU is responsible for reporting to the NPCU on the progress of the implementation of funded projects. Reports will be submitted on quarterly basis. The report will cover approvals, funds disbursed, reports received, and an overview of progress under each of the approved Grants. The reports will include any other issues that the CPCU may raise for discussion and recommendation by the NPCU. The CPCU and the NPCU will regularly arrange supervision visits to all funded projects and activities. The M&E Officer at NPCU Office will upload on the web the Management Information System (MIS) information captured at the approval stage and update the project status regularly including photos and video clips on project implementation. On the website the project will map the locations and

basic information on each approved project including name, type of activities funded, budget and key contacts. In order to undertake the M&E function, the CPCUs will utilize proceeds budgeted for this purpose in the CPCU work plans and budgets.

7.3 Capacity Building for CIG/VMG/PO and SPs

72. For the CIG/VMG/PO and their SPs to perform the functions indicated above, they will be provided with appropriate training. Packaging of training materials for use by SPs will be coordinated by NPCU in collaboration with KALRO, KMFRI, KMD, KENAFF, Universities and line ministries. The training content will cover:
- i. Group dynamics and governance; EDP/BP preparation and execution; Agribusiness and entrepreneurship skills; Production; CSA TIMPs.
 - ii. Awareness on rights and responsibilities of members with regard to social and environmental safeguards; avoiding and reporting corrupt practices; channels for reporting and resolving grievances e.g. telephone, SMS, email and suggestion boxes
 - iii. Procurement and Financial procedures and practices
 - iv. Planning, reporting and monitoring of projects.

8.0 GRANTS AGREEMENTS/CONTRACTS

73. Following all projects approval, all parties, including leaders of the CIG/ VMG/PO, must sign a Service Provision Contract between them and contracted extension service providers, which will be attached to the original proposal. Also attached will be an agreed work-plan and budget and schedule of activities. A copy of the full set of documents will be forwarded to KCSAP NPCU for post-approval review and retention in a county specific file. Sample contract documents are given in *Annex 8*. The beneficiary communities or groups will also be required to enter into agreement with their respective Counties (*Annex 10*).

9.0 PROCUREMENT

74. Beneficiaries will be expected to form Procurement Sub- committees CIC/VMG/PO and at CDDC levels. The Sub- Committees will work closely with the CPCU procurement assistants to assist the organizations in the procurement of their requirements under all Grants projects. These procurements will be guided by the “KCSAP Procurement Manual” (*Annex 9*).

10.0 EFFECTIVE DATE

75. This Community Driven Development Grants Manual (CDDGM) will be effective once the micro-projects activities are initiated.

11.0 RESPONSIBILITY FOR IMPLEMENTATION

76. The persons and entities listed below are responsible for the effective implementation of this Manual. It is envisaged that they will use their best judgement and efforts to ensure that the manual is properly and successfully implemented.

- i. NTAC, NPSC;
- ii. KCSAP NPCU;
- iii. CPCUs, CTDs, CTAC, CPSC;
- iv. Grants Sub-Committee members of CIG/VMG/PO implementing entities; CDDCS; subproject management committees and other relevant implementing agencies;
- v. Service Providers;
- vi. MOA/ KCSAP Internal Audit Team;
- vii. Any other relevant stakeholder as per the Project Implementation Manual.

12.0 KCSAP'S GENERAL REQUIREMENTS ON BANK ACCOUNT

77. As a general rule, every CIG/ CDDC/ CVCDC/ PO/ PF is required to open a new **Project Bank Account** in the name of the organization. The bank charges applicable to this account may be charged to KCSAP expenses and must be captured in the Grants Proposal budget.
78. The **Project** bank account for specific structures will be operated by the authorised official signatories of the organizations.
79. A structure will nominate three signatories one of whom should be the group treasurer, authorised to operate the account, of which all three signatories will sign the cheque or other bank documents on behalf of organizations.
80. All receipts from sale of output or income generated by an investment should be promptly deposited in the bank account, and the 'pay-in-slip' filed. All expenses incurred by the organizations should be properly recorded.
81. Monthly 'bank statement' should be obtained by each structure from the bank, and a Bank Reconciliation Statement prepared by the organization every month, not later than 10th day of the following month.
82. The Bank Reconciliation Statement should be signed by the Treasurer of the structure and a copy of the same forwarded to the Coordinator CPCU who will then forward a copy to NPCU Coordinator along with the monthly progress report.
83. The original Bank Reconciliation Statement should be filed, along with the monthly bank statement and progress report for the respective month.

13.0 PROGRESS REPORTS

84. The structure shall prepare a Monthly Progress Report - MPR (see Forms CDDGM 3, 4A, 4B, 5) within 10 (ten) days after the end of the month, and forward the same to CPCU coordinator for onward dispatch to NPCU. Similarly, all monthly income-generating activities will be reported using the organization's monthly Income Generating Report form (see Form 6B). The MPR should be made available to other members of the structure. The organizations shall prepare a monthly financial summary as outlined below:-

Name of the CIG/VMG/CDDC/CVCDC/PO/PF

.....

