



AGRICULTURAL VALUE CHAIN DEVELOPMENT MANUAL

VERSION 1

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NAVCDP

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Agricultural Value Chain Development and Grant Manual 2024

Ministry of Agriculture and Livestock Development (MoALD)

State Department for Crop Development

National Agricultural Value Chain Development Project (NAVCDP)

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FOREWORD

Kenya is an agriculture-based economy with the national economy performance over the years mirrored by the agriculture sector performance. The agriculture sector continues to be central to economic growth and sustainable poverty reduction in Kenya, growing at 4.8 percent in 2020 and employing nearly 8.5 million Kenyans or 70 percent of rural employment. Kenya's Vision 2030 envisages Kenya as a middle-income country with citizens enjoying high quality of life and a sustained annual economic growth rate of at least 10 percent by the year 2030. Agriculture is one of the key sectors expected to contribute to the projected annual national economic growth, however, it experiences a number of challenges such as climate change, low mechanization levels, uncoordinated marketing, inadequate extension services and low funding. There is a need for structured sector support in order to transition agriculture from subsistence to a modern, competitive and commercial farming that promotes household food and nutrition security, value addition and organized marketing channels. Commercialized agriculture requires a strong enabling environment, technical support, strengthened community institutions and financial inclusion for enhanced productivity and profitability. Supporting Farmers Producer Organizations and SACCOs with grants and revolving funds is most likely to accelerate value chain development as different value chains may require tailor made technical and financial solutions for agricultural transformation.

National Agricultural Value Chain Development Project (NAVCDP) seeks to increase market participation and enhance value addition for smallholder farmers in selected counties across Kenya. NAVCDP builds on NARIGP/KCSAP productivity enhancement efforts and the foundation laid to enable market access/value addition for profitability. It focuses on smallholder farmers either "in transition" or have "transitioned" from subsistence to market/commercial farming. Approaches under NARIGP/ KCSAP being up scaled include; working with Farmer Groups (CIGs/VMGs and IPSSAHUTLC) and Farmer Producer Organizations (FPOs) across priority VCs to enable access to good quality inputs, irrigation, extension services, value addition and market linkages for farmers. Secondly, working closely with County Technical Departments and relying on a farmer led extension system to ensure access to productivity enhancing technologies, innovations and management practices by farmers. Thirdly, supporting water, market, irrigation and other infrastructural investments at both County and community level (farmer/group) to enhance productivity and profitability and finally, scaling up the leveraging of data and digital technologies to enable farmers access a range of bundled value chain services from production to utilization. New approaches being scaled up include; focus on the development of Agri-preneurs to ensure the leveraging of data and digital technologies, scale up incubation and training women and youth from local communities on leverage of data and piloting promotion of commercial urban agriculture.

This Agricultural Value chain development Manual (AVCDM) is a step by step guide for project beneficiary communities and NAVCDP executing agencies in the provision of grants with the aim of achieving the Project Development Objective – "to increase market participation and enhance value addition for smallholder farmers in selected counties across Kenya". It guides the FPOs on planning, implementation, participatory monitoring evaluation and learning, prudent use of the grants and associated resources for improved livelihoods. It takes into account producer empowerment, gender

mainstreaming, social and environmental concerns and transparency and accountability in the utilization of project funds.

I take this opportunity to thank the Cabinet Secretary, Ministry of Agriculture and Livestock Development (MoALD), Hon. Franklin Mithika Linturi and the Principal Secretary, State Department for Crop Development – Mr. Harsama Kello for their leadership and guidance. Special appreciation goes to the World Bank for financial and technical support to the project, staff in the MoALD, NAVCDP National Project Coordinating Unit (NPCU) and the Counties for their technical expertise and commitment towards this project and last but not least to all our stakeholders including the Farmer Producer Organizations & Private Firms for their commitments to the project.

Dr. Samuel Guto, PhD
National Project Coordinator
National Agricultural Value Chain Development Project



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National Agricultural Value Chain Development Lead

NATIONAL AGRICULTURAL VALUE CHAIN DEVELOPMENT PROJECT (NAVCDP)

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ACRONYMS AND ABBREVIATIONS

| | |
|----------------------|---|
| AGM | Annual General Meeting |
| AVCDM | Agricultural Development Value Chain Manual |
| BA | Business Accelerator |
| BPCR | Beneficiary Procurement Certification Report |
| BPs | Business Plans |
| BSDCIR | Beneficiary Service Delivery Certification & Implementation Report |
| BSDCR | Beneficiary Service Delivery Certification Report |
| CAFFS | Conservation Agriculture Farmer Field Schools |
| CAP | County Annual Plans |
| CAs | Community Accounts |
| CBK | Central Bank of Kenya |
| CCGEC | County Community Grants Executive Committee |
| CDD | Community Driven Development |
| CDDC | Community Driven Development Committee |
| CDP | County Development Plan |
| CESDM | Contracted Extension Service Delivery Model |
| CESDM&VCD | Contracted Extension Service Delivery Model & Value Chain Development |
| CIDP | County Integrated Development Plans |
| CIG | Common Interest Group |
| CPA | County Project Accountant |
| CPC | County Project Coordinator |
| CPCU | County Project Coordinating Unit |
| CPSC | County Project Steering Committee |
| CPRs | Comprehensive Project Reports |
| CRF | County Revenue Fund |
| CSA | Climate Smart Agriculture |
| CSD | Contracted Service Delivery |
| CTAC | County Technical Advisory Committee |
| CTD | County Technical Department |
| CTT | County Technical Team |
| CO | Chief Officer |
| DAs | Designated Accounts |
| EAIS | Enterprise Activity Implementation Schedule |
| EDP | Enterprise Development Plan |
| ESIA | Environmental and Social Impact Assessment |
| ESMF | Environmental and Social Management Frameworks |
| ESMP | Environmental and Social Management Plan |
| ESS | Environmental and Social Standards |
| EOIs | Expression of Interest |
| FPO(s) | Farmer Producer Organization(s) |
| FPOM | Farmer Producer Organization Manual |

| | |
|--------------------|---|
| GAC | Grant Allocation Committee |
| GM | General Meeting |
| GPS | Geographical Positioning System |
| GRC | Grievance Redress Committee |
| GRI | Grant Recipient Institution |
| GRM | Grievance Redress Mechanism |
| ICT | Information and Communication Technology |
| IG | Inclusion Grant |
| IDA | International Development Association |
| IPMP | Integrated Pesticides Management Plan |
| IP\SSAHUTLC | Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities |
| IRPs | Income Restoration Plans |
| KAPAP | Kenya Agricultural Productivity and Agribusiness Project |
| KAPP | Kenya Agricultural Productivity Programme |
| KCSAP | Kenya Climate Smart Agriculture Project |
| LMP | Land Management Plan |
| LPO | Local Purchase Order |
| M&E | Monitoring and Evaluation |
| MCAP | Micro Catchment Action Plan |
| MIS | Management Information System |
| MoALD | Ministry of Agriculture and Livestock Development |
| MOPE | Market Oriented Producer Enterprise |
| MoU | Memorandum of Understanding |
| MPR | Monthly Progress Report |
| NARIGP | National Agricultural & Rural Inclusive Growth Project |
| NASEP | National Agriculture Sector Extension Policy |
| NAVCDP | National Agricultural Value Chain Development Project |
| NEMA | National Environmental Management Authority |
| NPCU | National Project Coordination Unit |
| O&M | Operations and Maintenance |
| PAD | Project Appraisal Document |
| PAs | Project Accounts |
| PDO | Project Development Objective |
| PFs | Private Firms |
| PGI | Pre - Grant Inquiry |
| PICD | Participatory Integrated Community Development |
| PIM | Project Implementation Manual |
| PMCs | Project Management Committee |
| PPP | Public-Private - Partnership |
| PPPP | Public Private Producer Partnership |
| RPF | Resettlement Policy Framework |
| SACCOs | Savings and Credit Co-operatives |

| | |
|--------------|--|
| SAIC | Social Accountability and Integrity Committee |
| SEAH | Sexual Exploitation and Abuse and Harassment |
| SEP | Stakeholder Engagement Plan |
| SCTT | Sub County Technical Team |
| SDC | State Department for Co-operatives |
| SDCD | State Department for Crop Development |
| SDLD | State Department for Livestock Development |
| SDO | Social Development Officer |
| SLM | Sustainable Land Management |
| SMART | Specific, Measurable, Achievable, Reliable, Time-bound |
| SMS | Short Message Service |
| SoE | Statement of Expenditure |
| SP | Service Provider |
| SPA | Special Purpose Account |
| SPRs | Summary Project Reports |
| TIMPs | Technologies Innovations and Management Practices |
| ToR | Terms of Reference |
| ToT | Training of Trainers |
| VC | Value Chain |
| VCUMG | Value Chain Upgrading Matching Grant |
| VCP | Value Chain Platform |
| VMGF | Vulnerable and Marginalized Group Framework |
| VMGs | Vulnerable and Marginalized Groups |
| AVCDM | Agricultural Value Chain Development Manual |
| WB | World Bank |



NAVCDP

DEFINITION OF TERMS

| Term | Definitions as used in the manual |
|----------------------|--|
| Activity | Actions taken or work performed in a project to produce specific outputs using inputs, such as funds, technical assistance and other types of resources |
| Assessment | A process of gathering information, analyzing it, then making a decision on the basis of judgement |
| Beneficiaries | The individuals, groups or organizations who, whether targeted or not benefit directly from the project interventions. |
| Capacity | The ability of individuals or organizations to perform functions effectively and efficiently and in a sustainable manner. |
| CIG | A group of farmers who share common problems or aspirations around a value chain/agricultural enterprise. It is formed to facilitate effective implementation of activities identified by members. |
| Community | A group of people living in the same locality and sharing some common characteristics. |
| Evaluation | A systematic and objective examination of a planned, ongoing or completed project. It aims at answering specific management questions and to judge the overall value of a development intervention. It serves to inform on lessons learnt to improve future decision-making impact, sustainability and the relevance of the project or organizations objectives. |
| Impact | The changes in the lives of a particular people, as perceived by them and their partners at the time of evaluation and attributable to a programme or project, plus sustainability – enhancing change in their Economic and Social Environment. Can and be positive or negative intended or unintended. |
| Indicator | Quantitative or qualitative factor or variable that provides a simple and reliable basis for assessing change or performance achievement. It is a unit of information measured over time that can help show changes in a specific condition, change or performance. A given goal or development objective can have multiple indicators. A combination of programme/project elements or strategies designed to produce behavior changes or improve the status of value chain actors to achieve intended project objectives. |

| Term | Definitions as used in the manual |
|--|--|
| Intervention | A combination of programme/project elements or strategies designed to produce behavior changes or improve the status of value chain actors to achieve intended project objectives. |
| Mainstreaming | Integration of a people who have one particular disadvantage (such as youth, women, vulnerable people) or concepts (such as sustainable land management) that have a bearing on people's development in preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and development programs, with a view to promoting equality, combating discrimination and promoting sustainable development. |
| Management Information System | A system inputting, collating and organizing data that should provide selective data and reports to the management to assist in monitoring and controlling the project's resources, activities and results. |
| Micro Projects | Projects identified and implemented at group level through a facilitated process relevant to delivery of project outputs. The maximum funding level should not exceed KES 500,000.00. |
| Monitoring | The regular collection and analysis of information to assist timely decision making, ensure accountability and the basis for evaluation and learning. |
| Objective | A specific statement detailing the desired accomplishments of a project at different levels (short or long term). A good objective meets the criteria of being impact oriented, measurable, time bound, specific and practical. |
| Objectively verifiable indicators | A group criteria used to verify the degree of accomplishments (Fore seen or actual) of the development objective, outcomes and outputs of a project. They can be both quantitative (verifiable and measurable) and/ or qualitative (only verifiable). |
| Primary Beneficiaries | Rural smallholder farmers who are members of Vulnerable and Marginalized groups and other stakeholders organized into Common Interest Groups who have benefited from project interventions. |
| Farmer Producer Organizations | <p>These are formal rural organizations whose small-holder farmers organize themselves with the objective of improving farm income through improved production, marketing and local processing activities.</p> <p>An FPO can be a producers' company, cooperative society, Community Based Organization or any other legal form which provides Marketing Services and has benefits to its members.</p> |

| Term | Definitions as used in the manual |
|---|---|
| Project | A planned of interrelated tasks with clearly defined objectives to be executed over a specific period of time and within certain cost and scope limitations. |
| Public-Private – Partnership- with Producers(4Ps) | Collaboration between a government agency and a private-sector company and producers that can be used to finance, build and operate projects. For NAVCDP this will be confined to agricultural producers. |
| Resources | Items that a project has or needs in order to operate such as staff time, managerial time, local knowledge, money, equipment, trained personnel, etc. |
| Result | The measurable, output, outcome or impact (intended or unintended, positive or negative) of a development intervention. |
| Environmental and Social Standards | These are World Bank Environmental and Social Framework and Standards, Instruments, procedures, process, and Guidelines that are recommended to be applied in development projects in order to protect the beneficiaries, community members, and the environment from any negative social and/or environmental impacts as a result of project activities. |
| Small and Medium Enterprises(SMEs) | These are businesses that maintain revenues, assets, or a number of employees below a certain threshold. Small-size enterprises are companies with fewer than 50 employees while for medium-size enterprises are ones with fewer than 250 employees. |
| Stakeholders | An agency, organization, group, or individual who has a direct or indirect interest in the project/programme, or who affects or are affected positively or negatively by the implementation and outcome of it. |
| Stakeholder participation | Active inclusion, involvement, and participation of stakeholders in the design, management and monitoring of the project. Full participation means all representatives of key stakeholder groups at the project site become involved in mutually agreed appropriate ways. |
| Sustainability | The likelihood of the positive effects of a project (such as assets, facilities, or improved services) which will persist for an extended period after the external assistance ends. |
| Target | A specified objective that indicates the number, timing, and location of that which is to be realized. |

| Term | Definitions as used in the manual |
|--------------------|--|
| Value Chain | The sequences of related business activities (Service) from the provision of specific inputs for a particular product to primary production, transformation, marketing up to final consumption |
| VMG | Communities/groups of people that meet GoK's and World Bank's criteria for "marginalization and "minority communities". These may include youth, indigenous people, elderly and men, widows/orphans, the differently-able persons, recovering substance abusers, and people living with HIV/AIDS |



CHAPTER 1: INTRODUCTION

1.1 Project Introduction

The National Agricultural Value Chain Development Project (NAVCDP) is designed to contribute to the transformation of the smallholder farming systems by facilitating transition from subsistence to commercial farming through increased value addition and market participation. NAVCDP is envisaged as the natural progression from NARIGP and KCSAP that will deepen investments to scale up existing interventions around productivity enhancement, community led farmer extension, water management investments at county level and data driven value chain services. Additionally, the project will introduce intensified infrastructure investments into select value chains, support farmer led irrigation development especially at the individual farmer level, enhancing access to credit and financial services and developing proof of concept around Urban Food Systems and peri-urban agriculture in select clusters. The project will focus on the following priority value chains; dairy, Chicken, Industrial crops (coffee, cotton, Cashew nuts, pyrethrum), Field crops (Irish potatoes, tomato), Fruits (Mango, avocado and banana) and apiculture.

1.2 Project Development Objective

The Project Development Objective is to “increase market participation and value addition for targeted farmers in select value chains in project areas”.

1.3 Project Components

The Project has four components: -

(a) Building Producer Capacity for Climate Resilient Stronger Value Chains.

Interventions and activities in Component 1 will be geared towards building producer level capacity for enhanced market participation and transition towards commercial agriculture with farmer groups and Farmer Producer Organizations (FPOs) as primary platforms for program delivery. The component will drive sustainable productivity enhancement, climate resilient and nutrition sensitive production and increased market participation for project farmers through improved access to credit, inputs and digital extension services while linking them to Farmer Producer Organizations (FPOs). Leveraging the existing institutional base of farmer CIGs/VMGs and IP\SSAHUTLC already mobilized under NARIGP and KCSAP, the project will build producer level capacity for transition to high value crops, adoption of climate resilient production technologies and increased value addition at primary level. Linkage of CIG/VMGs and IP\SSAHUTLC to FPOs will be universalized for stronger market participation and high-quality technical assistance support will be extended to FPOs for building long term agri-business capacity. Inclusion of women smallholders will be a key focus area with at least 50 percent of CIG members supported under the project estimated to be women farmers.

(b) Climate Smart Value Chain Ecosystem Investments

This component will focus on supporting enabling ecosystem investments identified as part of county level, regional level (spanning several counties) and national value chain development plans. These ecosystem investments, aimed at improving access to irrigation, boosting market participation of small-

farmers and catalyzing higher value addition, will include; a) Water resource management interventions comprising of Farmer led irrigation development (FLID) interventions and investments including those related to water harvesting and water use, b) Investments into market support and value addition infrastructure at county level, c) Investment support for wide scale adoption of Digital Agriculture Technologies and integration of Big Data platform for farmer services, and d) Investment support for active linkages with agriculture research institutions, technical assistance and private sector linkages. Considering the level of operation and potential scale, ecosystem investments have been categorized under four sub-components. In addition to project resources, this component will strongly focus on crowding in relevant investments from ongoing development initiatives, government programs and private sector partnerships.