Name of the Bank:

Bank Account No:

Reporting Period (month/year)

Item	Amounts (KShs)		
	Expenditure	Income	Total
Balance at the beginning			
Receipts during the month			
Payments during the month			
Balance at end of month			
Balance as per bank statement			

Activities financed, notable achievements

Signature:

Secretary Name:

Date:

Signature:

Chairperson Name:

Date:

***Note:** All receipts and payments pertaining to the KCSAP operations should be entered under the expenditure column. The objective is to identify the amount applicable to KCSAP operations, in respect of receipts, payments and closing balance. At the same time, all receipts identified with the income generating activities being implemented by the structure, should be entered under income, column. This will facilitate identification of the closing balance between KCSAP funds and funds belonging to the structure. A steady increase in the closing balance will be a good indicator of the growth and development of the structure.*

13.1 Stock Register - Form CDDGM -2A and Form CDDGM -2B

85. Every CIG/VMG/CDDC/PO/PF should maintain a stock register in the prescribed format. This should be a bound book or analysis register with suitable columns and every column entered with the appropriate particulars.
- i. There are 16 columns in the Stock Register, - columns 1 to 8 on the left hand side and columns 9 to 16 on the right hand side. The particulars of the individual columns are self-explanatory.
 - ii. Entries in the Stock Register should be posted every day, and authenticated by the responsible officer of CIG/VMG/CDDC/PO/PF. Entries should be made in ink or ball point pen, but NOT in pencil.
 - iii. All purchases of supplies/goods and services should be entered in the stock register, with the relevant particulars. The “Entry No.” should be a running serial number, starting from 1. This number should also be indicated on the individual supporting voucher, as applicable.
 - iv. In case the ‘cash sale’ or ‘receipt’ for a purchase is not available, please indicate NA (Not Available) in Column (4). In such cases, a declaration in Form CGM– 2 should be prepared, indicating the entry number to link the purchase in the stock register. The Declaration Form Number should be entered in Column (8) to facilitate cross reference.
 - v. At the end of the month, a photocopy of the stock register duly certified as a true copy of the original by the responsible officer should be attached to the accountability report submitted by the CIG/VMG/PO/PF to the CPCU Coordinator, along with all available supporting documents, which will also include the Declaration Forms (Form CDDGM –2)
 - vi. The original stock register should be kept in a safe place and made available to the visiting KCSAP staff from NPCU, members of the CPCU, or delegates from the World Bank.

13.2 Declaration on purchase of Goods and services

86. The Declaration on purchase of goods and services form (Annex 3) is prepared in triplicate, with all particulars and signed by the appropriate person. A running serial number is assigned to every form, and the serial number is entered in column (8) of the stock register.
- i. This form is prepared if no cash bill or receipt is available for particular purchase; an acknowledgement note from the vendor should be attached.
 - ii. The original form should be attached to the certified copy of the Stock Register and submitted to the CPCU Coordinator as a part of accountability documents. For POs/ PFs benefiting from the Grants under window III, signed copies of the stock register and declaration form will form part of the accountability documents for CPCU. The duplicate should be filed in a box file as per serial number, to be retained at CIG/VMG/CDDC/PO offices.



13.3 Monthly CIG/VMG/CDDC/PO/PF Status Report - Form: CGM – 3

87. This report (Annex 4A) is prepared by the CIG/VMG/CDDC/PO/PF, on a monthly basis, to monitor the progress of advances made to the individual micro-projects or activities of CIG/VMG/CDDC/PO/PF, accountability received from the individual members or a group of members implementing those micro-projects or activities, and the balance outstanding at the end of the month, against individual micro-projects or activities. Copies of this report should be distributed to: CPCU Coordinator, NPCU Coordinator and Finance Officer/Project Accountant. This report will be prepared by the CIG/VMG/CDDC/PO/PF with the assistance of the CPCU.

13.4 Quarterly KCSAP CPCU Accountability Report - Form: CDDGM – 4B

88. This report is prepared by the CPCU Accountants to monitor the progress of accountability received from the CIG/VMG/CDDC/CVDC/PO/PF, against advances made to them, and the level of balances outstanding at the end of the month. A separate entry will be made in this report, in respect of CPCU Overheads.

89. Copies of this report shall be distributed to: CPCU and NPCU Coordinators, and the NPCU Project Accountant.

13.5 Quarterly KCSAP CPCU Funds Allocation Report to NPCU– Form: CDDGM – 4C

90. This report is also prepared every quarter by the CPCU Accountant. Copies of this report should be sent to: CPCU Coordinator, NPCU Coordinator and Project Accountant. The report will outline expenditures and forward budget requirements for the preceding period.

13.6 Quarterly KCSAP Accountability Report to World Bank - Form: CDDGM- 5

91. This report will be prepared at NPCU by the Accountant. The purpose of this report is to monitor the progress of accountability against the advances made to the individual CPCUs every quarter.

13.7 Processing of accountability documents by the CPCU Accountants

92. With the implementation of this Manual, the CPCU accountants will be able to process the accountability documents, when some of the purchases are not supported by cash bills or receipts. Under this Manual, as an alternative, they will accept the signed declaration in Annex 3 as explained above. It will be certified as true copy of the original of stock register in Annex 2A & 2B will be considered as an acceptable record of supplies and services purchased and used by the CIG/VMG/CDDC/PO/PF.

93. As a result of the above simplification of work, the CPCU accountant will be able to process the accountability document with minimum delay and thus speed up the flow of funds.

14.0 FUNDING AND DISBURSEMENT

94. Before any funds are disbursed to the county for CSA Grants, the counties are expected to sign a participation agreement with MoAL&F. Thereafter, the respective counties will sign a Memorandum of Understanding/ Community Development Agreement with the beneficiaries (Annex 10)
95. Beneficiary/community bank accounts will be opened at commercial banks acceptable to World Bank/ IDA.
96. Funds will be disbursed from the CPA at CBK or in financial institutions acceptable to World Bank/ IDA, directly to the Community Accounts (CAs) at commercial banks, once they have met the eligibility criteria.
97. The CRF accounts will be replenished from DA-1. Each CPCU shall maintain a detailed inventory of all the CAs.
98. NPCU shall maintain a similar inventory of all the DAs, PAs, CPAs and CAs under the project. The bank account inventory shall provide details but not limited to account name, beneficiary name, account number, bank, branch, branch location, signatories and specimen signatures, and account operating mandates.
99. The CPCU will furnish monthly accountability report to MoAL&F/ KCSAP NPCU, along with (a) copy of bank statement (b) bank reconciliation statement (c) cash book (d) summary of expenses, showing amounts disbursed to each CIG/VMG/CDDC/CVDC/PO/PF duly supported by paid vouchers, and (e) a copy of the stock register (as explained earlier) together with Declaration Form, wherever applicable. In addition, the CPCU will submit a progress report monitoring the progress of the projects against documented and agreed milestones/indicators.
100. The project will adopt the Statement of Expenditure (SoE) method of disbursement. In case some of the documents attached to the accountability report furnished by a CPCU are deficient, the corresponding amount will be reduced accordingly. A letter will be sent to the CPCU accountant, explaining the deficiency and requesting for submission of the missing document(s) or rectification of the deficiency. Such letters will be copied to CPCU Coordinator for follow-up.

14.1 Flow of Funds from CPCU to CIG/VMG/CDDC/CVDC/PO/PF

101. Disbursements to a CIG/VMG/CDDC/CVDC/PO/PF will be based on work plans and budgets for the micro-project, as well as disbursement schedule indicated by the structures in the proposal.
102. Generally, initial disbursement will be for three months requirement, or in specific cases, based on agreed payment schedule linked to the work programme. Each release of funds by CPCUs to the structure will be subject to signed undertaking furnished by structures representatives to the effect that 'surrenders' would be submitted prior to the next release of funds.

103. The structures will submit accountability reports on a monthly basis to the CPCUs, in the prescribed format, which should include (a) copy of bank statement (b) bank reconciliation statement (c) cash book (d) summary of expenses, duly supported by paid vouchers, and (e) a copy of the stock register (as explained earlier) together with Declaration Forms, wherever applicable. In addition, the structures will submit a progress report monitoring the physical progress of the projects.
104. CPCUs will release funds to the structures based on the accountability reports, on a monthly basis. Where distances make monthly submission difficult and expensive, the accountability could be submitted on an agreed time schedule e.g. every two months. CPCU Accounts Staff shall ensure that the total amount released to a structures is in line with the budget ceiling for the current fiscal year.
105. Money advanced to CIG/VMG/CDDC/CVCDC/PO/PF will be considered as expenditure only when it is applied for the intended purposes and as detailed in the respective structures funding proposal. It is a requirement that the audit function of the project samples 30% of all the KCSAP funded projects and will be extended to include CDD activities including verification of micro projects appraisal and field based physical verification (at least quarterly) of the county and community investments.

14.2 Opening of Bank Accounts

106. All CIG/VMG/CDDC/CVCDC/PO/PF being supported through micro-project Grants will be expected to open a KCSAP bank account at the CBK or financial institutions acceptable to IDA. The structures must be duly registered by relevant authorities. A copy of registration certificate, minutes of meeting recommending opening of bank account and a forwarding letter by the registering authority will be used for this purpose. All cheques payments and withdrawals must be signed by the Chairperson/ Vice Chairperson, Secretary and Treasurer.

15.0 SOCIAL ACCOUNTABILITY AND DISCLOSURE

107. Apart from promoting transparency and accountability in the use of Grants resources, the public disclosure is also intended to provide a forum for show-casing and sharing best practices. In addition to public disclosure measures, upon approval of community projects, further measures will require:
- i. Community structures to disclose their utilization of the Grants and their progress in the implementation. This will entail displaying a summarized report on Grants beneficiaries, type of value chains and interventions supported at the following locations where applicable: Notice Boards of the CPCU offices, ward, sub-county and county administrative and agricultural offices; and Chief's office at village level.
 - ii. All approved projects to be geo-mapped and posted on the KCSAP website indicating location, amounts approved, utilized, name of structure, membership and type of value chain.

16.0 GRIEVANCE HANDLING MECHANISM

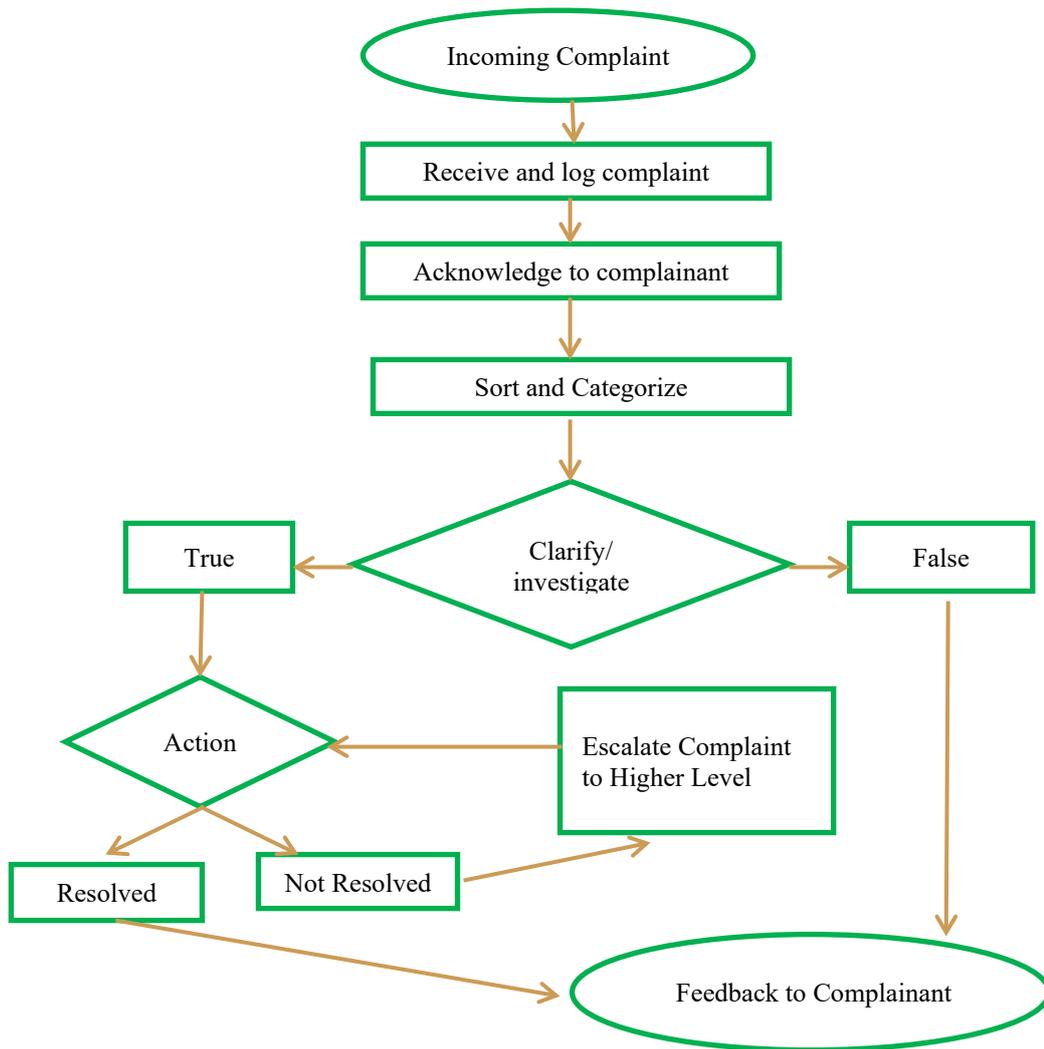
108. The grievance handling procedures are included in the Environmental and Social Management Framework (ESMF). KCSAP has a functional grievance handling mechanism for reporting and resolving complaints raised by project beneficiaries. During the implementation of KCSAP, all projects will maintain a complaint record database to enable complaint- tracking and review.