(c) Piloting Safer Urban Food Systems

The overall objective of this component is to strengthen: (i) urban and peri-urban agriculture and (ii) urban market infrastructure. The component will support the rollout of Urban Food System pilots in Nairobi, parts of Kiambu and Machakos as the peri-urban areas. The focus will be to demonstrate proof of concept of an efficient, climate smart and safe urban food system. The component will support development of safer food production systems, enable stronger linkages between peri-urban clusters and urban markets, improve direct farmer to urban consumer linkages, build higher consumer awareness around food safety and nutrition, and facilitate improved institutional coordination and policy environment for urban food safety. The component will build on the recently completed Nairobi City County Food System Strategy and Implementation Plan (strategy was supported by Food and Agricultural Organization (FAO).

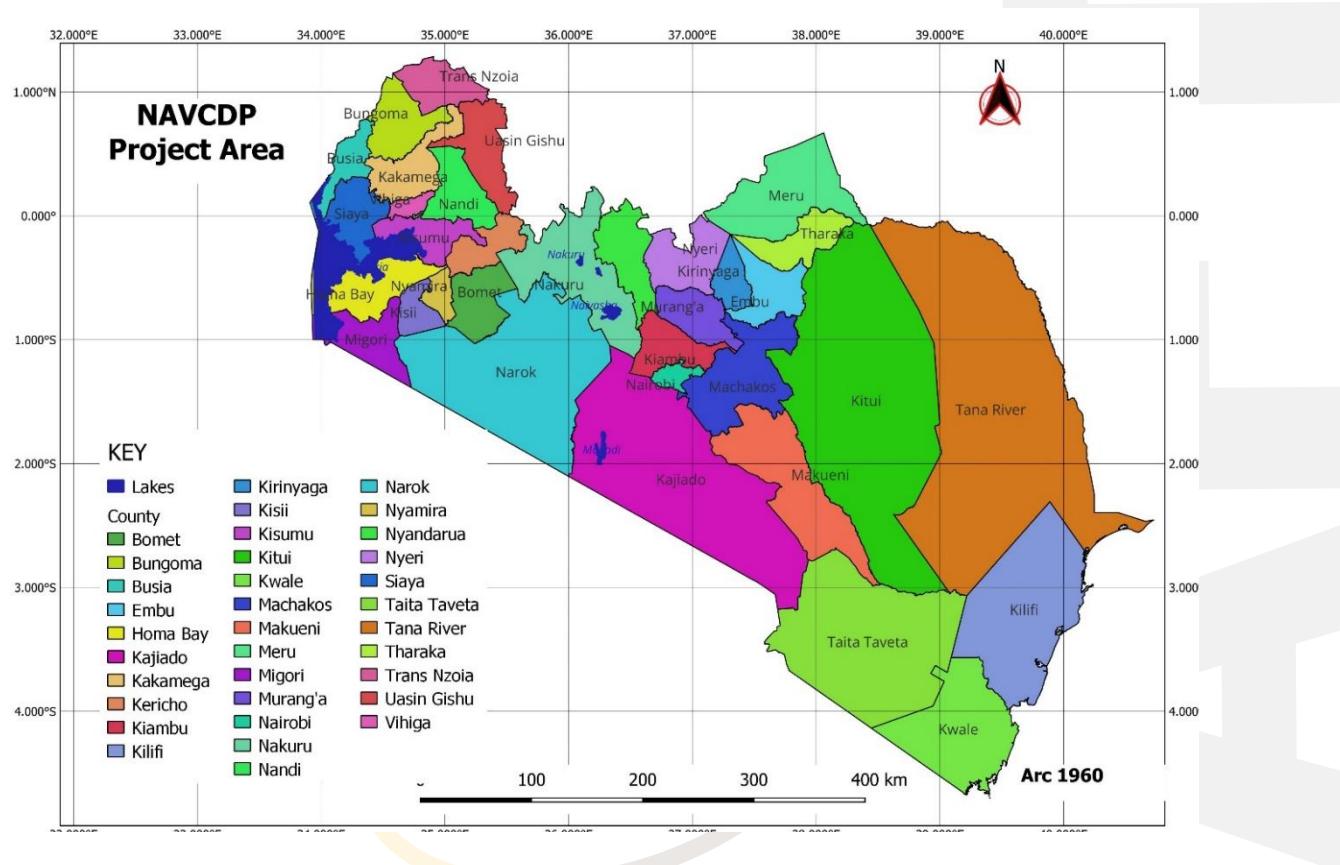
(d) Project Coordination and Management

This component will finance activities related to national and county-level project coordination, including planning, fiduciary (financial management and procurement), Staffing & Human Resource (HR) management at the national level, environmental and social safeguards implementation, monitoring and compliance, development of the MIS and ICT, regular M&E, impact evaluation, communication, knowledge management and citizen engagement. In addition, in the event of a national disaster affecting the agricultural sector, the project through this component would respond via a built-in contingency emergency response facility.

1.4 Project Areas

The project will be implemented in 34 counties across Kenya as shown in the map below;

Figure 1: Project Implementation Areas



1.5 Purpose and Objectives of the Agricultural Value Chain Development Manual

The purpose of this manual is to guide the utilization and management of Inclusion grants, Enterprise Development Grant and Value Chain Upgrading Matching Grant that will be implemented through Farmer Producer Organizations (FPOs) and Public Private Partnerships with Producers (4Ps) in the project counties. The targeted FPOs will comprise of inter-community co-operatives, farmers' associations, or other forms of market-oriented farmers' organizations (including companies), primarily formed by federated CIGs/VMGs and IP\SSAHUTLC and individual farmers. The manual specifically guides both FPOs and private sector organizations in the implementation of the Inclusion Grant (IG), Enterprise Development Plans (EDPs) and the Value Chain Upgrading Matching Grant (VCUMG) funded under the project.

The intended users of this manual are the technical staff, communities, FPOs and the institutions that support them in the implementation of VC activities. These include CIG/VMGs and IP\SSAHUTLC, FPOs, Community Driven Development Committees (CDDCs), Sub-County Technical Teams (SCTTs), Panel of Experts (PoEs) and County Project Coordinating Units (CPCUs), the County Technical Advisory Committees (CTACs) and County Project Steering Committee (CPSC), Value chain platforms, National

Project coordinating Unit(NPCU), the National Technical Advisory Committee(NTAC), and the National Project Steering Committee (NPSC).

It provides details on;

- Specific areas to be financed
- Eligibility criteria
- Application and approval procedures,
- Roles and responsibilities of Farmer Producer Organizations (FPO) & Private Firms (PF)
- Procedures for disbursement.
- Effective systems for prudent financial and procurement management of the grants
- Reporting and M&E.

1.6 Overall objective of the manual

The overall objective of this manual is to provide guidance on effective management of the value chain development grants targeting project beneficiaries.

1.6.1 The specific objectives of the manual

- To set out the arrangements and procedures for preparation, appraisal, approval, implementation and supervision of activities to be financed by the Grants.
- To facilitate a simple and structured flow of grant funds to beneficiaries.
- To guide FPO on selection using the Market Oriented Producer Enterprise (MOPE) criteria and formation of new FPOs where none exists.
- To simplify and speed up the accountability process and monitoring of the grants at all project levels
- To enable effective capacity building of beneficiaries and Service Providers on the accessibility; utilization and accountability of the grants.

1.7 Selection of Counties and Wards

1.7.1 Counties

NAVCDP will be implemented within 33 counties spread across the country. Selection of NAVCDP Counties involved ranking of all 47 counties on a combination of parameters including the production advantage in the selected commodities, relative ranking at national level and ongoing performance in developing institutions under NARIGP and KCSAP. A key consideration in the selection was avoidance of duplication and overlap of Bank funded projects. The NAVCDP selected counties are Meru, Nyeri, Muranga, Kirinyaga, Kiambu, Embu, Tharaka Nithi, Machakos, Kitui, Makueni, Nandi, Uasin Gishu, Trans Nzoia, Nakuru, Narok, Nyandarua, Kericho, Bomet, Kajiado, Kakamega, Busia, Bungoma, Vihiga, Homa Bay, Migori, Kisii, Nyamira, Siaya, Kisumu, Taita Taveta, Kwale, Kilifi, Tana River.

1.7.2 Wards

In the implementation of NAVCDP, a saturation (ward-neutral) approach will be applied whereby all wards in the NAVCDP selected counties will be covered. In each ward, farmers will be mobilized to form

CIG/VMGs and IP\SSAHUTLC. The CIG/VMGs and IP\SSAHUTLC will be federated to FPOs. Counties with a large number of wards can employ a phased approach until all the wards in the county are covered.

1.8 Value Chain Selection

For the Project to achieve its development objective, it will focus on supporting national priority value chains among smallholder farmers. In each of the targeted counties, NARIGP or KCSAP have been supporting different value chains with varied levels of success. Based on their performance, twelve (12) value chains have been prioritized for support under NAVCDP through qualitative and quantitative assessment. At the national level, the project prioritized the following value chains: Dairy, Coffee, Chicken, Avocado, Banana, Mango, Irish potatoes, Tomato, Apiculture, Pyrethrum, Cashew and Cotton. Counties will prioritize a maximum of 5 value chains. It is expected out of the five, four will be selected from the national prioritized value chains supported under KCSAP and NARIGP, except in instances where one or two VCs are not among the twelve (12) pre-analyzed. In this case, counties will prioritize and replace the affected VCs from the national pre-analyzed VCs. The fifth value chain will be selected from either the twelve (12) or be a county prioritized value chain. However, VCs selected outside the 12 pre-analyzed VCs will not receive support from the NPCU, but will be supported by their respective CPCUs.

1.8.1 Value Chain Selection Criteria

The project will make informed choices of VCs to participate in from the menu of “new and old” priority VCs identified at the county level. The CPSCs will approve the final list of the prioritized VCs and forward the signed minutes ratifying the VC selection to the NPCU for concurrence.

The selection process for any new value chain must be well documented, key considerations are;

- Growth potential in both domestic and export markets;
- Production growth potential within the county;
- Potential outreach to targeted smallholder farmers;
- Competitiveness (e.g., yield, gross margin, and value addition);
- Potential for social inclusion (e.g., women, youth, elderly, etc.) and Nutrition sensitivity.

NB: One of the principles of NAVCDP is regional production and investment clusters hence during finalization meeting coordinated by NPCU this will be a major consideration and counties may be required to drop some VCs and adopt the ones to form production blocks to be referred to as Commodity Commercialization Clusters (CCC).

1.8.2 Value Chain Selection Process

The value chain selection will be systematic step by step process to ensure that the identification and selection process is County Government driven, evidence based and participatory. Further the process, should take cognizance of priorities laid out by the county government in their County Investments Development Plans (CIDP) and must ensure the process is also conducted in a manner that the outcome gets integrated into the county government priorities reflected in the short and medium-term plans. At the community level, CIG/VMGs and IP\SSAHUTLC supported under the Project will make informed

choices of VCs to participate in from the menu of “new and old” priority VCs identified at the county level.

The following are the key steps for the new value chains selection:

1. The County Project Steering Committee (CPSC) shall appoint a VC selection sub-committee from the CTAC members, who will work in collaboration with the respective representation of CPCU, SCTT, CTDs, and community facilitators in each county. The sub-committee members will be drawn mainly from technical officers in the following departments or equivalent departments: Crops and Irrigation; Agribusiness & Marketing; Livestock, fisheries & Veterinary; Department of Cooperatives; Department of women & Youth; Farmer representative institution such as – KENAFF, Federation, Cooperative unions and Associations; Other government projects such as ASDP, KCEP-CRAL; UN projects in the county such as FAO, WFP; NAVCDP Coordinator and to co-opt up to 4 NAVCDP-CPCU members.
2. The subcommittee will adopt the VC selection criteria outlined above (section 1.6.1)
3. Preparation and approval (by CTAC on behalf of the CPSC) of the VC selection subcommittee TORs
4. The subcommittee to undertake a rapid appraisal to assess the competitiveness of VCs using the adopted criteria
5. Analysis of possible VC by the subcommittee and the key experts.
6. Participatory vetting and selection of VCs mainly by key experts drawn from the key stakeholders
7. County validation of selected VCs and approval of the selected value chains by the CPSC.
8. NPCU shall coordinate meeting with the counties for harmonization and finalization of the VC selection.

1.9 Development of National Value Chain Development (VCD) Strategies

The project will develop national value chain development strategies for the National Priority Value Chains. A contextual analysis for the selected Value chains will be carried out at the national level looking at the existing production systems and the business environment. A value chain analysis will be undertaken to identify the constraints/gaps across the different nodes of the value chain (From input supply to consumption). To increase the competitiveness of the selected value chains, the strategies will define investment areas and value chain upgrading strategies. The VCD strategies will further be translated to VCD plans and map the counties with a comparative advantage of undertaking the 12 value chains. This process will identify the investments to be done, determine the number of farmers to be reached and develop a budget for each investment during the project life. The investments which will be supported by NAVCDP will be guided by these strategies.

1.10 Development of County Value Chain Development Strategies

After the selection of priority value chains by the counties, the CPCU will develop county VCD strategies. The county strategies will mirror the national strategies to define the VC gaps, identify the investment areas and the upgrading strategies. The strategies will be translated to County VCD plans for implementation. Once they are completed, the VCD strategies will be validated by the county value chain platforms. It is expected that all the EDPs and VCUMG proposals will be developed in line with these VCD strategies.

1.11 Formation of Value Chain Platforms

The project will support formation of Value Chain Platforms (VCPs) both at the National and County levels for the prioritized VCs. The VCPs will anchor and give technical direction for value chain investments and interventions for sustainability.

National Value Chain Platforms

The national value chain development lead is expected to spearhead the formation of national value chain apex bodies for the prioritized value chains. In cases where these platforms exist, the project will work closely with them to ensure that they strengthen their capacities.

Composition

Depending on the nature of the value chain, the following actors/stakeholders will be selected to represent their respective value chains; representatives of input providers / agro-dealers, chemical & seed companies, Irrigation department, producers, FPOs, processors, traders, SMEs, NGOs, research institutions (e.g. NARS, KALRO), microfinance institutions, regulatory institutions (e.g. AFA, KEBS, KEPHIS) and the relevant government ministries engaged in the promotion of the respective value chains.

To manage the affairs of each value chain, each platform will create an ad hoc committee with a leadership structure comprising the Chairperson, Secretary, Treasurer and any other office that will be deemed necessary. The ad hoc committee will be expected to work on voluntary basis and will be made up of 5 (minimum) to 9 (maximum) individuals with the necessary skills, experience, academic qualification and ability to spearhead and guide the affairs of the platform.

Roles and Responsibilities of National Value Chain Platforms

The main role of the value chain platform will be to provide guidance and a set of standards and protocols that facilitate interactions at scale so that network effects can be unleashed. Specifically, the national value chain platform will be responsible for the following;

- Identify Value Chain constraints and opportunities in the country
- Identify investment opportunities
- Identify areas of synergy, collaboration and partnerships
- Initiate networking between stakeholders at cluster and value chain level
- Mobilize resources for value chain development
- Develop a road map on how to promote the VC in the country in collaboration with the NPCU
- Create market linkages within and out of the country
- Promote value addition
- Convene regular stakeholder meetings for members
- Supporting the NPCU in monitoring the implementation of the project

County Value Chain Platforms

The County Agribusiness Development Officers (CADOs) will spearhead the formation of the county value chain platforms for the selected value chains.

Composition

Depending on the nature of the value chain, the following actors/stakeholders will be selected to represent their respective value chains; representatives of input providers / agro-dealers, chemical & seed companies, County Irrigation Development Unit(CIDU), producers, FPOs, processors, traders, SMEs, NGO representatives, research institutions (e.g. NARS, KALRO), microfinance institutions, regulatory institutions (e.g. AFA, KEBS, KEPHIS) and the relevant government ministries engaged in the promotion of the respective value chains. At the county level, there will be a platform for each of the prioritized value chain.

To manage the affairs of each value chain, each platform will create an ad hoc committee with a leadership structure comprising the Chairperson, Secretary, Treasurer and any other office that will be deemed necessary. The ad hoc committee will be expected to work on voluntary basis and will be made up of 5 (minimum) to 9 (maximum) individuals with the necessary skills, experience, academic qualification and ability to spearhead and guide the affairs of the platform.

Roles and Responsibilities of County Value Chain Platforms

- Identify Value Chain constraints and opportunities within the county
- Identify investment opportunities
- Support development of ToRs for investments under 4Ps
- Support development of aggregation centers and promote collective marketing.
- Identify areas of synergy, collaboration and partnerships
- Initiate networking between stakeholders at cluster and value chain level
- Mobilize resources for value chain development
- Develop a road map on how to promote the VC in the county
- Create market linkages
- Promote value addition
- Convene regular stakeholder meetings for members

1.12 Supporting the CPCU in monitoring the implementation of the project

Selection of FPOs

A selection criterion below (ii) will be used to determine from the existing FPOs that the project will work with.

FPO selection will involve the following steps;

- Establishment of FPO selection subcommittee**- The CPSC with the help of the CPCU will establish a temporary sub-committee comprising of representatives from the relevant departments namely; Agriculture, Co-operatives, Social services and Trade and Industry among others. The Sub Committee will develop an inventory of potential FPOs for project support.
- Adoption of Criteria for FPO selection**- The CPCU through the guidance of the National Agribusiness Development Lead (NADL) will develop a FPO selection criteria. The FPO selection sub-committee will further discuss the criteria and, fine-tune it for adoption.

The criteria for FPO selection is as follows;

- iii. Relevance to selected priority VCs;** (ii) Number of beneficiaries (CIGs/VMGs/IPs) and other farmer associations; (iii) Level of market orientation (MOPE 0–3); (iv) Market growth potential; (v) Area of coverage by the FPOs. (vi) The FPOs should be open to new membership; and (vii) Level of support received from other sources. The aim of this final criterion is to ensure complementarity and avoid duplication.
- iv. iii) Review of Secondary information** - At the county level, the sub-committee will review the existing information on the FPO status in the county alongside information from the sub-counties and wards. This information will be used to prepare an inventory of potential FPOs for project support.
- v. Ground truthing** - This is a term used to refer to information obtained by direct observation as opposed to information provided by inference. This activity in FPO selection is meant to validate and profile the potential FPOs as per inventory from step (iii) above.
- vi. Shortlisting of the potential FPOs**- The inventory will be discussed by the FPO selection sub-committee members who will then shortlist 3-5 FPOs per Value Chain.

Note: Some VCs may not have existing FPOs in specific counties or only one or no VC has existing FPOs. Where no appropriate FPO exists, CIG/VMGs will be federated to form new FPOs.

- vii. Sensitization workshop**- The FPO selection sub-committee will organize a one-day workshop for representatives of all the shortlisted FPOs. The FPOs will be sensitized on the project.
- viii. Submission of Proposals** - , The FPO selection sub-committee will request the pre-selected FPOs to prepare proposals on how to further develop the respective value chains in their county with the support of the project. Interested FPOs will be required to submit their proposals to the CPCU within two weeks after the sensitization workshop.
- ix. Evaluation of the Proposals** - CPCU and the FPO selection subcommittee will evaluate the proposals using the criteria outlined in step (ii) above and prepare the final selection list of FPOs for endorsement by the CPSC.
- x. Approval of the list of the selected FPOs by the CPSC**- The final step of FPO selection is the approval of the selected FPOs list by the CPSC.

CHAPTER 2: CATEGORIES OF FINANCING WINDOWS AND ELIGIBILITY CRITERIA

National Agricultural Value Chain Development Project will support value chain development through three (3) financing windows. There will be 3 grants and working capital which is part of the ED grants but accessed as a revolving fund. The 3 grants are; Inclusion grant, Enterprise Development Grant and Value Chain Upgrading Matching Grant. These grants will support FPOs, agriculture based Small Micro and Medium Enterprises and other agripreneurs along the value chain. The grants will target enhancing market participation, value addition and agro-processing. The working capital is mainly to bridge cash flow shortfalls for day to day business operations.

The FPOs role in increasing market participation and value addition in the prioritized value chains in line with the project objective is ensuring effective and efficient aggregation, value addition and competitive marketing of the CIG/VMG and IP/SSAHUTLC product. Some of the factors that limit productivity at farm level and marketing efforts include accessibility to affordable and appropriate agricultural credit products and working capital among others. To address these constraints, the FPOs will access working capital under ED grants a maximum of KES two(2) million.

The project will support three categories of FPOs namely; (i): **FPOs supported under KCSAP and NARIGP**; (ii) **Existing FPOs Not Supported under NARIGP or KCSAP**; (iii) **New FPOs** - Newly identified FPOs or formed through the federation of CIGs/VMGs. The FPOs that are eligible for the Inclusion Grant will be those selected under category (ii) and (iii) above.

The interventions and activities to support FPOs will be implemented through two direct financing windows; Inclusion Grant (IG) and Enterprise Development Grant while Value Chain Upgrading Matching Grant (VCUMG) will be accessed by Private Firms (PFs) through the Public Private Producer Partnerships.

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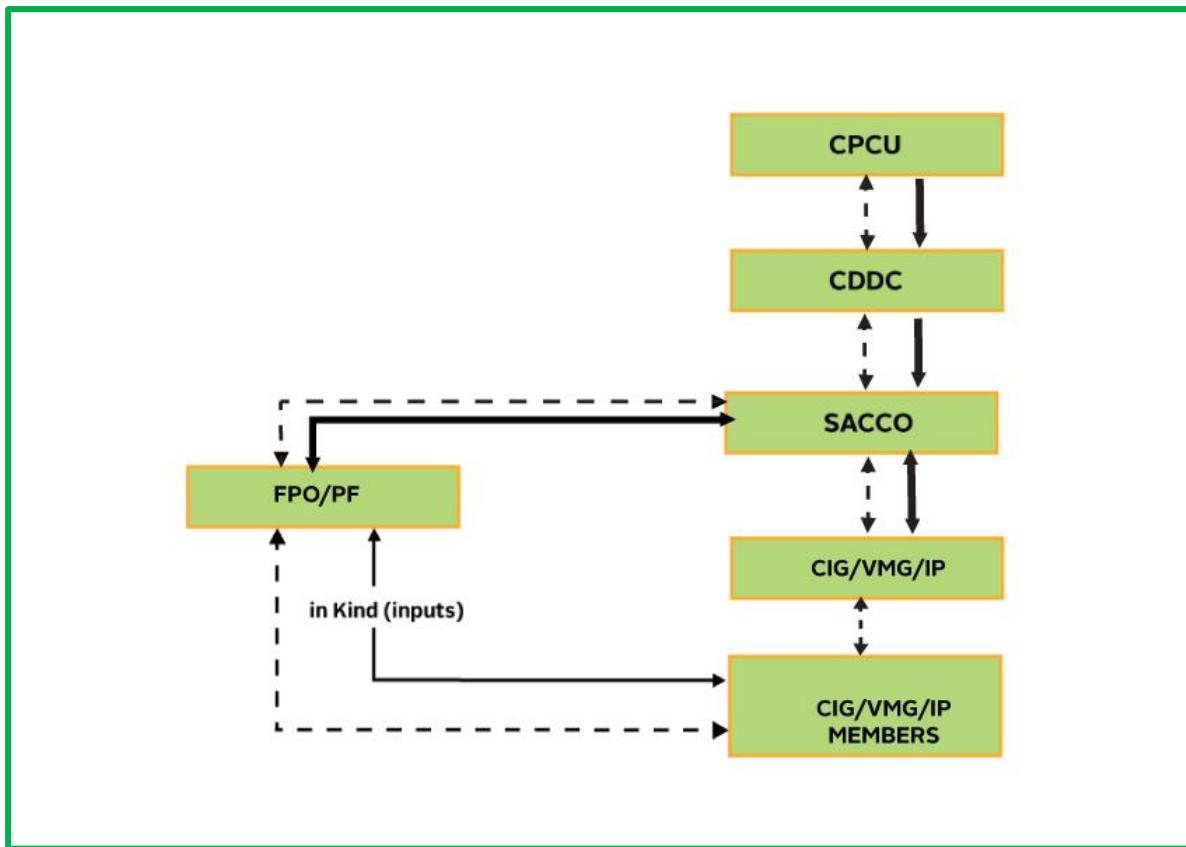


Figure 1: Funds and Information Flow

Note:

Flow of money
receipt and repayment

Information sharing

Credit in terms of inputs

2.1 Inclusion Grant

The inclusion grant (IG) will support (i) recruitment of new members and/or federation of CIGs/VMGs and IP/SSAHUTLC to FPOs (iii) basic capacity building in group dynamics, governance, leadership and financial management skills development (iii) Set-up costs of basic office requirements (Computer, printer, basic office furniture) and automation. However, the funds meant for capacity building support will be retained at the CPCU and the activity undertaken by CPCU through identified Panel of Experts (PoE's). It is anticipated that each FPO that receives the inclusion grant, will grow to the next MOPE ranking by the end of the Inclusion Grant phase.

2.1.1 Selection Process and Criteria

The selection process will be undertaken through a transparent, objective, inclusive and participatory process involving stakeholders at the county. Existing FPOs not supported under NARIGP or KCSAP and new FPOs categories will be eligible for Inclusion grant support depending on the Market-Oriented Producer Enterprise (MOPE). MOPE classification entails carrying out a rapid assessment of all existing FPOs in the targeted communities to profile them according to Market-Oriented Producer Enterprise approach, generally used in developing FPOs (MOPE 0–3) as shown below:

- **MOPE 0:** The farmers' group is poorly constituted, and farmers still engage with the market individually.
- **MOPE 1:** FPOs are already formed and involved in collective market activities, but they have low volumes and making losses or just make enough to sustain the operations of the FPOs.
- **MOPE 2:** The group is operational, formally registered as a business-oriented institution, and has operational structures, accountability systems, and a constitution; it holds regular meetings, maintains records, and has an active bank account and a savings culture; its members have a collective operational culture. Volumes and organizational capacity, however, still limit the enterprise to marginal profitability.
- **MOPE 3:** The producer group is formally organized as a business entity generating profit and engaged in value addition; it has reliable trade relations and operational enterprise growth/investment plans. It has established institutional structures for sustainable business operations.

Note: Find the detailed MOPE classification/evaluation criteria in **Annex 17**.

2.1.2 Eligibility Criteria for Inclusion Grant

The selected FPO's will become eligible for the award of Inclusion Grants (IG) upon meeting the criteria set out by the project, including the following;

- Be legally registered as a co-operative with the relevant government authorities.
- Must have open membership (to individuals or CIGs/VMGs and IP\SSAHUTLC).
- Willing to operate a NAVCDP project bank account.
- Should have a management committee and supervisory committee and are willing to constitute sub-committees such as executive, grant management, procurement, Social Accountability and Integrity Committee (SAIC).
- Develop a grant proposal for funding under the project. All proposals requesting funding will be evaluated and rated against the grant proposal appraisal criteria (**Annex 3**).

2.1.3 Application, Approval and Inclusion Grant Thresholds

The following grant application and approval steps will be followed:

- NPCU will develop and share with all CPCUs a proposal template (**Annex 1A**) with the format that will be used to apply for inclusion grants.
- PoE's will assist FPOs in applying for inclusion grant to the CPCU.
- Applications approved by CPCUs will be shared with NPCU for concurrence and monitoring.
- On the reverse loop, the CPCU will convey to FPOs successful and unsuccessful applications.
- The Inclusion Grant will be disbursed in two equal tranches. The second disbursement will be subject to prudent utilization (as per the approved work plan & deliverables) and satisfactory accounting of the first tranche.

FPOs will be eligible to receive an Inclusion Grant, based on an itemized budget (**Annex 1B**) whose amount will not exceed KES 1,000,000. However, the mobilization costs may vary based on whether the FPO coverage is ward, sub-county or county.

2.1.4 Implementation of the Inclusion Grant

During the implementation of this grant the project teams will interact with the FPO leadership and be able to develop social capital as they understand the FPOs operations. It is further anticipated that each FPO, especially MOPE 0 that receives the inclusion grant will grow to the next MOPE ranking by the end of the Inclusion Grant phase.

Prudent financial management in the utilization of the allocated funds will be adhered to, so as to meet the objectives of the grant. All activities and transactions involved will be satisfactorily accounted for and proper records kept in adherence to the NAVCDP Financial and Procurement Manuals.

2.2 Enterprise Development Plan (EDP)

The project will support small-scale infrastructure investments at the FPO level under the Enterprise Development Plan financing window to enable primary and secondary value addition, packaging, branding, and other similar investments to build higher value for member smallholders. These investments will be identified and approved for support through the project on a case-by-case basis, considering the original EDP, available resources from other stakeholders as well as the overall potential impact of the investments. To operationalize the intervention, the project will provide technical assistance to:

- Identify such investments over a 3-5-year business cycle.
- Explore possibilities for inter-FPO networking and opportunities for shared infrastructure investments that maximize utilization of assets.
- Explore long-term and flexible financing opportunities linked to building sustainable assets at the FPO level.

Prior to receiving funding FPOs must comply with the following Environmental and Social standard prerequisites:

- a) Environmental and Social Standard 5 (ESS5): Land Acquisition, Restrictions on Land Use and Involuntary Resettlement-Though, applicability of ESS 5 is established during the Environmental And Social Assessment described in ESS as precautionary step it is imperative

to verify land ownership status before the FPO is selected and Environmental and Social Assessment process initiated to mitigate against or avoid any potential land challenges relating to ownership, succession, disputes, and to bolster tenure security and tackle land conflicts causing unnecessary implementation delays.

- b) Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure-Careful and robust consultations consent and approvals from various FPO actors and stakeholders are required before selection and its various stages of investment development as stipulated in the NAVCDP ESS10.
- c) Ensure any activity directly being implemented by FPO under NAVCDP support has undergone an inclusive participatory process

The EDP grant is designed to support and strengthen FPOs classified at MOPE 2 and those transitioning from MOPE 1 to progress to profitable enterprise operations with reliable trading relations until they reach the MOPE 3 level. The MOPE 1 FPOs that do not qualify for EDP grant due to inadequate organizational capacity will receive capacity building support in order to transition to MOPE 2. The project will work towards linking every CIG/VMG to FPOs to develop long term market linkages. On average 350-400 FPOs engaged in agri-business within the selected value chains will be supported.

The grant will support FPOs under the following broad areas:

- Collection and aggregation centers
- Storage facilities
- Mechanized drying services
- Value addition
- Agro-processing; and
- Virtual/digital marketing of produce

2.2.1 Selection Process and Eligibility Criteria

In order to qualify for EDP grants FPO must: -

- Be legally registered with the relevant government authorities.
- Have open membership (to individuals or CIGs/VMGs and IP\SSAHUTLC) with a current membership of at least 300 members.
- Have a bankable 5-year Enterprise Development Plan/ business plan
- Willing to operate a NAVCDP project bank account
- Compliant with prerequisite ESS requirement such as, land issues and approval of relevant instruments
- Meet relevant, technical and Financial compliances (**Annex 2**)
- Should have a management committee and supervisory committee and are willing to constitute sub-committees such as executive, grant management, procurement, Social Accountability and Integrity Committee (SAIC).
- Be committed to contributing at least 10 percent of total cost of their investment proposals in cash/ kind but at least 5% must be in cash.

- Develop a grant proposal for funding under the project and; special consideration will be given to FPOs that demonstrate inclusivity. All proposals requesting for funding will be evaluated and rated against the grant proposals appraisal criteria (**Annex 3**)

2.2.2 Application, Evaluation, Approval and Implementation

Proposals from FPOs will be evaluated on the number of people benefiting directly and indirectly from the business, women and youth targeted, volumes handled, nutrition sensitivity of the investment, technical viability, projected profitability, job creation potential, and quality of governance and management. NPCU to provide a detailed evaluation criterion.

The EDP grant proposal will include at least the following performance indicators to be achieved by FPOs in terms of profitability, technical and financial management, and outreach, which will be specified in the agreement, with the provision that assets funded can be repossessed by the project in case of under achievement. Refer to Annex 4 on modalities for repossession.

The following steps, will be followed in the application, evaluation, approval and implementation of EDP grants;

- NPCU will develop and share with all CPCUs a proposal template (**Annex 1D**) outlining the format for EDP grants application.
- CTDs with the support of Business accelerator, Service Providers (SPs) and POEs will assist FPO in developing EDP grant proposal which is to be submitted to CPCU.
- Applications reviewed and recommended by CPCU will be shared with NPCU for appraisal.
- Following appraisal, the NPCU will advise the counties on areas of revision for further action.
- CTAC will review proposals and recommend for approval by CPSC.
- The CPSC will convey to FPOs the outcome of the appraisal and notify the NPCU.
- The successful applicants will write back to CPSC accepting the offer and agreeing to funding conditions.
- Upon approval by CPSC, the CPCU will seek for No objection from the NPCU requesting to disburse funds.
- The CPCU in collaboration with NPCU will undertake due diligence before disbursement of funds.
- On receipt of a no-objection from NPCU the CPCU will disburse funds to the beneficiaries and monitor utilization of the grants.
- The Grant will be disbursed in tranches depending on project capital outline. Subsequent disbursements will be subject to prudent utilization (as per the approved work plan & deliverables) and satisfactory accounting of the first disbursement.

2.2.3 Funds Disbursement

Before funds are released, the CPCU in collaboration with the NPCU will conduct a pre-grant inquiry ("PGI")/due diligence that will document the evaluation of the items outlined in due diligence checklist (**Annex 2**)

Once the proposal is approved and authority given, the CPCU will transfer the funds from the project operations account to the FPO's special accounts in accordance with an agreed disbursement schedule.