109. A complaint handling committee will be established involving County Grievances Committee where applicable. The committee will be at community, ward, sub-county and county levels and will give their reports to CPCU. The mechanism will utilize tools and devices such as telephones, opinion/suggestion boxes placed at CPCU offices, ward, sub-county and county administrative and agricultural offices; and Chief's office at village level. The reporting will be integrated with KCSAP M&E system for effective processing and monitoring. A well designed and functioning KCSAP GRM have the following advantages:

- i. Provide feedback to different levels of the project management on project performance;
- ii. Will outline the composition of committee members;
- iii. Act as an early warning mechanism to address grievances for timely intervention thereby preserving project integrity and its reputation;
- iv. Generate public awareness about the project and its objectives and increase stakeholder involvement;
- v. Reduce risk for fraud and corruption practices;
- vi. Provide project staff with practical suggestions/feedback;
- vii. Promote accountability, transparency and responsiveness to beneficiaries;
- viii. Assess the effectiveness of internal organizational processes;
- ix. Provide vulnerable and marginalized groups with a channel for making their concerns known;

110. Project complaints are likely to emerge from three levels: a) at community projects level; or b) project staff; c) Stakeholders level. Complaints can be launched at any point in the projects organization structure. The key elements of the revised GRM design are shown the Figure 1 below. For more details refer to the KCSAP GRM Manual.

Figure 1: Procedure for Grievances Redress



ANNEX 1: GRANTS PROPOSALS ASSESSMENT CRITERIA

KCSAP- WORLD BANK/ IDA Credit P154784

Criteria	Score (%)
Relevance to KCSAP objectives of increasing agricultural productivity building resilience to climate change risks and reduction of greenhouse gas emissions	10-15
Innovativeness (potential contribution of proposed activities towards up-and out scale- CSA TIMPs based on geographic region:	0-15
Institutional feasibility of the Service Provider consortium (giving special attention to track record and staff capacities and competencies):	0-5
Economic viability as demonstrated by positive gross margins and income levels to CIG/VMG/PO/PF	0-15
Sustainability attributes beyond KCSAP support:	0-15
Synergies /Complementarities with other projects:	0-5
Expected impact in relation to poverty alleviation, food and nutrition security and resilience to climate change risks :	0-15
Cost effectiveness in relation to number of beneficiaries and operational costs:	0-10
Sensitivity to gender social concerns and social/environmental safeguards	0-5
Total Score	0- 100



ANNEX 2A: STOCK REGISTER AT CIG/VMG/CDDC/CVCDC/PO/PF FOR MOVEMENT OF GOODS & SERVICES FINANCED UNDER KCSAP

KCSAP- WORLD BANK/ IDA Credit P154784

Name of the CIG/VMG/CDDC/CVCDC/PO/PF

Left Hand Side of Stock Register

Form: CDDGM - 2A

(page 1 of 2)

Entry No.	Date of Receipt	Description of goods & services	Cash sale /Receipt No. / Date	Unit & Quantity received	Total Value KShs	Name, ID & signature of officer who received the Goods and / or Services on behalf of structure	Declaration No: and date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

1. All purchases should be entered in the stock register. The ‘Entry No.’ should be a running serial number. This number should also be indicated on the individual vouchers, as applicable.
2. In case ‘Cash Sale/Receipt’ is not available, please indicate NA under column (4). In such cases, a Declaration should be completed in Form CGM– 2, indicating the corresponding ‘Entry Number’ to identify the purchase in the Stock Register.
3. The Declaration Form serial number: should be entered in column (8) above to facilitate easy cross reference.



ANNEX 2B: STOCK REGISTER AT CIG/VMG/CDDC/CVCDC/PO/PF FOR MOVEMENT OF GOODS AND SERVICES FINANCED UNDER KCSAP

KCSAP- WORLD BANK/ IDA Credit P154784

Right Hand Side of Stock Register

FORM: CDDGM - 2B

(page 2 of 2)

Quantity Received as per Item (5)	Date	Quantity issued	Balance after issue (9 – 10)	Name & address of CIG/VMG/PO/PF to which issued	Name, ID, and Signature of the Officer receiving Supplies	Verified by KCSAP Backstopping Service provider	Endorsed by KCSAP CPCU Coordinator	Endorsed by National KCSAP NPCU (During his/her visit)
(9)		(10)	(11)	(12)	(13)	(14)	(15)	(16)

Note: The Stock Register is to be maintained in bound analysis book at the CIG/VMG/CDDC/CVCDC/PO/PF premises.