Grants will be released in tranches in line with the approved EDP proposal. For the procurement of the materials, the procurement sub-committee will prepare a requisitioning list raised from the approved proposal / work plan and submit to the CPCU for approval to allow the signatories to release the funds (Annex 8B- Form D2)

Prior to release of subsequent tranches, the FPO will make an application for disbursement. The CPCU will visit the intervention sites to verify the completed funded activities and recommend the release of subsequent tranche. The supervisory committee and the POE's will certify that the management committee has completed all the activities as per the scheduled milestones illustrated in the table below.

Table 1: Milestones for Funds Disbursement for Implementation

| TRANCES (Installment payment to FPO) | MILESTONES (Conditions to be met before releasing each installment of EDP Grant) |
|---|--|
| 1st Tranche (Installment 1) The amount requested for implementing stage 1 activities as per the approved FPO proposal. | <ul style="list-style-type: none"> ● A Memorandum of Understanding signed between the FPO and CO in charge of Agriculture ● Approval of FPO proposal by the NPCU/ CPSC. ● Evidence that stipulated FPO contribution is available. ● Signatories have opened a current bank account and received a cheque book. ● The procurement and Social Accountability and Integrity sub-committees have been formed, trained and are operational. ● Prerequisite FPO activities to be undertaken before receiving the grant are on course or completed. |
| 2nd Tranche (Installment 2) Amount required for implementing the second or final stage of activities as per the approved FPO proposal. | <ul style="list-style-type: none"> ● Over 50% of constituent of the CIG/VMGs and IP\SSAHUTLC Target community are actively participating in the implementation of the funded proposal. ● All books of accounts and records are maintained and are up to date. ● Updated information on the implementation displayed on the FPO display boards (disclosure). The information should include: |

| TRANCHES (Installment payment to FPO) | MILESTONES (Conditions to be met before releasing each installment of EDP Grant) |
|--|---|
| | <ul style="list-style-type: none"> • Funds received from the donor; expenditure and balance; money received from CIGs/VMGs and IP\SSAHUTLC &FPO's contribution; expenditure and balances; Contracts available and contracts awarded; list of assets procured and their cost and status of implementation against the target. • At least 90% of the amount released for the first tranche has been properly utilized and accounted for • The supervisory committee upon monitoring has recommended application for the second tranche of funds. • FPO management has submitted monthly financial progress reports to the CPCU and the reports have been validated and approved by the CPCU in collaboration with the CTAC. • Proper structures for the operationalization and maintenance of the Investment are in place. |

However, where the nature of intervention cannot allow the tranches approach such as purchase of equipment, then with necessary safety measures the whole amount will be released to the FPO.

Prior to disbursement of funds, the FPO should meet/provide the following;

- Environmental and Social Management Plans (ESMP)
- Opening of a bank account (NAVCDP FPO account)
- Bank statement showing FPO contribution credited to the account
- Duly signed MoU between FPO and Chief Officer in charge of Agriculture. (**Annex 7**)
- The MoU must be accompanied by Minutes of the CTAC (the technical arm of the CPSC)

2.2.4 Farmer Producer Organization Grant Proposals Guidelines

All FPO grant proposals must have the objective of enhancing the capacity and self-reliance of FPO, affiliated groups and its members. The aim of the proposals must be to empower these organizations and their members to achieve higher levels of food and nutrition security, enhancing market linkages, incomes, reduce poverty and management of natural resources in a sustainable manner through adoption of SLM, CSA and value addition Technology Innovation Management Practices (TIMPs). For this reason, all proposals must originate from the FPO with the assistance of the SPs's, as required. The roles of FPO should be clearly specified in the proposals. Service providers (SPs) will include members of the CTD, the VC platforms, Community Based Facilitators (CBF)/Lead Farmers and agro-input dealers among others. These will work with beneficiaries along the identified value chains to provide technical advisory services within the identified project areas.

All proposals must demonstrate their economic viability and how activities initiated with NAVCDP support will become self-sustaining beyond the project period. Towards this end, applicants are encouraged to consider ways in which FPO generated income can be used to support the identification, adaptation and promotion of aggregation, Value addition, TIMPs, marketing, branding and market expansion. The grants proposal must clearly indicate mechanism for scaling-up and sustainability. It should also indicate the nature of the FPO and level of its contribution to the realization of the PDO. All FPO project costs must be included in the grant proposal.

FPO 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.

FPOs are free to request for co-funding from other sources to meet some of these costs. Proposals must indicate arrangements for monitoring and evaluation. For transparency and accountability, the proposal formulation process and related requirements should be brought to the attention of the FPO members for their resolution. At the request of the applicants, CPCU/NPCU will provide limited advisory assistance in formulation, particularly advice on types of services offered by key service providers and institutions during project implementation. In addition, the proposal must clearly show the roles of the various key stakeholders. All NAVCDP funded projects must be completed and end six months before the NAVCDP closing date.

2.2.5 FPO Grant Management Structure

FPOs are comprised of registered members who are shareholders. The operations of the recipient FPOs will be governed by their respective by-laws and an elected management committee. Each FPO will have at least the following sub- committees from the management and the supervisory committees:

The management committee will appoint its executive arm and sub-committees on NAVCDP grants, procurement and SAIC among others as the need arises. These sub- committee members must not be in the executive committee. Members of the supervisory committee will be elected directly by members at the Annual General Meeting (AGM) to be the watchdog of the members.

These structures will be established in line with the FPO's constitution as illustrated below



Figure 1: Grant Management Structures within FPOs

Note:

- The FPOs must adopt the governance structure in line with their registration requirements.
- All FPOs are compelled to disclose all material facts relating to the grants under the project and will be held singularly and /or severally responsible in case of any missing document or misrepresentation of facts.
- All organization decisions shall be made in a properly constituted meeting complete with minutes.
- A properly constituted meeting shall comprise of at least two thirds of the membership of that committee or subcommittee.

2.2.6 The Roles and Responsibilities of various committees

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

(a) Management Committee

The management committee of the FPOs will have 7-9 members. These members will be elected by member in an Annual General Meeting. At the general Meeting, the elections are expected factor zonal representation from the area of operation as well as gender representation. After the elections, the management committee will be constituted in order to provide for the necessary sub-committee and mainstream the 1/3 rotational rule.

Their main roles and responsibilities are:

- Overall management of the FPO affairs.
- Ensure compliances and conformity to relevant guidelines

- Ensure that implementation of intervention areas conforms to legislation including county by-laws, the provisions of the labour laws, Public Health Act, EMCA-(NEMA), Factories Act and any other relevant laws.
- To constitute sub-committees; executive, education, production and marketing, procurement, Grievance Redress Committee (GRC).
- To implement the resolutions of the members.
- To authorize procurement of goods and services.
- To guide in the overall work planning and budgeting process.
- To prepare and submit reports and documents as may be required.
- They are the custodian of all documents, goods and assets of the FPO.
- To guide in case of disposals of any goods and assets.
- To approve financial management reports before they are tabled to the members.
- To prepare, call and convene the AGM as scheduled.
- Effective risk management processes including the identification, development of risk mitigation plans and the implementation of risk reduction strategies

(b) Supervisory /SAIC Committee

This is an oversight committee comprising of three (3) members elected during the general meeting. Its key mandate is to ensure the organization's compliance and accuracy of financial condition; adequate safeguards for member's institutional rights and organizational procedures; and implementation of member's resolutions by the management committee.

In particular, they should:

- Verify the effectiveness of the organizational internal control system
- Ensure compliance with all stipulated documentations and procedures
- Prepare and present periodic reports to the joint committee (Management and Supervisory committee) of the organization.
- Prepare annual supervisory reports to be presented to members at the AGM and the Commissioner of Cooperatives.
- Seek the intervention of relevant authorities in case the executive committee fails to comply.
- Monitor efficient application and management of assets.
- It shall be a social accountability committee
- They 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.
- Ensure that the FPO management committee and FPOs sub-committees constantly follow the agreed upon guidelines, rules and procedures in all their operations

- Ensure that all the sub projects are implemented in compliance with environmental and social safeguards guidelines.
- Receiving, recording and resolve grievances.
- Report any financial and procurement irregularities with suggestions for corrections to the management committee
- Ensure that the tranches were properly utilized and provide necessary recommendations
- Collect more information about complaints, conflicts and other issues when called upon by the management committee or the CPCU.
- To investigate any misappropriations of resources and suggest ways of correcting the errors and deviations in the functioning of the FPO committees.
- To prepare social accountability reports to be presented to the full management committee as need may arise.

(c) The Executive Sub-Committee

The executive sub-committee consists of the chairperson, Vice Chairperson, Secretary and Treasurer who provide management oversight of the FPO. Members of the executive sub-committee will not be expected to sit in any other sub-committee of the management committee.

The main roles of the executive committee include;

- Coordinate and supervise all the activities.
- Open and operate bank account with a commercial bank, which will be operated by authorized signatories. A bank account will be opened to receive project grants. The chairperson, treasurer and secretary will be signatories to the bank account. Two must sign but treasurer is mandatory to transact any bank business.
- Receive reports on procured inventories, consumable goods and stores from various procurement sub-committees (**Annex 5A, B and 6**).
- Ensure proper utilization of assets and consumables, goods and services procured by the matching grant.
- Ensure proper books of account are kept and availed for audit and supervision.
- Planning/budgeting
- Fast tracking the project proposals development and implementation.
- Participate in the development and implementation of contracts.
- Receive requisition for projects materials and equipment from the management committee and forward to CPCU for verification.
- Prepare and present progress report to the member CIG/VMGs and IP\SSAHUTLC and the funding agency.

(d) Procurement Sub-committee

The Procurement sub-committee will be responsible for planning and procuring all goods and services on behalf of the organization in the manner prescribed in the NAVCDP community/FPO procurement manual and finance management manual. It will consist of three to five members from the management committee, who will not be members of the executive committee.

Roles of the procurement sub- committee include:

- Procure all goods and services which meet the requirements of the organization.
- Responsible for floating, opening and adjudication of bids, tenders and quotations.
- Ensure that the procurement process is guided by the principles of economy, efficiency, equal opportunity, transparency and openness.
- Maintain a stock register where all receipts and issues will be recorded (**Annex 5A**).
- Inspect, verify and issue goods and services procured to users using the prescribed form (**Annex 5B**).
- Supervise maintenance and servicing of equipment and endorse payment for such services rendered.
- Ensure proper installation of equipment and/or machinery where necessary.
- Take custody (storage) of goods, identify any obsolete and non-functioning inventories and make recommendations for disposal of such inventories to the management committee.
- 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.
- In consultation with the management committee, ensure that the assets of the organization are secure and insured.

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

(e) Production and Marketing Sub-Committee

It is composed of the three members drawn from the management committee to perform the following duties:

- Ensuring members produce deliveries are properly documented
- Confirm that payment to members for the delivered produce are made
- In charge of efficient marketing of member's produce
- Conducting continuous market surveys and compiling market intelligence information
- Oversighting inputs distribution to members.

2.3 Value Chain Upgrading Matching Grant

NAVCDP will support upgrading of competitive VCs for integration and economic empowerment of targeted smallholder farmers. These funds will be accessed on a competitive basis by private sector actors and other value chain actors/stakeholders at key segments of the VC that are determined to be critical in unlocking the growth of the VC as a whole. A key investment model under this grant will be building productive Public-Private Partnerships with Producers (4Ps) for value chain upgrading.

This grant will target investments to be implemented at national, regional and county levels. Similar to the EDP Grants, County Value Chain Platforms will be involved in the vetting of the proposals prior to being subjected to the CTAC and NTAC approval process. The grant will be accessed by Private Firms & SMEs.

Value Chain Platforms will be established at the national and county levels. The County VC platforms will be involved in the proposal vetting process at the county level. This will ensure that the proposals are consistent with the specific VC development strategy.

2.3.1 Key Value Chain Upgrading Investment Areas

The support will be used to finance activities related to the following key value chain upgrading areas;

(a) Input Supply

To enhance the accessibility of improved seeds, breeds, and other farm inputs among targeted POs, matching grants will be available for co-investment in the development of a robust, private sector-driven input supply system. In close collaboration with Kenya Agricultural and Livestock Research Organization (KALRO) and the Kenya Plant Health Inspectorate Services (KEPHIS), matching grants will be provided to the qualified private firms willing to invest in hybrid seed (and improved livestock breeds) supply systems.

(b) Technology Development

One of the key constraints facing most VCs in Kenya is low utilization of mechanized technology in processes ranging from production through produce assembly, post-harvest handling, and value addition or processing. At the farm level, the particularly acute shortage of farm machinery and equipment for Conservation Agriculture (CA) greatly hampers the adoption of CSA practices. Matching grants could address this constraint by supporting equipment fabricators and other innovators wishing to invest in providing higher-efficiency mechanization services for production and other segments of VCs. This includes fabrication of equipment to be used in any part of the value chain such as; harvesting, sorting among others.

(c) Post-production and Storage facilities

Smallholder farmers experience significant post-production losses due to poor handling of produce that result in attacks by pests and diseases. To address this, matching grants will be provided to the PFs willing to invest in improved harvest and post-production handling practices that reduce losses and uphold the high food quality standards demanded by niche markets. In case of grain-related VCs, matching grants will go towards adoption of appropriate technologies in harvesting, grain drying standards, threshing and shelling, and storage. Similarly, matching grants will be available to other VCs (e.g., dairy, poultry, and horticulture) with investments tailored to access to improved technologies in produce handling from the point of production to storage and marketing. This will aim at reducing post-production losses, enhance shelf-life, and meet food quality and safety standards. Eligible investments will include the construction or refurbishment of produce collection, bulking, storage facilities and adoption of warehousing receipt systems.

(d) Value addition and Processing

Most smallholder farmers are involved in VCs with a weak processing base, which limits the competitiveness and growth potential of the VC and, in return, yields low earnings. In general, the marketing of agricultural products faces challenges and restrictions due to poor packaging, damage during transportation, poor handling, and inadequate quality control, including lack of standardization

and certification by the Kenya Bureau of Standards (KEBS). These issues present an excellent opportunity for matching grants to upgrade VCs by spurring value addition and processing. Matching grants will support feasibility studies and provide technical support required by investors that are considering investing in value addition and processing in participating counties.

Each step of the VC upgrading initiative will be examined with a nutrition lens to ensure the mainstreaming of nutrition-sensitive interventions, such as: (i) improved processing, storage, and preservation to retain nutritional value, increase shelf-life and enhance food safety; (ii) reduced seasonality of food availability and post-harvest losses; and (iii) increased convenience of healthy food preparation (iv) food fortification.

CPSC will be responsible for approving the investment proposals submitted by PFs through a competitive process, based on the recommendations of CTAC and concurrence by NPCU.

2.3.1 Eligibility Criteria

To qualify for Value chain matching grants the PF must: -

- Be legally registered with the Registrar of Companies.
- Demonstrate that the company has been working with the value chain of interest
- Provide documented evidence of working with individual farmers, CIGs, VMGs and IP\SSAHUTLC and FPOs
- Demonstrate the technical ability and capacity to undertake the investment (include the works carried out in the last 5 years, i.e. client list and successful past partnerships)
- Willing to sign agreements with CIGs/VMGs and IP\SSAHUTLC, FPOs and SACCOs.
- Have a bankable 5-year Enterprise Development Plan/ business plan
- Willing to operate a NAVCDP project bank account
- Compliant with prerequisite ESS requirement such as, land issues and approval relevant instruments
- Meet relevant technical and Financial compliances (**Annex 2**)
- The private firms are expected to contribute at least 50 percent of the total cost of their investment proposals in cash
- Develop a grant proposal for funding under the project giving a clear business model. All proposals requesting for funding will be evaluated and rated against the grant proposals appraisal criteria (**Annex 3**)
- Demonstrate financial capability

2.3.2 Provide a physical address and contacts

2.3.3 Application, Approval and Grant Thresholds

During the second year of the project implementation, the CPCU in consultation with NPCU will send out calls for proposals (including sensitization and information on qualification criteria) in line with the VC development strategies and plans. The proposals from PFs will be evaluated on the number of beneficiaries engaged directly and indirectly from the business; women and youth targeted; nutrition sensitivity of the investment; scope of operations, technical viability; projected profitability; job creation

potential; compliance to environmental and social safeguards; and quality of governance and management. NPCU to develop detailed criteria.

The grants to PF and other VC stakeholders will be to a maximum of KES 20,000,000 and demonstrate willingness and ability to contribute 50% of the total required investment either in cash or kind. Twenty-five percent (25%) of the contribution must be in cash. They must also demonstrate working relationships and linkages with project beneficiaries (FPOs, CIGs/VMGs and IP\SSAHUTLC) and be willing to enter into agreements with and other partners. They will be subjected to a competitive bidding process as detailed in the Procurement Manual.