ANNEX 3: KCSAP ACCOUNTABILITY REPORT DECLARATION ON PURCHASE OF GOODS AND SERVICES Form: CDDGM 3

KCSAP- WORLD BANK/ IDA Credit P154784

Declaration No:		Date:		Name of the CIG/VMG/CDDC/PO/PF			
Entry No. In Stock Register	Date of Receipt	Particulars of goods & services	Total Value Shs	Name, ID, Position & signature of officer purchasing the item	Certified by Chairman/ Secretary of CIG/VMG/CDDC/PO/PF)	Certified by Backstopping Service provider/	Endorsed by KCSAP
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Note: This form should be numbered according to running serial number, and dated. This should be prepared and signed in duplicate. The original should be attached to the photocopy of the stock register, submitted along with the accountability report.



ANNEX 4A: KCSAP MONTHLY CIG/VMG/CDDC/CVCDC/PO/PF ACCOUNTABILITY REPORT

KCSAP- WORLD BANK/ IDA Credit P154784

Name of the CIG/VMG/CDDC/CVCDC/PO/PF

Month...

Form: CDDGM – 4A

Name of CIG/VMG/CDDC/CVCDC/PO/PF and Title of funded project	Balance at Beginning	Funds released during month		Accountability Received during the month		Balance at Month end
		Current	Cumulative	Current	Cumulative	
Prepared by: CPCU Accountant		Endorsed by: M&E Officer			Signed by: CPCU Coordinator	

Note: This report should be prepared, by CPCU Coordinator every month and forwarded to the KCSAP National Coordinator and by the 10th day of the following month.



ANNEX 4B: KCSAP QUARTERLY CPCU ACCOUNTABILITY REPORT

KCSAP- WORLD BANK/ IDA Credit P154784

Name of the CPCU:

Quarter:

Form: CDDGM – 4B

Name of CIG/VMG/CDDC/CVCDC/PO/PF	Balance at Beginning	Funds released during the Quarter		Accountability Received during the Quarter		Balance at end of Quarter
		Current	Cumulative	Current	Cumulative	
Prepared by: CPCU Accountant		Endorsed by: M & E Officer		Signed by: CPCU Coordinator		

Note: This report should be prepared every Quarter by the CPCU Coordinator and forwarded to the KCSAP National Coordinator, by the 10th day of the first month of the preceding quarter.



ANNEX 4C: KCSAP QUARTERLY CPCU FUNDS ALLOCATION REPORT

KCSAP- WORLD BANK/ IDA Credit P154784

Name of the CPCU:

quarter:

Form: CDDGM – 4 C

Name of CIG/VMG/CDDC/CVCDC/PO/PF	Balance at the Beginning of the quarter	Funds received during quarter		Funds advanced to of CIG/VMG/CDDC/CVCDC/PO/PF during the Quarter		Balance at End of the quarter
		Current	Cumulative	Current	Cumulative	
Prepared by: CPCU Accountant		Endorsed by: M & E Officer		Signed by: CPCU Coordinator		

Note: This report should be prepared every quarter and forwarded to the KCSAP National Coordinator, by the 10th day of every month beginning the preceding quarter.



ANNEX 5: QUARTERLY KCSAP ACCOUNTABILITY REPORT (KShs)

KCSAP- WORLD BANK/ IDA Credit P154784

IDA/ KCSAP CREDIT ACCOUNT/

Quarter:

Form: CDDGM – 5

CPCU	Balance at beginning of the Quarter	Amount paid during the Quarter		Accountability received during the Quarter		Balance outstanding at end of Quarter
		Current	Cumulative	Current	Cumulative	
Total						

Note: This accountability report should be filled and submitted, by the 10th day of every month beginning the preceding quarter

ANNEX 6A: GRANTS ACCOUNTING FORM: CDDGM – 6A

KCSAP- WORLD BANK/ IDA Credit P154784

Name of CIG/VMG/PO/PF:			Month
Name of Bank			Account No:
Particulars of Monthly KCSAP Financial Operations (KShs)			
Details	Expenditure	Income	Total
Add: Receipts during the month:			
Date Amount (Give brief details)			
Total			
Sub-total (Balance at beginning + Total receipt)			
(A+B)=(C)			
Deduct: Payments:			
(As per cash book summary for the month) (D)			
Balance at month end (C-D)=(E)			
Balance as per bank statement attached (F)			
Attach Bank Reconciliation Statement explaining The difference, if any, between (E) and (F)	Reconciliation statement Attached? YES/ No (Tick as appropriate, and explain the reason, if		

		the answer is No)
Prepared by:	Date	Signature of CIG/VMG/PO/PF Secretary & Date
Counter signed by: CPCU Accountant:		Signature of CIG/VMG/PO/PF Chairman & Date
Forwarded to CPCU and / or NPCU on:		Received by CPCU and/ or NPCU on:



	& Date
Counter signed by: CPCU Accountant:	Signature of CIG/VMG/PO/PF Chairman & Date
Forwarded to CPCU and / or NPCU on:	Received by CPCU and/ or NPCU on:

ANNEX 7: GRANTS PROPOSALS GUIDELINES

KCSAP- WORLD BANK/ IDA Credit P154784

- i. All Grants proposals must have the objective of enhancing the capacity and self-reliance of CIG/VMG/PO/PF and their members. The aim of the proposals must be to empower these organizations and their members to achieve higher levels of food security, incomes, reduce poverty and management of natural resources in a sustainable manner through adoption of CSA TIMPs. For this reason, all proposals must originate from the CIG/VMG/PO/PF with the assistance of a service provider, as required. The proposal must geo-reference (Geographical Information System (GIS) coordinates) the CIG/VMG/PO/PF. Roles of CIG/VMG/PO/PF should be clearly specified in the proposals. Service Providers (SPs) will include individuals, consortia, public and private companies, Non - Governmental Organizations (NGOs), Community Based Organizations (CBOs), or Faith Based Organizations (FBOs), Farmer / Producer Groups, Cooperatives, agro-input dealers among others. These will work with beneficiaries along the identified value chains to provide technical advisory services to CIG/VMG/PO/PF within the identified project areas.
- ii. All proposals must demonstrate their economic viability and how activities initiated with KCSAP support will become self-sustaining beyond the project period. Towards this end, applicants are encouraged to consider ways in which CIG/VMG/PO/PF generated income can be used to support the identification, adaptation, and promotion of CSA TIMPs. To assist CIG/VMG/PO/PF to be self-sustaining, the SPs will encourage the groups to set up Savings and Loan groups that will eventually federate into SACCOs. The Matching Grants proposal must clearly indicate mechanism for sustainability and scaling up. It should also indicate the CIG/VMG/PO/PF nature and level of contribution to the project.
- iii. All CIG/VMG/PO/ PF project costs must be included in the Grants proposal
- iv. CIG/ VMG/ PO/ PF should indicate all types and sources of support for the activities covered in the proposal that are coming from other sources (disclosure clause). If the activities involved are ongoing, applicants should indicate how they are currently supported and the fate of current support.
- v. No new major capital investments (such as buildings or other major civil works, vehicles, big machinery or major irrigation works) can be financed by Grants. However, CIG/VMG/PO is free to request for co-funding from other sources to meet some of these costs.
- vi. Proposals must indicate arrangements for participatory monitoring and evaluation.

-
- vii. For transparency and accountability, the proposal must be formulated with the full participation of all CIG/VMG/PO/PF members. At the request of the applicants, CPCU/NPCU will provide limited advisory assistance during proposal formulation, particularly advice on types of services to be offered by the key service providers and institutions during project implementation. In addition, the proposal must clearly show the roles of the various key stakeholders.
 - viii. All KCSAP funded activities **MUST** be completed at least **ONE** month before the KCSAP closing date.

ANNEX 8: CONTRACT BETWEEN SERVICE PROVIDER AND CIG/VMG/PO

KCSAP- WORLD BANK/ IDA Credit P154784



GRANTS AGREEMENT

The Kenya Climate Smart Agriculture Project (KCSAP)

This Contract for Grants to pay for Service provision is being entered into on this..... Day of..... at.....

Between the..... (Name of CIG/VMG/PO and..... (Name of Service Provider) through the Kenya Climate Smart Agriculture Project (KCSAP) for the Activities of..... (Name of service to be provided) for a period ofMonths.

- 1) WHEREAS the CIG/VMG/PO hereby also referred to as “Beneficiary”has entered into an agreement dated..... With..... (Name of the Service Provider as Registered).
- 2) The Service Provider has met the conditions required by KCSAP rules and Operational guidelines to become eligible as a Service Provider and confirm by a copy of the endorsement report by the County Project Coordination Unit (CPCU) office. The Service Provider will undertake the following actions:
 - (i) Mobilize the community to form an enterprise based CIG/VMG/PO (Flag opportunities based on a specified Terms of Reference) Guide the CIG/VMG/PO to draw a Value chain specific Enterprise Development Plan (EDP)/ Business Plan (BP)
 - (ii) Conduct Participatory Planning Workshops (PPW) in order to develop Work plans and budgets and/ or proposal to undertake project activities.
 - (iii) Ensure the registration of the CIG/VMG/PO as required under the laws of Kenya.
 - (iv) Ensure democratic election of a Management Committee and sub- committees of the CIG/VMG/PO.
 - (v) Ensure that the CIG/VMG/PO has opened a KCSAP bank account.
 - (vi) Work with the community to implement the CIG/VMG/PO value chain-specific EDP/BP.



- 3) It is understood that funds meant for the aforementioned activity will not be used for any other purpose other than that indicated on the CIG/VMG/PO Grants proposal and the approved Work plan and Budget.
- 4) In addition, KCSAP will disburse funds and supervise the implementation of the Work plan in accordance with the Community Driven Development Grants Manual and KCSAP Operational Procedures (Guidelines).

5) **Payment**

A. Remuneration

For services rendered, the CIG/VMG/PO shall pay the Service Provider KShs.....
(Amount in words) KShs..... (Only) as professional fee.

B. Schedule of Payment: The payment shall be done in accordance with the agreed schedule-specific to the nature of the Value Chain being supported and nature of service offered, and will be in tranches as follows:

- i) Payment of.....% will be released to the Service Provider

Upon signing of the contract to undertake the following activities:

- 1).....
- 2).....
- 3).....
- 4).....

- ii) Payment of.....% will be released to the Service Provider on confirmation through a report by the CIG/VMG/PO management committee that the Service Provider has satisfactorily provided the services specified above. This payment will be used by the Service Provider for

- 1).....
- 2).....
- 3).....
- 4).....

iii) Payment of.....% will be released to the Service Provider on confirmation through a report by the CIG/VMG/PO management committee that the Service Provider has satisfactorily provided them with the services specified in (ii) above. This payment will be used by the Service Provide to undertake the following activities:

- 1).....
- 2).....
- 3).....
- 4).....

iv) The final payment of.....% will be released to the Service Provider on confirmation through a report by the CIG/VMG/PO management committee that the Service Provider has satisfactorily provided the services specified in (iii) above.