The application and approval process will be executed as follows;

1. VC Platform meets and identifies an opportunity for value chain upgrading
2. Selection of sub-committee by the Value Chain Platform (VCP) to lead the investment agenda
3. VCP develops TORs of the investment Sub-committee and forward to the CPSC for ratification and approval
4. The investment Sub-committee develops Expression of Interest and forwards to the CPCU for submission to NPCU for review
5. The NPCU reviews the EoI and forwards to the CPCU to advertise
6. The CPCU to advertise for call for proposals through county mechanisms such as county websites, emails for an expression of interest for provision of services in the VC upgrading areas.
7. Evaluation of EOIs by CPCU
8. Call for proposals by CPCU
9. Evaluation of proposals by CTAC and recommend to CPSC
10. CPSC reviews and recommends for approval by NTAC
11. Approval by the NTAC
12. After approval, the CPCU will seek for No objection from the NPCU requesting to disburse funds.
13. The NPCU will undertake due diligence exercise.
14. On receipt of a no-objection from NPCU the CPCU will disburse funds to the PF
15. The Grant will be disbursed in tranches depending on project capital outline. Subsequent disbursements will be subject to prudent utilization (as per the approved work plan and deliverables) and satisfactory accounting of the first disbursement.

2.3.4 Value Chain Upgrading Matching Grant (VCUMG) Assessment Guidelines

The following are the assessment guidelines.

- How well the plan addresses priority PF's needs identified in the CIDP / investment plans and Value Chain Platforms
- The number of beneficiaries disaggregated by gender
- Willingness to commit PF contribution towards the proposed project
- Current activities of the PF
- Documented evidence of member's deliveries and payments
- Compliance with NAVCDP guidelines on matching grants (**Annex 2**).

- The proposed interventions will be subjected to environmental and social impact screening checklist (**Annex 14**).

Prior to disbursement of funds, the PF should meet/provide the following;

- Environmental and Social Management Plans (ESMP)
- Opening of a bank account dedicated to the project in a commercial Bank acceptable to the World Bank (NAVCDP account)
- Bank statement showing PF contribution credited to the account
- Duly signed MoU between PF and Chief Officer in charge of Agriculture (Annex 7).
- The MoU must be accompanied by Minutes of the CTAC (the technical arm of the CPSC)

2.3.5 Implementation of Public Private Partnerships with Producers (4Ps)

Identification of the PF for 4Ps and disbursement of funds to the successful party will be guided by the 4Ps guidelines developed by the NPCU (**refer to Framework for the establishment of Agri-Public Private Partnerships with Producers (Agri-4Ps)**). Disbursement will be in line with the agreed disbursement schedule which may vary from one proposal to the other. Where funds are to be released in tranches, subsequent releases will be pegged on the achievement of agreed milestones governed by a contract.

The selected partner will sign a multiparty MOU between the beneficiaries, the respective county government, and the project. The 4Ps must clearly indicate the direct benefit to the FPO members and the sustainability model.

2.3.6 Funds Disbursement

Before funds are released, the CPCU in collaboration with the NPCU will conduct a pre-grant inquiry ("PGI")/due diligence that will document the evaluation of the items outlined in due diligence checklist (**Annex 2**).

Once the proposal is approved and authority given, the CPCU will transfer the funds from the project operations account to the PF's special accounts in accordance with an agreed disbursement schedule.

Grants will be released in tranches in line with the approved VCUMG proposal. In cases where procurement is involved, the PF will prepare a requisitioning list raised from the approved proposal / work plan and submit to the CPCU for approval (**Annex 8B- Form D2**).

Prior to release of subsequent tranches, the PF will make an application for disbursement. The CPCU will visit the intervention sites to verify the completed funded activities and recommend the release of subsequent tranche. The supervisory committee and the POE's will certify that the management committee (PMC) has completed all the activities as per the scheduled milestones illustrated in the table below.

Table 2: Milestones for Tranche Disbursement

| TRANCES (Installment payment to PF) | MILESTONES (Conditions to be met before release each installment of matching grant) |
|--|---|
| 1 st Tranche (Installment 1) The amount requested for implementing stage 1 activities as per the approved proposal. | <ul style="list-style-type: none"> • A Memorandum of Understanding signed between the PF and CO in charge of Agriculture on behalf of the County • Approval of the proposal by the NPCU. • Evidence that stipulated PF contribution is available. • Signatories have opened a current bank account and received a cheque book. • The procurement and Social Accountability and Integrity sub-committees have been formed, trained and are operational. (where applicable) • Prerequisite PFs activities to be undertaken before receiving the grant are on course or completed. |
| 2 nd Tranche (Installment 2) Amount required for implementing second or final stage of activities as per the approved PF proposal. | <ul style="list-style-type: none"> • Over 50% of constituent of the CIG/VMGs and IP\SSAHUTLC Target community are actively participating in the implementation of the funded proposal. • All books of accounts and records are maintained and are up to date. • Updated information on the implementation is on the PFs display boards (disclosure). The information should include: <ul style="list-style-type: none"> - Funds received from the project for PF; expenditure and balance; expenditure and balances; Contracts available and contracts awarded; list of assets procured and their cost and status of implementation against the target. • At least 90% of the amount released as first tranche has been properly utilized • The CPCU M&E team have recommended application for the second tranche of funds. • Monthly financial progress reports submitted to the CPCU by the PF. • Arrangement for the operation and maintenance of the project are in place. |

However, where the nature of intervention cannot allow the tranches approach such as purchase of equipment, then with necessary safety measures the whole amount will be released to the PF.

2.3.7 Funding Agreements

Following all grant approval, both parties - PF and CO in charge of agriculture must sign a commitment agreement on terms and conditions as stipulated in **Annex 7** and attached to the original proposal. A sample commitment MOU is attached in the same annex. Also attached will be an agreed work-plan, budget and schedule of activities. A copy of the full set of documents will be forwarded to NPCU for post-approval review and retention in a county specific file.

2.3.8 Implementation of 4Ps Investments

The implementation of funded activities will be the responsibility of the 4Ps support from the County Technical Departments (CTD) and prepare an agreeable intervention timetable based on the EDP which will be shared with the CPCU for concurrence. Under the 4Ps delivery approach, the role of the CTDs will be to ensure service delivery, quality control and regulation.

2.3.9 Monitoring & Evaluation of Public Private Partnerships with Producers

(4Ps) Investments

The private partner through the guidance of the CPCU and CTD, will prepare and submit monthly, quarterly and annual progress reports to the CPCU who will share with CTAC and NPCU. These will assist in tracking achievements in investment implementation. A completion report, focusing on results obtained and the likely or apparent outcomes and impacts will be submitted by the Private firm as a prerequisite for authorization of the subsequent payment tranche.

Each CPCU will be responsible for reporting to the NPCU on the progress of the implementation of funded projects (**Annex 10**). Reports will be submitted on a quarterly basis. The reports will cover approvals, funds disbursed, grants 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 NPCU and the CPCU will regularly arrange supervision visits to all funded projects and activities. The M&E Officer at NPCU will upload on the web, the 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.

2.4 Working Capital (WC)

The project will provide a revolving fund to eligible FPOs that have demonstrated potential for growth to improve business operations. The threshold for Working Capital to each FPO is KES 2 Million. This intervention is aimed at providing sufficient cash flow for the following purpose;

- Timely payment of members' produce
- Buying inputs supplies required for processing
- Bulk procurement of farm inputs and animal feeds for resale to farmers
- To support invoice receipting system where documented proof is available
- To cater for marketing costs (advertisement, product branding, packaging and hiring of transport)

N/B: Working capital should not be used to pay salaries/wages and purchase of capital goods.

2.4.1 Eligibility to access the working capital

A working capital is the fund that will be advanced to FPOs to improve on their business operations.

For the FPO to access working capital it must meet the following conditions:

- Must be in MOPE 2 that meet set standard in the criteria
- Has minimum membership of 300 of which 80% are drawn from CIG/VMGs and IP/SSAHUTLC.
- Aggregates and does collective marketing of at least one of the agricultural value chains promoted by the project
- Has no disputes which may adversely affect the going concern of the FPO
- Developed a viable Business Plan/EDP
- Have current audited accounts
- Have an approved borrowing power from the AGM in case of a co-operative
- Provide minutes of the board of directors' meeting resolving to borrow, in case of a PF
- Operating on an approved budget
- Have governance structure in place (sub-committee, staff)
- Have signed MOU with the SACCO
- Have opened a project bank account

2.4.2 Working Capital Application and Repayment Process

In addition to the criteria outlined above the working capital will follow the process of ED grants. At the application stage the proposal should state clearly the period for the FPO to remit the grants back to the revolving fund and the period should not exceed one calendar year for seasonal crops and not more than six months for the daily marketed commodity such as milk.

2.4.3 Value Chain Clustering and Regional Investments

During the value chain selection by the counties, one of the criteria and consideration was for counties to form Commodity Commercialization Clusters (CCC) within a certain regions. Counties will individually identify the priority investments. Major investments such as processing and other value addition activities, where more than one county from the same region will identify similar investments, for efficiency and economies of scale resources will be pulled to establish regional investments. National Project Coordinating Unit will provide guidelines on identification, Financing, establishment and management of regional investments.

2.4.4 Building the Capacity of Farmer Producer Organizations and Private Firms

NAVCDP will recruit a Business Accelerator at the national level for each prioritized value chain to support Value chain actors and Service Providers on value chain development. Service providers for select value chains will be recruited at the county level to offer technical support to the FPOs and other value chain actors. The section below gives the details on recruitment and the roles of both Business Accelerator and Service Providers.

2.4.5 Recruitment of a Business Accelerator

The NPCU will recruit a Business Accelerator (BA) for each of the twelve (12) value chains prioritized at the National Level (dairy, Chicken, Industrial crops (coffee, cotton, Cashew nuts, pyrethrum), Field crops (Irish potatoes, tomato), Fruits (Mango, avocado and banana) and apiculture).

The BA will work closely with the NPCU at the national level and with the Service Providers recruited at the County Level to support in building and growing the business by providing structured guidance, mentorship, access to investors, access to market and other support to the Farmer Producer Organizations (FPOs) and other value chain actors.

The BA will work closely with the national and county Value Chain Platforms to identify investment opportunities for value chain upgrading. The selection of the BA and recruitment shall be done competitively at the National Level through a bidding process based on the evaluation criteria. This will ensure that the BA selected will bring on board the best global practices in growing businesses.

A call for Expression of Interest (EOI) for potential BA for different value chains will be advertised in the National Project Websites and the popular Dailies for wider publicity. The EOIs will be developed by the NPCU. The bids will be submitted to the NPCU for review and shortlisting the prospective BAs. The pre-qualified BAs will submit a full proposal to NPCU demonstrating how they will provide guidance and mentorship to the VC actors and Service Providers guided by the Terms of Reference (ToRs).

Upon submission of the proposal, evaluations will be undertaken by NTAC based on the criteria developed and the BAs that demonstrate the highest capability will be awarded the contract.

2.4.6 Eligibility criteria for Business Accelerators

To qualify for a Business Accelerator, the bidding firm must;

- Be legally registered with the Registrar of Companies
- Demonstrate the relevant experience (include the works carried out in the last 5 year, i.e. client list and successfully completed assignments)
- Meet relevant technical and financial compliances including Tax Compliance Certificate.
- Demonstrate financial capability
- Provide a physical address and contacts

2.4.7 Qualifications for the Business Accelerator

The business accelerator selected should be a firm with the following qualifications;

- Be a registered firm and with a team of technical personnel with varied skills
- Demonstrate practical experience in providing mentorship programmes to businesses and start up in developing Countries (include the works carried out in the last 5 years, i.e. client list and successful past partnerships)
- Demonstrate that they have been working/have experience with the NAVCDP value chain of interest and understanding of all the VC nodes
- Demonstrate the capacity to domesticate/ adapt the best global practices
- Demonstrate the capacity to develop and implement scalable business models

- Understanding of local industry and entrepreneurial ecosystem

I. Mentorship to be offered by BA to Value Chain Actors and Service Providers

- **Growth strategy:** Led by experienced facilitators, leveraging on proprietary process and learning methodology, BA to focus on solutions that lead to an increase in revenue, profits and impact
- **Bespoke in-company support:** Give individualized and tailored in-company support from the most qualified team who will walk with the team through and support the business journey
- **Access and fellowship with quality peers across the country:** Connect and benefit from peer-to-peer learning and networking with like-minded entrepreneurs across the country
- **Investment support:** Give support in identification of, access to and engagement with potential and relevant investors
- **Access to mentors and industry-subject experts:** Give access to global mentors/experts who will offer advisory services.
- **Financial modeling:** Support in building a financial model for your business growth and investment
- **Leadership:** Give skills and tools to develop stronger entrepreneurial leadership.

NAVCDP

CHAPTER 3: MANAGEMENT OF PROCUREMENT OF GOODS AND SERVICES BY FPOs AND PRIVATE PARTNERS

The recipient FPO will be expected to form a procurement sub-committee (*here referred to as procurement committee*) from its grant management committee, which will consist of at least 3 members. The members of the committee should be well respected members of the community, honest and willing to undertake the responsibility and should not be related to the members of the executive sub-committee. The committee will work closely with the CPCU procurement officer to assist in the procurement of their requirements under all funded proposals. These procurements will be guided by the **NAVCDP Procurement Manual**.

For the Public Private Partnership with Producers, the PF will be expected to put in place a procurement committee which constitutes of representatives from the firm, producers, County Technical Department (CTD) and the County Value Chain Platform. The committee will work closely with the CPCU procurement officer to assist in the procurement of their requirements under all funded proposals. These procurements will be guided by the **NAVCDP Procurement Manual**.

3.1 Scope of Procurement under Value Chain Development Grants

The objective of procurement is to promote economy, efficiency and transparency and to ensure that these activities are conducted in a fair, transparent and non-discriminatory manner. It is important that every person that causes or is responsible for a procurement decision within the investment arrives at that decision in a fair and transparent manner and that all procurement activities are executed ethically.

The scope of procurement will vary with the different beneficiary FPOs/PFs, and will be governed by the core function of NAVCDP. The FPO/PF should develop a simple procurement plan (**Annex 8A-FORM D1**) with help from CPCU. The plan must take into account who will purchase goods/ services, what will be purchased and how. The procurement committee with the assistance of CPCU procurement officer, will share the plans with CTDs and NPCU for information and future monitoring of its implementation.

3.2 Roles of the Procurement committee

The roles of the procurement committee will be:

- Procurement of works, goods & services as laid down in the grant work-plan / budget
- Procurement planning of the FPO/PF.
- Ensure that the procured works, goods and services conform to the specifications as articulated in the expression of interest.
- Responsible for quality assurance and ensure value for money in procurement.
- Take charge of transport, distribution and delivery of the procured goods and services to the point of usage.
- Responsible for requesting, opening and adjudication of bids and quotations.

- Ensuring that the procurement process is guided by the principles of economy, efficiency, equal opportunity and transparency.
- Handing over of the procured assets and consumable stores to the executive sub-committee/management of the PF through the use of a prescribed form (**Annex 8A, 8B and 13**)

3.3 Procedures for Procuring Goods and Services

The following procedures should be followed in the procurement process:

- The secretary of the procurement committee will initiate the procurement process of the required items based on the approved work plan bearing clear work plan row numbers (Refer to work plan and budget).
- The procurement committee will discuss, minute and prepare a list of items to be procured by quantity and types as per the approved work plan (**Annex 8 a Form D1**)
- The procurement committee will then float quotations and / or bids for potential suppliers.
- Once the quotations and/ or bids are received, the committee will meet to discuss and evaluate them and award the best as per the set criteria.
- The management committee will then review and endorse the quotations /bids for procurement to proceed.
- All bidders are then informed in writing of the tender and/ or bid outcome
- All quotations with recommendations from procurement committees are then serialized and filed. The FPO/PF will then be advised on the decision taken, and when the goods will be delivered.
- The procurement committee procures and delivers goods to the executive committee/management of the PF where they are verified for quality and quantity before their receipt is acknowledged.
- A payment voucher will then be prepared and attached to the invoice, copy of LPO, delivery note and (**Annex 8b-Form D2**) a cheque will then be written with the name of the payee corresponding to the name appearing in the invoice and LPO.
- The executive committee/management of the PF will then hand over the procured goods to the asset's management committee, who will receive the procured goods and record the same in a stock / asset register, and subsequently issues the goods to the end users. (**Annexes 5A & 5B- stock register**).

All the above procurement procedures should be strictly adhered to in reference to the NAVCDP procurement manual.

3.4 Financial Ceilings for Procurement

FPO/PFs shall be required to adhere to the following financial ceilings in effecting their procurements. Goods and services which in one case during the financial year do not exceed KES 10,000 (ten thousand) per single item in value shall be procured without written quotations or agreement. This should be done in consultation with the CPCU and the approval should be given within 24hrs from the date it is submitted to the CPCU. However, the items must be received and issued and all transactions entered in the store's ledger or register. (**Annex 5A and 5B- FPOM – 1A and 1B**).

Goods and services costing KES 10,001 to KES 100,000 (one hundred thousand) in any one financial year shall be procured through quotations in consultation with the CPCU procurement officer provided the following is observed; To enhance competition in bidding, as many quotations as possible should be invited and a minimum of three competitive quotations be obtained from reputable firms and in cases where it is not possible to obtain three quotations due to lack of relevant vendors, it must be so indicated; Repeat orders of the goods or services concerned will not exceed the cost of KES 100,000 in any one financial year; Adjudication of the quotations is done by not less than five members.

Requests for quotations for goods and services worth between KES 50,000 (fifty thousand) and KES 100,000 (one hundred thousand) in any one financial year to be adjudicated by the procurement committee in consultation with the CPCU procurement officers and observe the following; The quotations will be opened by three members (3 members from the procurement committee in case of private firm but for case of FPO - 2 members from the procurement committee and one member from the executive committee); Evaluation of the offers / bids will be undertaken as in the following example in order to come up with a price comparison schedule for deliberation and adjudication by the procurement sub-committee:

Example:

The quotations invited will be shown as follows:

- Quotations were invited from the following pre-qualified firms Firm No 1, Firm No.2, Firm No 3, Firm No.4 and Firm No.5
- The following firms did not respond: Firm No 3 Firm No 5
- The following firms responded as follows: Firm No 1 Firm No 2 and Firm No 4

A price comparison schedule as shown below will then be prepared. After the evaluation exercise, the procurement committee will make a decision and award to the most responsive bidder.

Table 3: Price Comparison Schedule

| Item No. | Item Description | Unit of issue | Qty | Quotations | | |
|----------|------------------|---------------|-----|------------|-----------|------------|
| | | | | Firm No 1 | Firm No 2 | Firm No. 4 |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |

The procurement of goods and services in excess of KES 100,000 (one hundred thousand) and up to KES 5,000,000 (five million) shall be by invitation of quotations from qualified suppliers approved by the FPO/PF adjudicated by the Procurement committee in consultation with the CPCU.

Goods estimated to cost more than KES 5,000,000 (five million) up to KES 10,000,000(Ten Million) per single item in any one financial year shall be procured through local competitive bidding (by advertisement of notice at strategic public places, local radio stations, FPO/PF Websites, reading them out in community meetings and public gatherings approved by the FPO/PF and adjudicated by the Procurement committee in consultation with the CPCU.

Goods estimated to cost more than KES 10,000,000 (Ten Million) per single item in any one financial year shall be procured through open tender, or restricted tender (Max 30,000,000) to be adjudicated by the CPCU in consultation with the Procurement committee

Detailed procedures on this level of procurement are contained in NAVCDP Procurement Manual and World Bank's procurement guidelines and should be consulted as necessary. Where the two guidelines are in contradiction, the World Bank guidelines take precedence.

3.5 Decision of the procurement committee

The deliberations and decisions of the committee shall be clearly recorded. The lowest responsive bidder will be awarded the bid. If the lowest responsive bidder offer is not accepted, sufficient convincing reasons must be given.

3.6 Stock Register - Form MGM -1A and 1

Every FPO/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. There are 16 columns in the stock register, - columns 1 to 8 on the left-hand side (**Annex 5A**) and columns 9 to 16 on the right-hand side (**Annex 5B**). The particulars of the individual columns are self-explanatory.

Entries in the stock register should be posted every day, and authenticated by the responsible official of FPO/PF. Entries should be made using a pen, but **not** in pencil.

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. 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 MGM- 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.

At the end of the month, a photocopy of the stock register (**Annex 5A**) duly certified as a true copy of the original by the responsible official should be attached to the accountability report submitted by the FPOs/PF to the CPCU Coordinator, along with all available supporting documents, which will also include the Declaration Forms (**Annex 5A – Column 8**).

The original stock register should be kept in a safe place and made available to the visiting NAVCDP staff from NPCU, members of the CPCU, CTD, auditors and World Bank missions.

3.7 Procurement Monitoring

Up to date inventories of the assets owned by the beneficiary FPO/PF shall be maintained by beneficiaries at all times and can be inspected without notice. Form MGM- 1A &1B (**Annex 5A & 5B**) will be used for this purpose.

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



CHAPTER 4: FINANCIAL MANAGEMENT OF AGRICULTURAL VALUE CHAIN DEVELOPMENT GRANTS

4.1 Flow of Funds from Treasury to County

The following steps will be followed in the transfer of funds from the National Treasury to County Treasury.

Upon submission of approved annual work plans & budgets and financial requests from the County/CPCU, MoALD/NPCU will trigger transfer of funds from Designated Account 1 (DA-1) through the respective County Revenue Fund (CRF) Account. The Chief Officer in charge of Agriculture will make a request to the County Controller of Budgets through the Chief Officer Finance to transfer funds to the County Special Purpose Account (SPA). The request will be accompanied by an approved annual work plan and budget and a letter indicating the counterpart funds. The SPAs will be opened by each participating County at the Central Bank of Kenya (CBK) and managed by the specific Counties. The Counties will open and trigger the movement of funds to the Project Operations Account. The transfer of funds from the SPA to the Project Operations Accounts will use a similar procedure as above.

FPOs/PF Special Project Accounts will be opened at commercial banks acceptable to World bank/ IDA within the County

Funds will be disbursed from the SPA at CBK to beneficiaries Special Project Accounts at commercial banks, once they have met the eligibility criteria. For national and regional investments, funds will be disbursed from SPA at CBK to DA-2 account from where it will be spent.

The CRF accounts will be replenished from DA-1. The CPCU shall maintain a detailed inventory of all the FPO/PF Special Project Accounts.

NPCU shall maintain a similar inventory of all NAVCDP Project Accounts including the FPOs/PFs' Accounts. The bank account inventory shall provide details of but not limited to account/ beneficiary name, account number, bank, branch, branch location, name of signatories, and account operating mandates. NPCU will develop a system where transaction alerts from banks will be received.

The CPCU will furnish monthly accountability report to / NPCU, along with copies of (a) bank statement (b) bank reconciliation statement (c) cash book (d) summary of expenses, showing amounts disbursed to each FPO/PF duly supported by paid vouchers, and (e) stock register (as explained earlier) together with Declaration Form, wherever applicable. In addition, the CPCU will submit reports monitoring the progress of the projects against documented and agreed milestones/indicators.

The project will use 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 coordinator for follow-up,

explaining the deficiency and requesting for submission of the missing document(s) or rectification of the deficiency. (**refer to the finance manual**)

4.2 Disbursement of Funds to FPOs' Account

Disbursements of funds will be based on work plans and budgets for the FPO/PF. This will be accompanied by a disbursement schedule as indicated in their proposal. Before disbursement of funds, the FPO/PFs shall have deposited their requisite contribution depending on the category of the grant.

Initial disbursement will be for three months' requirement, or in specific cases, based on an agreed payment schedule linked to the work programme. Each release of funds by CPCUs to the FPO/PF will be subject to signed undertakings, furnished by FPO/PFs representatives to the effect that 'surrenders' would be submitted prior to the next release of funds.

FPO/PFs will submit accountability reports on a monthly basis to the CPCUs, in the prescribed format, which should include copies of (a) bank statement (b) bank reconciliation statement (c) cash book (d) summary of expenses, duly supported by paid vouchers and the stock register (as explained earlier) together with Declaration Forms, wherever applicable. In addition, the FPO/PF will submit reports monitoring the physical progress of the projects.

CPCUs will release funds to the FPO/PF based on the statement of expenditure/accountability reports, on a monthly basis. CPCU Accountant shall ensure that the total amount released to a FPO/PF is in line with the annual budget.

Money advanced to FPO/PF will be considered as an eligible expenditure only when it is applied for the intended purposes and as detailed in the respective FPO/PF funding proposal.

It is a requirement that the audit function of the project samples 30% of all the NAVCDP funded projects.

4.3 Opening of Bank Accounts

All grant recipient FPO/PFs will be expected to open special NAVCDP bank accounts at commercial banks or financial institutions acceptable to IDA. The FPO/PF 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 CPCU indicating that the account is for project activities. All cheque payments and withdrawals will be signed by three designated signatories. Two to sign at any one time however, the treasurer's signature is mandatory.

Monthly 'bank statements' should be obtained by the treasurers from the bank, and a Bank Reconciliation Statement prepared every month, not later than the 10th day of the following month. The bank reconciliation statement should be signed by the Chairman or the Secretary, and a copy of the same forwarded to the CPCU Coordinator who will then forward a copy to NPCU coordinator along with the monthly progress report.

The original bank reconciliation statement should be filed, along with the monthly bank statement and progress report for the respective month.

4.4 Financial Progress Reports

Within 10 (ten) days after the end of the month, the FPO/PF should prepare a Monthly Progress Reports - MPRs (**Annex 11 Forms FPOM**) and forward the same to the CPCU Coordinator. The CPCU will consolidate the aforementioned reports and prepare (**Annex 12a form 4a and Annex 12b form 4b**) and share with NPCU who will summarize the information using (**Annex13 Form 5**)

The organizations shall prepare a monthly financial summary as outlined below:

| | | | |
|-------------|---|----------------------------|----------------|
| | Name of the FPO/PF..... | | |
| | Name of the Bank: | | |
| | Bank Account No: | | |
| | Reporting Period (month/year) | | |
| Item | | Amounts (KES) | |
| | | NAVCDP contribution | FPO/PFs |
| a) | Balance at the beginning of the month | | |
| b) | Add; Receipts during the month | | |
| c) | Less; Payments during the month | | |
| d) | Balance at end of month (d=a+b-c) | | |
| e) | Balance as per bank statement | | |
| f) | Variance if any between d and explained | | |
| | Activities financed, notable achievements | | |
| | Signature of FPO/PF, Treasurer: | Date: | |
| | Signature of FPO/PF Chairman: | Date: | |
| | | | |

4.5 FPO/PFs Monthly Status Report

This report is expected to be prepared by the FPO/PFs, on a monthly basis, to monitor the progress of activities of the FPO/PF, accountability received from the individual members or a group of members implementing those activities, and the balance outstanding at the end of the month, against specific activities. Copies of this report should be distributed to: CPCU Coordinator and a consolidated report sent to NPC.

This report will be prepared by the FPO/PF with the assistance of the CPCU (**Annex 11**).

Form MGM – 3. This will be a summarized accountability report based on the status report of the FPO/PFs.

4.6 Quarterly CPCU Accountability Report on FPO/PF Grants

This report is prepared by the CPCU Accountant to monitor the progress of fund utilization in the FPO/PF, against advances made and balances outstanding at the end of the quarter. A separate entry will be made in this report in respect of CPCU overheads. The accountability report will focus on the special purposes account (SPA). Copies of this report should be shared with NPCU (**Annex 12A**).

4.7 Quarterly CPCU Funds Disbursement to the FPO/PFs

This report is also prepared every quarter by the CPCU Accountant. Copies of this report should be sent to CPC and the NPC. The report will outline expenditures and forward budget requirements for the preceding period. (**Annex 12B**)

4.8 County Disbursement Quarterly Report for FPO/PFs

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.

4.9 Social Accountability and Public Disclosure

Beneficiary FPO/PFs will disclose their utilization of the Agricultural Value Chain Development Grants and progress made in the implementation of activities. This will entail displaying a summarized report detailing grant beneficiaries and type of value chains interventions supported at the following locations where applicable; Notice Boards at the: CPCU offices, wards, sub-county and county administrative, agricultural offices, and Chief/Assistant Chief's office.

All project investments will be geo-mapped and posted on the NAVCDP website and geo tag the following elements location, (Before and after photos), amounts approved, utilized, name of FPOs and prime contacts, members, and type of interventions by the project.

Apart from promoting transparency and accountability in the use of grant resources, the public disclosure is also intended to provide a forum for show-casing and sharing best practices. In this connection, the methods and format for disclosure may be changed after consultations with the bank.

CHAPTER 5: MAINSTREAMING ENVIRONMENTAL AND SOCIAL STANDARDS AND COMMUNICATION IN FPO OPERATIONS

5.1 Introduction

During the implementation of NAVCDP activities It is imperative that references are made to the projects frameworks, procedures and plans (ESMF, IPMF, SEP, SEAH, ESMP, LMP and RPF) which have been prepared and disclosed in project website and world bank info shop to guide environment and social standards implementation/investments in FPO/PF project cycle management

Irrespective of the presence or absence of discernible economic, political, and social vulnerabilities the nature and extent of vulnerability will be a key variable in designing the IP\SSAHUTLC plans to access benefits or ideal mitigation measures in NAVCDP.

In consultation with the IP\SSAHUTLC, an IP\SSAHUTLC plan shall be prepared that addresses mitigation measures and benefits in a culturally appropriate manner. This plan would also specify activity completion timings.

NAVCDP will also adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing development benefits and opportunities resulting from the project (ESS1).

NAVCDP will avoid any risks that may fall and impact disproportionately on individuals and groups who, because of their prevailing circumstances (disadvantaged or vulnerable).

Therefore, as guided by ESS 1, vulnerable groups identified through the PICD in the project area qualify to benefit from NAVCDP under **Error! Reference source not found.**

5.2 Environmental and Social Standards

- At the initial stage of identifying potential NAVCDP FPO/PF beneficiaries, siting and land ownership for the proposed investment should be guided by the project Resettlement Policy Framework (RPF) and ESMF.
- Simplified area specific inclusion and exclusion criteria in relation to land should form part of the appraisal checklist.
- Screening of any identified and primarily apprised potential NAVCDP beneficiary FPO/PF will be done by the FPO/PF management committee (proponent) with the guidance of county ESS team and NEMA.
- The screening process aims to quickly identify if the identified site or projects has potential environmental and social issues by administering a ESS Screening Checklist **Annex 14**).
- The outcome of the environmental and social screening process is to determine if and what environmental and social review and management is required.
- County Director of NEMA will analyze and recommend appropriate ESS instruments to be applied for the environmental and social assessment of the proposed investment. Such instrument determines the depth of the study and type of report there-of
- The adequate environmental and social instruments to be applied in each case can range from an Environmental and Social Impact Assessment (ESIA) to a simplified Environmental and Social Management Plan (ESMP).

- Using this guide, environmental and social assessment will be conducted on the targeted site leading to development of appropriate ESS instruments such as Environmental and Social Management Plans (ESMPs), Summary Project Reports (SPRs) or Comprehensive Project Reports (CPRs) and Income Restoration Plans (IRPs) in accordance with NEMA Legal Notice No. 30/31 of April 31, 2019. NAVCDP activities have potential substantial risks and impacts and as such will require preparation of ESMPs, SPR or CPR and IRPs instruments (Table 4)

Table 4: Classification of NAVCDP FPO/PF investments and expected ESS Instruments

| Classification | Sub Project Type | Expected E&S Instrument |
|----------------|--|--------------------------|
| Medium Risk | <ul style="list-style-type: none"> -Construction of urban market centers Milk and feed processing plants at maximum cost of KES 50,000,000 -Pack houses for fresh crop produce at a maximum cost of KES 50,000,000 -Aggregation/ sorting centers for farm produce in areas of medium to high population density at a maximum cost of KES 20,000,000 | CPR, SPR , ESMP, or IRPs |
| Low Risk | <ul style="list-style-type: none"> -Livestock slaughter houses and sale yards at a maximum cost of KES 50,000,000 -Aggregation/ sorting centers for farm produce in areas of low population density at a maximum cost of KES 20,000,000 -Small scale investments for aggregation and value addition e.g. weighing, grading, cleaning of produce, small duration storage and quality testing equipment at a maximum cost of KES 10,000,000 | SPR, ESMP or IRPs |

NAVCDP ESS prepared frameworks, procedures and plans i.e. ESMF, IPMF, SEP, SEAH, SMP, LMP, RPF will form basic secondary review material development of ESIA. These documents guide on the requirement (the how), nature and magnitude of potential risks and impact, technicalities and coverage. The ESIA report must be in conformity with the World Bank requirements and NEMA regulations on ESSIA report. As stipulated in the NAVCDP ESMF. The following are the steps towards ESIA approval and implementation

- The County Project coordinating unit will identify and engage a NEMA accredited ESIA expert to undertake the ES assessment and report writing. Stakeholder engagement and consultation forms a very critical activity during this exercise. The ESIA report will undergo a rigorous review process at various levels including CPCU, NPCU and World Bank for quality control unless guided otherwise.

- The ESIA CPR report will require World Bank approval before it is formally submitted to NEMA for final review, approval and licensing.
- FPO/PF, ESS instruments and approval license will be disclosed as a FPO/PF funding requirement by the CPCU
- The ESIA expert will ensure public engagement and consultation with stakeholders and share the action areas and plans. The impacts will be mitigated, minimized or preferably avoided particularly to meet Environmental and social requirements as set out in the Environment Management Coordination Act Cap 387 and its related regulations and the World Bank ES Standards.
- Mainstreaming Environmental and Social Management Monitoring Plan (ESMMP). ESMMP forms a critical chapter of the ESS FPO/PF instrument that has to be mainstreamed in the proposed investment designs/plans, implementation, contract management and overall project cycle management plan.

5.3 Gender mainstreaming and social inclusion

Gender concerns will be integrated in FPO/PF planning, implementation, participation, and monitoring and evaluation since gender mainstreaming and social inclusion are vital in achieving FPO/PF objectives. The NAVCDP VMGMF provides guidelines for social inclusion and gender mainstreaming. All stakeholders for the investment will be accountable to gender mainstreaming and social inclusion by ensuring the collection and reporting of gender-disaggregated data.