6) Performance Standards: The Service Provider undertakes to perform the activities with the highest standard of professional and ethical competence and integrity.

7) Review of Contract: This contract may be reviewed by both parties upon failure to meet contractual terms as a result of unavoidable circumstances. Recommendation to review the contract shall be given by CTAC

8) Termination of Contract: This contract may be terminated by either party giving one month’s notice. The continued retention of the Service Provider in the Project activities will be determined through performance appraisal to be undertaken by the CIG/VMG/PO

9) Ownership of Materials: All materials and publications developed for the purposes of the implementation of the project will remain the property of KCSAP at all times.

10) Beneficiary Contributions: The Beneficiary undertakes to make a contribution as specified below towards financing the cost of the project;

- a) 10 percent of the total Grants for extension, agricultural and training services,
- b) At least 20 percent of the costs of their county sub-project in cash or in kind,
- c) VMG members will not be required to contribute towards the costs of their approved CSA micro-projects

11) Standards Criteria for Community Driven Development Grants: This Grant is to finance CIG/VMG/PO projects in accordance with eligibility criteria outlined in the CDDGM including this Grants agreement/ contract with the respective Beneficiary communities on the terms and conditions which shall include the following:

- (a) The Grants shall be denominated in Kenya shilling (KES)

- (b) The Project (KCSAP) reserves the rights to protect its interests and those of the World Bank, including the right to: (1) suspend or terminate the right of the beneficiary to use the proceeds of the Grants all or any part of the amount of the Grants then disbursed, upon the Beneficiary's failure to perform any of its obligations under the applicable Grants Agreement; and (ii) require each Beneficiary to: develop a satisfactory beneficiary Micro-Project Plan, which identifies and prioritizes micro/sub- project activities including, but not limited to, technologies and practices of soil and water conservation, water harvesting, re-seeding of degraded lands, forest rehabilitation/agro-forestry, pasture management, high yielding crop and livestock varieties and genotypes, and soil fertility maintenance among other CSA TIMPs;
- (i) carry out its micro-projects with due diligence and efficiency and environmental and social standards and practices satisfactory to the Project, including in accordance with the provisions of the Anti-corruption Guidelines; and significance of the micro-catchments' contribution to land degradation;
 - (ii) provide, promptly as needed, the resources required for the purpose;
 - (iii) procure the goods, works and services to be financed out of the Grants in accordance with the provisions of this manual;
 - (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators the progress of the micro-projects and the achievement of its objective;
 - (v) Maintain a financial management system and prepare statements in accordance with consistently applied acceptable accounting standards , both in a manner adequate to reflect the operations, resources and expenditures related to the micro/sub- projects; and (2) at the World Bank or the Project request, have such financial statements audited by independent auditors acceptable to the WB, and promptly furnish the statements as so audited to the Project and the WB;
 - (vi) Enable KCSAP and WB to inspect Micro/ sub-Projects, its operation and any relevant records and documents; and prepare and furnish them with all information as shall be requested.

12) Safeguards

The Project requires that in the implementation of the micro-projects, (i) the Beneficiaries, prepare and adopt an Environmental Social Management Framework (ESMF), Vulnerable and Marginalized Group Framework (VGMF) for Indigenous Peoples; Physical Cultural Resources and Pest Management as the case may be; and (ii) thereafter take such measures as shall be necessary or appropriate to comply with their requirements and (iii) except as the Project shall otherwise agree in writing, ensure that the Beneficiaries shall not amend or waive any provision of the frameworks.

Signatures:



For Service Provider.....Title:

For the CIG/VMG/PO

.....Chairperson CVCDC

.....Secretary CVCDC

.....Treasurer CVCDC

Witness: CPCU Coordinator

Attachments:

- (i) Certificate of registration of CVCDC;
- (ii) CVCDC meeting proceeding minutes duly signed;
- (iii) Enterprise Development Plan (EDP)/ Business Plan (BP) and work plan and budget;
- (iv) Details of Bank Account (name of the Bank and branch, account name and account number).



ANNEX 9: PROCUREMENT MANUAL TO BE USED BY BENEFICIARY COMMUNITIES'

KCSAP- WORLD BANK/ IDA Credit P154784

1.0 INTRODUCTION

At the community level, Service Providers will assist Community procurement sub-Committees in procurement matters. These SPs will work closely with the project Procurement assistants at the CPCUs. They will provide a simple procurement manual outlining procedure to be followed in effecting procurement and ensuring adequate accountability of the procured items. The procedures are designed to ensure quick, efficient and transparent procurement of goods and services.

Detailed procedures on this level of procurement are contained in KCSAP Procurement Manual and World Bank's Procurement Guidelines and should be consulted as necessary.

2.0 Inventories

Up to date inventories of the assets owned by the beneficiary CIG/VMG/PO shall be maintained by these organizations at all times and can be inspected without notice (annex 2A and 2B).

3.0 Procurement Monitoring

Procurement monitoring and audit will be done in accordance with KCSAP Procurement manual and the requirements by World Bank.

ANNEX 10: MOU BETWEEN THE COUNTY GOVERNMENT AND CDDC



[Insert logo of County Government]

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN

THE COUNTY GOVERNMENT OF

AND

..... WARD COMMUNITY DRIVEN DEVELOPMENT COMMITTEE

ON IMPLEMENTATION OF
KENYA CLIMATE SMART AGRICULTURE PROJECT (KCSAP)

DATED

_____ Day of _____ 2019

This Memorandum of Understanding (hereinafter called the “MOU”) is made between **The County Government of**, (hereinafter called the “**County Government**”) and the **..... Ward Community Driven Development Committee** (hereinafter called the **CDDC**) and collectively referred to as “**the Parties**”.