Any grievance/conflict resulting from NAVCDP supported FPO/PF activities, awareness will be created during implementation period on availability and contacts for robust grievance management mechanism channels. Special channel for handling Gender Based Violence (GBV) and sexual exploitation and abuse/ Sexual Harassment issues as stipulated in the NAVCDP SEAH plan.

The Project will undertake targeted training of trainers (TOTs) workshops for FPO/PF implementing teams, awareness creation and sensitization forums at the community level, targeted communication and information sharing, youth involvement in ICT and social media, as well as tailored training and skills development programs.

NAVCDP will integrate gender and social inclusion issues during the community mobilization and planning stage processes in order to; - identify the different categories of farmers (men, women, youth, VMGs and IP\SSAHUTLC) within the wards, establish the socio-economic status, constraints, needs and priorities for men, women, youth, and VMGs and IP\SSAHUTLC.

FPO/PFs and CPCU will endeavor to collect and report data sets that are disaggregated by sex, gender, and social groupings in order to measure the achievement of the targets set in the results framework. The levels of marginalization will be taken into account during screening and vetting of proposals from the FPO/PFs. NAVCDP supported FPO/PFs will be required to implement the 50% gender rule. to ensure that women, VMGs and youth participate in decision making and FPO/PF at all levels (CIGs, and IP\SSAHUTLC CDDCs, Project Management Committees (PMCs).

FPO/PFs will also be encouraged to develop as well as disseminate with beneficiaries' appropriate models/strategies towards promoting gender equity within beneficiaries' households.

CHAPTER 6: GRIEVANCE MANAGEMENT

During implementation of the investments, various stakeholders are involved. It is common to have misunderstandings along the process and especially during implementation. For purposes of ensuring adherence to the set objectives of the investment, there should be a way of addressing any aggrieved parties. This will be achieved using the preset grievance management mechanism.

In the context of this investment manual, a grievance is an expression of dissatisfaction related directly to the delivery of services, actions or behavior of anyone involved in the implementation of the project. It may be a member of staff, a project beneficiary, non-beneficiaries or any other stakeholder. It is a specific expression of dissatisfaction that a response is expected. It is a concern or complaint raised by any individual or group within communities affected by the investment operations.

6.1 Grievance Management Mechanism

Grievance in the implementation of the FPO/PF investments will be handled through a standard grievance management mechanism developed by the FPO/PF as agreed by NAVCDP. The GRM will give guidance to all user on how to handle grievances up to the point of giving feedback to the complainants. The Importance of Grievance Management Mechanism at the investment /Community level:

- i. Ensure members engagement in the implementation of project activities i e Gives voice to the marginalized persons.
- ii. Achieve greater accountability for the target FPO/PF to give feedback, concerns and compliments regarding the performance of the project.
- iii. Enhance opportunities for grievance management, collaborative problem solving, and alternative dispute resolution.
- iv. Helps project management by enhancing efficiency as resources are targeted properly.
- v. Provides feedback in a systematic and timely manner.
- vi. Generates awareness and demand among citizens to utilize the services properly
- vii. Deters project-related fraud and corruption
- viii. Allows beneficiaries to express their voices creating a sense of ownership.

6.1.1 Receiving and Recording Grievances

All grievances from members will be received and recorded as guided in the grievance management guidelines (**Annex 16**)

6.1.2 Levels of receiving Grievances

Community grievances will be received at 4 levels:

- CIG Level – The CIG Secretary will record all submitted grievances and then forwards them to CDDC
- CDDC Level – SAIC Secretary will fill in the *Tusuluhishe* form (**Annex 16**) as required.
- FPO/PF Level- The grievances will be handled by the supervisory Committee/SAIC as stipulated in their by-laws

- County Level – All issues of grievances will be handled by the County Grievance Management Committee (CGMC)
- National Level – All issues of grievances will be handled by the National Grievance Management Committee (NGMC)

6.2 Channels for receiving grievances

The uptake channels for information on GRM include;

- Phone call
- Email
- Letters
- SMS
- Social media
- Webpage and
- Face-to-face

6.3 Categories of Grievances

Grievances are, grouped in two main categories;

- i. **Non-sensitive** – These are the common grievances that do not require investigations.
- ii. **Sensitive** – More complex investigation usually concern either of the following; misuse of funds, corruption or fraud, conflict of interest, Sexual abuse and exploitation.

6.3.1 Labour related Grievances

FPO/PF investments labour related issues

- Labour will be required for these investments too
- There may be violation of rights by contractor and labour force on site and may include; Violation of children rights by contractor and labour force on site. e.g., child labour, sexual relations with workers and minors, forced labour, Negative labour segregation etc.
- In order to reduce/minimize grievances, refer to the worker code of conduct as guided by the labour management procedures and guideline
- There will be training of all workers/employees including contractor/ consultants
- Child protection strategy will be developed refer to ESMP for the investment (refer to Labour management procedures and guidelines)

6.4 Occupational hazards in FPO/PF Investments

- The contractor to ensure security and safety of the construction site
- All construction sites must be registered by OSHA
- Contractor to make sure that safety drills are carried out as guided by OSHA.
- Contractor to ensure all workers have the appropriate PPEs well put on.
- Contractor to ensure all working sites and workers are insured at any given time
- Contractor shall avail and erect disclosure signage (Signage) at a strategic place in the project area

- Contractor to ensure that precautionary and directional signage's are clearly displayed at the construction site.

6.5 Security Management

There will be security in order to provide and maintain a safe physical environment and manage staff activities to reduce the risk of personal injury and property loss during the implementation of the National Agricultural Value Chain Development Project (NAVCDP).

The FPO investments and the value chain/infrastructural will be implemented in areas within the beneficiary communities. FPOs and project management committees for value chain/infrastructural investments will deploy security staff to guard the investments. The types of security risks may include the following:

- Social Conflicts/ Civil unrest
- Criminal offenses
- Terrorism
- Cattle rustling
- Armed attacks and kidnapping and
- SEAH

The implementation committees for all the sub-projects will inform the nearest police officers for support in case of any emerging security threats they cannot handle.

All the investments categories will employ the 'four' basic pillars of security management:

- DETECT an adversary.
- DETER an adversary if possible.
- DELAY the adversary until appropriate authorities can intervene.
- RESPOND to the adversary's actions.

All the investments will adopt the Project Grievance Mechanism in managing the security related grievances.

All investments to ensure installation of the security alarms and installation of CCTV

For individualized security issues at the investment level (refer to the ESMPs, SMP and ESMF)

All security related incidents shall be documented in the Security Log Event and register (**Annex 15 and 16**).

CHAPTER 7: ANNEXES

7.1 ANNEX 1A: INCLUSION GRANT APPLICATION TEMPLATE

Cover page

FPO LOGO

NAME OF FPO

BUSINESS LOCATION

CONTACTS: (Name of contact person, Tel No, FPO email address)

DATE PRESENTED:

**PRESENTED TO NATIONAL AGRICULTURE VALUE CHAIN DEVELOPMENT PROJECT
(NAVCDP)**

BASIC INFORMATION

SOCIETY BACKGROUND

1.0 BACKGROUND INFORMATION

1.1 Introduction

1.2 PROBLEM STATEMENT

1.3 PROJECT JUSTIFICATION

TARGETED AREAS AND GROUPS

A) WARD

| NO | GROUP NAME | AREA | NO OF MEMBERS |
|--------------------|-------------------|-------------|----------------------|
| 1 | | | |
| 2 | | | |
| TOTAL | | | |

B) WARD

| NO | GROUP NAME | AREA | NO OF MEMBERS |
|--------------------|------------|------|---------------|
| 1 | | | |
| 2 | | | |
| TOTAL | | | |

INCLUSION GRANT BUDGET

| | ACTIVITY | ITEM | NO | UNIT COST (KES) | TOTAL COST(KES) | NAVCDP CONTRIBUTION (KES) | TOTAL COST |
|----------|------------------------------------|------|----|-----------------|-----------------|---------------------------|------------|
| A | Set up costs and automation | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | SUB -TOTAL (I) (KES) | | | | | | |
| B | Mobilization for ward | | | | | | |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| | SUB -TOTAL (II) (KES) | | | | | | |
| C | Mobilization for ward | ITEM | NO | UNIT COST (KES) | TOTAL COST(KES) | NAVCDP CONTRIBUTION (KES) | TOTAL COST |
| | | | | | | | |
| | SUB -TOTAL (III) (KES) | | | | | | |

NOTE: In developing the budget, refer to annex 1A as a guide

BUDGET SUMMARY

Sub-total (I) for FPO set up costs & Automation:KES

Sub-total (II) for mobilization..... Ward.....KES

Sub-total (III) for mobilization WardKES

PROJECT TOTAL**KES.....****Authorized by:**

| Name | designation | sign | Date |
|-------------|--------------------|-------------|-------------|
| | | | |
| | | | |



7.2 ANNEX 1B: SAMPLE INCLUSION GRANT BUDGET

| Budget Line Items | Budget | M1 | M2 | M3 | M4 | M5 | M6 | M7 | M8 | M9 | M10 | M11 | M12 |
|---------------------|------------------|--------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|
| Office Rent | 54,000 | 6000 | 6000 | 6000 | 6000 | 6000 | 6000 | 600 | 600 | 600 | | | |
| Office Manager | 12000 0 | 20,000 | 20,00 | 20,00 | 20,00 | 20,00 | 20,00 | 20,00 | | | | | |
| Office Furniture | 36,000 | 36,000 | | | | | | | | | | | |
| Stationery | 10,000 | 10000 | | | | | | | | | | | |
| Computer & Printer | 80,000 | 80000 | | | | | | | | | | | |
| Mobilization | 300,00 0 | 75000 | 7500 | 7500 | 7500 | 7500 | 7500 | | | | | | |
| Capacity Building | 200,00 0 | 50000 | 5000 | 5000 | 5000 | 5000 | 5000 | | | | | | |
| Automation | 200,00 0 | 200,00 | 0 | | | | | | | | | | |
| TOTAL BUDGET | 1,000,000 | | | | | | | | | | | | |

The inclusion grant (startup kit) will be applied for the following;

- Member mobilization (recruitment of new members and/or federation of CIGs and VMGs and IP/SSAHUTLC to FPOs
- Set-up costs for basic office requirements
 - Stationery
 - Computer & printer
 - Basic office furniture (table, chair, cabinet)
 - Office rent (9 months)
 - Automation (Management Information System and training)
 - Office Manager (salary for 6 months)
 - Capacity Building (Cooperative Business model, Governance, Leadership and Group Dynamics,, financial management & procurement, Agribusiness & Marketing, Gender and Youth Mainstreaming etc)

Note:

CPCU will directly support identification and implementation of capacity building activities. The funds meant for capacity building will be retained at the CPCU. On application and approval each FPO will receive their Inclusion Grant less this expense.

7.3 ANNEX 1C: VALUE CHAIN UPGRADING MATCHING GRANT AND ENTERPRISE DEVELOPMENT PROPOSAL FORMAT

1. **Title page**
2. **Executive summary**
3. **Table of Content**
4. **List of Acronyms**

A) PRODUCER ORGANISATION GRANT APPLICATION FORM

Producer Organization Name.....

Producer Organization Application Number..... (to be given at the CPCU level)

Group Background Information

Name of Value Chain.....

Physical location: County: Sub-county: Constituency:
Wards coverage

Address/Email: Telephone (Chairperson):

Number of constituent CIGs..... Total number of CIG members (Attachment 1)

Total Membership of the FPO Male: Female:

(Attachment 2- complete membership list)

Registration No) (Attachment 3- certified copy of current registration certificate)

Date of proposal submission to CPCU:

Names of FPO executive:

1. Chairman: ID No: Cell phone:
2. Secretary: ID No: Cell phone:
3. Treasurer: ID No..... Cell phone.....

Attachment 4- copies of identity cards for FPO officials)

Previous activities of the FPO (for existing FPO):

| ACTIVITY | FUNDING SOURCE | AMOUNT (KES) | YEAR | COLLABORATOR(S) |
|----------|----------------|--------------|------|-----------------|
| | | | | |
| | | | | |
| | | | | |

Project Proposal

1. Project Background

a) Project Title:

b) Project duration: Start: End:

c) Total No. of beneficiaries: Male..... Female.....

Direct beneficiaries: Male Female

Indirect beneficiaries: Male Female

d) Vulnerable beneficiaries (poor, widows/widowers, orphans, physically challenged, elderly, HIV/AIDS affected/infected): Male Female

e) Coverage of the project (number of wards):

f) Project Identification

i). How was the project identified?

ii. Who was involved?

(Attachment 5- copy of the EDP or BP- This includes financial analysis key is IRR, NPV and Cash flow)

Project Framework

a) What is/are the expected *results* post-implementation (**increased house-hold income, capacity building, up-scaling, building a revolving fund etc**)

.....
.....

b) What is/are the *objective(s)* of the project?

.....
.....

c) What problems does the project aim at addressing at the FPO and community level

i.

.....

ii.

.....

iii.

.....

d) Activities to be carried out:

| No. | Activity | Who will provide advise & training (institution or person): | Date(s) |
|-----|----------|---|---------|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |

| | | | |
|-----|--|--|--|
| 9. | | | |
| 10. | | | |

Attach a separate sheet if space is not enough

e) List the collaborators

| No | Collaborator | Area of collaboration |
|----|--------------|-----------------------|
| 1. | | |
| 2. | | |
| 3. | | |
| 8. | | |
| 9. | | |

3. Monitoring of Progress

a) Who will be involved in monitoring?

.....
.....

b) How frequent will the progress report be submitted?

.....
.....

c) Who will be responsible for reporting?

.....
.....

d) How will the report reach the community members?

.....
.....
.....

e) How will the proposed project assist in achieving the Project Development Objective (PDO), which is to increase market participation and enhance value addition for targeted farmers in select value chains in project areas?

.....
.....
.....
.....

How will success in planning, implementing and managing the project in a sustainable and socially inclusive manner be measured?

.....
.....
.....
.....

f) How will sustainability of the project be ensured?

.....
.....
.....
.....

g) How will the benefits accrued be managed?

.....
.....
.....
.....

Detailed Budget

Project cost including FPO contribution (the budget items to include but not limited to: inputs, equipment's, training cost, labour, materials, transport, stationery, administrative and supervision cost)

| No. | Activity | Budget item | No. | Unit Cost | Total Cost | FPO Contribution | NAVCDP Contribution |
|---|----------|-------------|-----|-----------|------------|------------------|---------------------|
| 1. | | | | | | | |
| 2. | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| Total project cost: | | | | | | | |
| FPO contribution: | | | | | | | |
| Total NAVCDP grant applied for: ^[1] | | | | | | | |

List the in-kind contribution that the FPO will provide:

A. Labour (man-days & value)

.....
.....
.....

B. Materials (type, quantity & value)

.....
.....
.....

We certify that the preceding information is true.

Chairperson: Signature Date.....

Secretary: Signature Date.....

Treasurer: signature Date.....



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(For official use only)

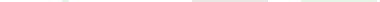
Comments by the CPCU:

Recommended: Yes No Date of meeting:

CPC Name Signature

(Attachment 6- minutes)

Comments by the CTAC:

Endorsed: Yes No 

Date of meeting:

Chairman Name: Signature:

(Attachment 7- minutes)

Comments by the CPSC:

Chairman Name:Signature.....

Date: Official rubber stamp:

(Attachment 8 - Minutes)

6. Business Analysis

- Cash flow analysis for 5 years
- IRR
- NPV
- CBA

Sample FPO membership list

Attachment 2 –

| No | Name | Membership No. | Name of CIG (where applicable) | ID No | Gender M/F | Age | Contact | Signature |
|----|------|----------------|--------------------------------|-------|------------|-----|---------|-----------|
| 1. | | | | | | | | |
| 2. | | | | | | | | |

Attachment 9 – Environmental and Social checklist and /or management plan

Attachment 10- ESIA report where necessary

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7.4 ANNEX 1D: TEMPLATE FOR CONCEPT NOTE FOR FPOs

TITLE PAGE

PROPOSING INSTITUTION (FPO)

CONTACT address, telephone

Contact person-title, telephone email

TITLE OF THE PROPOSED PROJECT (INVESTMENT)

Date developed

1. Introduction

Introduce the value chain from the national perspective, county perspective

Introduce the Implementing entity (and key partners if any) give name and short history of the organization submitting the concept note, including a short description of the organization's legal status and financial and operational capacity. Briefly describe achievements of the organization (FPO) If applicable, also provide a brief description of key partners.

Add maximum one page describing the national or local context in which the action will take place

Investment /project overview

Provide a short general overview of the proposed project, including operational timeframe (start - end dates). Between 1/2 page to 1 page.

3. Project summary

1.1. Overall objective

Provide the overall general objective of the proposed project (maximum 1).

1.2. Expected outcomes

Provide the overall expected outcomes of the proposed project (approximately 1-3).

1.3. Indicators of achievement

Provide key indicators (1-2 per expected outcome) of how the expected outcomes will be measured. Clearly indicate the expected outcome(s) to which each indicator relates.