WHEREAS

- A. The Republic of Kenya (the “Recipient”) and the International Development Association (IDA) (hereinafter called the “World Bank”) have negotiated and signed a Financing Agreement dated October 14, 2016 (the “Financing Agreement”), for the Kenya Climate Smart Agriculture Project (hereinafter called “KCSAP” or the “Project”);

- B. The Recipient has agreed with the World Bank that the Ministry of Agriculture, Livestock, Fisheries and Irrigation (the “MoALFI”), will be the Implementing Agency for KCSAP and selected Eligible Counties will be the executing agencies responsible for implementing specified parts of the Project upon entering into Participation Agreements with the MoALFI;
- C. The County Government of has signed a Participation Agreement with MoALFI for the implementation of KCSAP activities in County part of which will involve implementation of Sub-projects identified and managed by Beneficiaries (as defined in the Financing Agreement); and,
- D. The Ward CDDC has been fully and duly constituted to represent eligible Beneficiaries in Ward.

NOW THEREFORE

In consideration of the commitments and agreements contained herein, the Parties hereto agree as follows:

1. PROJECT IMPLEMENTATION MANUAL; DEFINITIONS

- 1.1. The Project Implementation Manual (“PIM”) (as defined in the Financing Agreement) constitutes an integral part of this MOU.
- 1.2. Unless the context requires otherwise, the capitalized terms used in this MOU have the meanings ascribed to them in the Financing Agreement.

2. OBLIGATIONS OF THE COUNTY GOVERNMENT

- 2.1 The County Government shall provide training and technical assistance to the CDDC and its sub-committees to build their capacity in coordination and management of KCSAP activities in the community.
- 2.2 The County Government shall make resources available to Beneficiaries, through the CDDC, for Sub-project implementation in the community in accordance with agreed eligibility criteria and procedures as detailed out in the PIM.
- 2.3 The County Government shall carry out periodic supervision and inspection, implementation support, and monitoring and evaluation of KCSAP Sub-projects in the County Government’s jurisdiction, including inspection of any relevant records and documents;
- 2.4 The County Government may suspend or terminate the right of the CDDC to use or benefit from the use of the proceeds of the Project resources upon failure by the CDDC to perform its obligations under this MOU.

3. OBLIGATIONS OF THE CDDC

- 3.1 In the first fiscal year of implementation, the CDDC will become eligible for allocation of KCSAP resources upon compliance by the CDDC with the following minimum conditions:
 - (a) Signing of MOU with the County Government;
 - (b) Opening a CDDC bank account with a commercial bank acceptable to the World Bank, with the Chairperson and Treasurer of the CDDC as mandatory signatories;

(c) Establishment of the following sub-committees: (i) Finance, (ii) Audit, (iii) Procurement, (iv) Environmental & Social Safeguards, and (v) Project Monitoring and Evaluation; and

(d) Undergo training organized under the Project on roles and responsibilities of the CDDC and its sub-committees.

3.2 From the second fiscal year, to be eligible to continue receiving KCSAP resources, the CDDC will be required to meet the following minimum set of conditions:

(a) Demonstrate that the CDDC has full and active representation of project beneficiaries from participating Common Interest Groups (CIGs) and Vulnerable and Marginalized Groups (VMGs);

(b) Beneficiary contribution to community sub-projects as outlined in the Community Grants Manual (CGM); and

(c) Timely submission of project technical and financial reports for the previous year.

3.3 The CDDC shall make arrangements to avail participating CIGs and VMGs with resources for approved Sub-projects in accordance with eligibility criteria and procedures acceptable to the Association as detailed in the PIM.

3.4 The CDDC is expected to:

(a) Appraise, carry out and verify its activities under the Project with due diligence and efficiency and in accordance with the Safeguards Instruments, and the Anticorruption Guidelines as detailed in the PIM;

(b) Maintain policies and procedures adequate to enable the County Government, the Recipient and the World Bank to monitor the progress of its activities under the Project and the achievement of Project objectives;

(c) Enable the County Government, Recipient and the World Bank to inspect Sub-project activities undertaken within the community, the CDDC's operations, and any relevant records and documents;

(d) Prepare and furnish to the County Government, the Recipient and the World Bank such information as reasonably requested relating to the performance of the Project; and

(e) Exercise its rights and perform its obligations in implementation of the Project in the community in such a manner as to protect the interests of the County Government, the Recipient and the World Bank, and to accomplish the purposes of the Project.

3.5 The CDDC shall ensure that expenditures under the Project shall not include any payments to civil servants.

3.6 The CDDC shall carry out activities in accordance with agreements set out in this MOU and use funds within eligible expenditure areas and adhere to Environmental and Social Safeguards as outlined in the PIM.

3.7 The CDDC shall ensure that all reporting including financial and technical reports are compiled and submitted as per guidelines in the PIM and ensure a proper compilation of any complaints on issues of environmental and social safeguards, procurement, fraud and corruption.



4. VALIDITY

- 4.1 This MOU shall be valid from the last signature by the Parties below to the end of the Project period as stated in the Financing Agreement or such a later date as may be modified by the Recipient and the World Bank;
- 4.2 This MOU will become invalid in the event of cancellation of the Financing Agreement by the World Bank before the end of the Project period;
- 4.3 This MOU may be terminated by either party through a three-month’s written notice.

5. DISPUTE RESOLUTION

- 5.1 This MOU shall be governed and construed in accordance with the laws of the Republic of Kenya.

IN WITNESS WHEREOF

The Parties hereto, acting through their duly authorized representatives have caused the MOU to be signed in their respective names as of the day and year first below written.

For and on behalf of:
THE COUNTY GOVERNMENT OF
.....

Sign Date.....

NAME OF AUTHORISED OFFICER
(Chief Officer, Agriculture):
.....

(County Government stamp)

For and on behalf of:
.....
WARD CDDC

Sign Date.....

NAME OF CHAIRPERSON:
.....

(CDDC stamp)