1.4. Main activities

List the main activities of the proposed project. Please clearly indicate the expected outcome(s) to which each activity relates.

1.5. Sustainability model

Explain how the investment will be sustained

1.6. Key target beneficiary population

Provide a detailed description of the key target beneficiary group, including key characteristics/demographics and what are the key risk/vulnerability factors for this group. Provide the rationale of why and how this target audience was chosen.

1.7. Investment Management Structure

FPOs cannot run the business wing of the investment in this section provide a proposed management structure of the business/Investment in graphic and a short explanatory.

1.8. Summary budget

- Provide a brief overview of the proposed budget for this project. successful concepts will be required to submit a detailed budget.
- A co-financing of xx % of eligible costs is required from the applicant. As such, only (100-xx) % of the total submitted eligible costs of the action will be reimbursed and eligible for the grant.
- The applicant to provide information on how this co-financing will be obtained.
- Give key highlight of the main budget line clearly indicating requested funds and FPO/ private sector contribution.

7.5 ANNEX 2: COMPLIANCE CHECKLIST FOR DUE DILIGENCE

National Agriculture Value Chain Development Project

FARMER PRODUCER ORGANIZATION DUE DILIGENCE CHECKLIST

1. PREAMBLE

Provide background of the Farmer Producer Organization whose Enterprise Development Plan (EDP) was approved by the National Technical Advisory Committee (NTAC) on the following areas;

Name: _____ **Registration No:** _____ **Date** _____
Registered: _____

***Provide evidence of registration certificate and the by Laws**

2. IMPLEMENTATION STATUS

| Thematic Area | Activity | Verifiable Indicators | Status / (Tick Yes/No) | Remarks/Evidence Attached |
|--|--|---|------------------------|---------------------------|
| 1. Communication Feedback on the approval of the EDP | Communication from the National Project Coordinating Unit (NPCU) on the Approved Enterprise Development Plan (EDP) | Letter from the National Project Coordinator (NPC) | | |
| | Feedback to the Farmer Producer Organization (FPO) on the Approved Enterprise Development Plan (EDP) | Letter to the Farmer Producer Organization (FPO) from the County Project Coordinator (CPC). | | |
| | Acceptance Letter from the Farmer Producer Organization to the County Project | Signed letter by the Management Committee Members of the Farmer Producer Organization (FPO) | | |

| Thematic Area | Activity | Verifiable Indicators | Status / (Tick Yes/No) | Remarks/Evidence Attached |
|-----------------------------------|--|--|------------------------|---------------------------|
| 2. Governance Requirements | Coordinating Unit (CPCU) | Either Annual General Meeting (AGM) or Special General Meeting (SGM) Minutes Certified by the Sub County Cooperative Officer | | |
| | Documents to confirm adherence to the funding conditions | Memorandum of Understanding (MoU) with the County Government | | |
| | Current Financial Audit approved by the Members in their Annual General Meeting (AGM) | Registered Audited Accounts | | |
| | | Ability to service loans | | |
| | | Annual General Meeting (AGM) minutes (that approved the Audited Accounts) | | |
| | Current Tax returns | Tax Compliance Certificate | | |
| | Indemnity in the case of a Cooperative Society | Indemnity Forms executed by the Management Committee Members and certified by commissioner for oaths. | | |
| | Declaration of Wealth by the Management Committee Members in the case of a cooperative Society | Declaration of Wealth Forms Executed | | |
| | NAVCDP Designated Bank Account opened | Bank statement / Signatory instructions | | |

| Thematic Area | Activity | Verifiable Indicators | Status / (Tick Yes/No) | Remarks/Evidence Attached |
|--|---|--|------------------------|---------------------------|
| 3. Disbursement & Implementation Compliances | Project Environmental and Social Audits | Environmental and Social Impact Assessment (ESIA) Report Summary Project Report (SPR) | | |
| | | Valid National Environmental Management Authority (NEMA) Certification | | |
| | Regulatory compliance | County Government Permit | | |
| | Land ownership | Either Land Title Deed | | |
| | | or Allotment letter | | |
| | | or Letter of offer | | |
| | | or Lease agreement | | |
| | | or Sale agreement | | |
| | Support infrastructure | Office | | |
| | | Sanitation block | | |
| | | Electricity or solar or generator | | |
| | | Water | | |
| Enterprise Development Plan(EDP) Investments | EDP Budget: | | | |
| | | Total Project Value in KES | | |
| | | NAVCDP's Contribution in KES (90%) | | |

| Thematic Area | Activity | Verifiable Indicators | Status / (Tick Yes/No) | Remarks/Evidence Attached |
|------------------------|----------------------|---|---|---------------------------|
| 3.Terms and conditions | | Farmer Producer Organization 's (FPO's) Contribution in KES (10%) of which 5% must be in cash. | | |
| | | Bank statement showing the deposit to the designated Account. | | |
| | | Bank Reconciliation Statement | | |
| | | Key Prioritized items for the Investment | | |
| | | Membership | Total Male Female Youth: Male Female | |
| | CIGs | Total Membership: Male Female Youth: Male Female | | |
| | | Total Membership: Male Female Youth: Male Female | | |
| | VMGs and IP\SSAHUTLC | Gender mainstreaming, inclusion and disaggregation | Management Committee Members: Total Male/Female | |
| | | Supervisory Committee Members: Total Male Female | | |

| Thematic Area | Activity | Verifiable Indicators | Status / (Tick Yes/No) | Remarks/Evidence Attached |
|--|--|---|------------------------|---------------------------|
| 4 Procurement and Supply Management | Development of Approved Designs (Where applicable) | Survey Report Available | | |
| | | Design Available | | |
| | | Bills of Quantity Prepared | | |
| | | Floor Plan Available | | |
| | Development of specifications | Provide evidence | | |
| 5. Market sustainability | Marketing Contracts or Agreements | Evidence of contracts and /or Agreements | | |
| 6. Sub - committee in place | Executive and Administration Education and training Finance and procurement Marketing Management | List the sub committees elected by the full management committee | | |
| 7. Documentation accountability and disclosures | Accounting system | Current Approved Budget | | |
| | | AGM / SGM Minutes that approved the Current Budget | | |
| | | Internal Control Systems in place | | |
| | Disclosures evidence to stakeholders | AGM / SGM minutes that Approved the Farmer Producer Organization (FPO's) contribution to the intervention | | |
| 8. Human Resource Architecture | Human Resource Capacity | Manager or | | |
| | | Accountant or | | |

| Thematic Area | Activity | Verifiable Indicators | Status / (Tick Yes/No) | Remarks/Evidence Attached |
|-----------------------------|---|-----------------------------------|------------------------|---------------------------|
| 9. Policies in Place | | Book keeper and | | |
| | | Other staff | | |
| 9. Policies in Place | Human Resource Management, Financial Management, Marketing Management, Governance | Any two of the policies available | | |

Note: Please attach evidence-based documents under each thematic area.



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7.6 ANNEX 3: PROPOSAL APPRAISAL CRITERIA FOR FPOs

NAVCDP - WORLD BANK / IDA Credit

Date of the Appraisal.....

Appraised by.....

(Indicative criteria for selection)

Name of the County: Name of
the Farmer Producer Organization:
Name of the value chain:

The following ranking system focuses directly on the key issues related to project objective (increase market participation and value addition for targeted farmers in select value chains in project areas).

This seeks to eliminate FPO projects that do not meet those objectives.

Name of the FPO project.....
Project location: Ward Sub county

| Indicator | 0 | 1 | 2 | Give two specific reasons why / why not |
|---|---|---|---|---|
| 1. Will this project increase / productivity / Marketing productivity / market participation and value addition / profitability | | | | 1. 2. |
| 2. Is there good participation and involvement of all key stakeholders? | | | | 1. 2. |
| 3. Does the project specifically (have the potential) address the concerns of women? | | | | 1. 2. |
| 4. How will this project empower deprived and marginalized groups | | | | 1. 2. |
| 5. FPO capacity to carry out project | | | | |
| 6. Partner Agency capacity to carry out the project | | | | |

| Indicator | 0 | 1 | 2 | Give two specific reasons why / why not |
|---|---|---|----|--|
| 7. Project feasibility (objectives, budget/time) | | | | |
| 8. Sustainability (Environmental and Social Assessment) | | | | |
| Final Score | 0 | 8 | 16 | |
| 0= low score=no; 1=Maybe; 2= high score=yes Max points = 16 Min points = 0 | | | | Cut off for acceptance level 9 and above accept 7 and below reject |
| <p>The question arises as to the "meaning" of the values on the scores in the ratings. The "7" values mean definitely no and the "9" values mean definitely yes but the "8" values mean maybe yes or maybe no and invite further investigation to make a clear decision. The way to define these is for regular meetings of all project committee, POEs and sub-county extension agents to debate the numerical meanings against the actual experiences with specific projects in each and across the four regions and will evolve as having a collective participatory meaning rather than any absolute meaning.</p> | | | | |


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7.7 ANNEX 4: MODALITIES FOR REPOSSESSING ASSETS

1. These are modalities for repossessing assets where the FPO has deliberately misappropriated NAVCDP funds. This applies to a situation where the FPO uses grant(s) for other purposes other than those laid down in the project documents (PAD and FPOM).
2. The CPSC Chair will write to the Chair of the FPO seeking clarification on the issues in 1 above
3. The FPO Chair shall be expected to respond within 3 weeks from the time of receiving the demand letter.
4. The CPSC will then call for a meeting to review the response and agree on actions to be taken. Some of these actions may include repossession of assets
5. The CPSC shall liaise with law enforcing agencies to repossess assets of the FPO that has been reported of financial malpractices.
6. The repossessed assets shall be in the custody of CPCU until a suitable FPO undertaking a similar value chain has been identified.
7. The CTAC shall be charged with the responsibility of identifying suitable FPO aligned to NAVCDP as per the project guidelines.

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7.8 ANNEX: 5A STOCK REGISTER AT FPO FOR MOVEMENT OF GOODS FINANCED UNDER NAVCDP

NAVCDP WORLD BANK/ IDA Credit No:.....

Name of the FPO.....

Name of Value Chain.....

Left Hand Side of Stock Register Form: FP0M - 1A (page 1 of 2)

| Entry No. | Date of Receipt | Description of goods & services | Cash sale /Receipt No. / Date | Unit & Quantity received | Total Value KES | Name, ID & signature of official who received the Goods and / or services | 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 FP0M- 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.

7.9 ANNEX 5b: STOCK REGISTER AT FPO FOR MOVEMENT OF GOODS FINANCED UNDER NAVCDP

NAVCDP- WORLD BANK/ IDA Credit No:

Right Hand Side of Stock Register

FORM: FPOM - 1A - 1B (page 2 of 2)

The stock register is to be maintained in bound analysis book at the FPO premises

7.10 ANNEX 6: NAVCDP ACCOUNTABILITY REPORT DECLARATION ON PURCHASE OF GOODS - Form: FPOM 2

| Declaration No: | | Date: | | Name of the FPO | | | | | |
|-----------------------------|-----------------|----------------------|------------------|--------------------------------|--------------|-----------|---------------------------------|------------------|--|
| Entry No. in stock register | Date of receipt | Particulars of goods | Total value KESs | Name, ID, position & signature | Certified by | chairman/ | Verified by member of CTD/FP OE | Endorsed by CPCU | |
| (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.


 NAVCDP

7.11 ANNEX 7: MEMORUNDUM OF AGREEMENT BETWEEN FPO AND THE COUNTY CHIEF OFFICER

COVER PAGE

REPUBLIC OF KENYA

[Insert logo of NAVCDP]

[Insert logo of County Government]

MEMORANDUM OF UNDERSTANDING

by and between:

The Government of..... County and Co-operative Society Ltd

On the Implementation of

The National Agriculture Value Chain Development Project (NAVCDP) Dated

Day of _____ 2023

This Memorandum of Understanding (hereinafter called the "MOU") is made between the County Government of, (hereinafter called the "County Government") and the Co-operative Society (hereinafter referred to as Farmer Producer Organization or simply FPO) and collectively referred to as "the Parties".

WHEREAS,

- A. The Republic of Kenya (Recipient) has negotiated and signed a Financing Agreement with the International Development Association (IDA) (hereinafter called the World Bank) for the National Agriculture Value Chain Development Project (hereinafter called NAVCDP or simply the Project);

- B. The Recipient has agreed with the World Bank that the Ministry of Agriculture and Livestock Development, (hereinafter called MoALD), will be the lead implementing agency for the Project and 33 eligible counties will be the executing agencies upon entering into Participation Agreements with the MoALD;

- C. The County Government of has signed a Participation Agreement with MoALD for the implementation of NAVCDP activities in County, part of which will involve strengthening of eligible Farmer Producer Organizations to support member common interest groups (CIGs) and vulnerable and marginalized groups (VMGs) formed by participating smallholder farmers to integrate them into input, service, and output markets aimed at increasing their farm productivity and profitability;
- D. The Co-operative Society has been identified by the County Government of as an eligible FPO for reaching out to participating smallholder farmers in , , and Wards (or sub-Counties) in County;

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 FPO and its sub-committees to build their capacity in coordination and management of activities of the FPO to be funded by NAVCDP.
- 2.2 The County Government shall make resources available to the FPO for implementation of agreed sub-projects related to: (i) Expansion of membership to reach smallholder farmers targeted under Project; (ii) Organization and capacity building of lower-level farmer groupings affiliated to the FPO; (iii) Improved delivery of inputs and services to members; (iv) Expansion of market opportunities for farmers' produce; and (v) Any other activities, all aimed at improved productivity and profitability of targeted farmers 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 FPO activities funded by the County Government under NAVCDP, including inspection of any relevant records and documents;
- 2.4 The County Government may suspend or terminate the right of the FPO to use or benefit from the use of the proceeds of the Project resources upon failure by the FPO to perform its obligations under this MOU.

3. OBLIGATIONS OF THE FARMER PRODUCER ORGANIZATION

3.1 In the first six months of implementation, the FPO will become eligible for allocation of NAVCDP resources upon compliance with the following minimum conditions:

- Signing of MOU with the County Government;
- Opening a separate bank account dedicated to the Project with a commercial bank acceptable to the World Bank, with the Chairperson and Treasurer of the FPO as mandatory signatories;
- Undergoing training organized under the Project on policies and procedures governing management of NAVCDP-funded activities.

3.2 From the seventh month, to be eligible to continue receiving NAVCDP resources, the FPO will be required to meet the following minimum set of conditions:

- Demonstrate that the FPO is making good progress in expansion of its membership to eligible farmers targeted under the project within the areas of the FPO's jurisdiction
- FPO contribution to supported sub-projects as outlined in the Community Grants Manual; and
- Timely submission of quarterly project technical and financial reports for the previous six months.

3.3 The FPO is expected to;

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

3.4 The FPO 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.

3.5 The FPO 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.

| | |
|---|---|
| <p>For and on behalf of: THE COUNTY GOVERNMENT OF Sign Date.....</p> | <p>For and on behalf of: FPO Sign Date.....</p> |
| <p>NAME OF AUTHORISED OFFICER (Chief Officer, Agriculture): (County Government stamp)</p> | <p>NAME OF CHAIRPERSON: (FPO stamp)</p> |

7.12 ANNEX 8A: PROCUREMENT PLAN - MATERIALS REQUISITION FORM (FORM D 1)

| | | | | |
|--|--------------|-----------------------------|----------------------------|-----------------|
| COUNTY | | | | |
| Procurement Tranche (...) | | | | |
| Name of Investment | | | | |
| ITEM name | No. of items | Work plan Row Numbers (WRN) | Approximate price per unit | Total item cost |
| | | | | |
| | | | | |
| | | | | |
| AUTHORIZATION | | | | |
| | Officials | | Name | Signature |
| Requisition PREPARED by Procurement sub-committee | Chair | | | |
| | Secretary | | | |
| | Treasurer | | | |
| Approved by: | CPC | | | |
| | CTD/POE | | | |

7.13 ANNEX 8B BENEFICIARY PROCUREMENT CERTIFICATION REPORT (BPCR) FORM D 2

| | | | | | | |
|---|----------------------------------|---------------------|------------------|-------------------|---|--|
| | COUNTY | | | | | |
| | Procurement Tranche | | | | | |
| | Name of project/Code | | | | | |
| | ITEM name as per workplan | No. of items | Unit cost | Total cost | Respective Work plan Row Numbers (WRN) | |
| 1 | | | | | | |

| | | | | | | |
|----|--|------------------|-------------|---|------------------|-------------|
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 10 | | | | | | |
| | TOTAL | | | | | |
| | Checked/Approved by: | | | Name | Signature | Date |
| | CPCU coordinator | | | | | |
| | CADO | | | | | |
| | Certification by Account Signatories | | | Certification by Procurement Officials | | |
| | <p>We the undersigned FPO officials certify that KES..... (in words) have been withdrawn from the account to procure the above stated materials. The balance in the account after his transaction is KES.....(in Words).....</p> | | | <p>We the undersigned procurement sub-committee certify that we have received funds (CHEQUE payable to supplier) KES (in words) to procure the above stated items</p> | | |
| | Name of Account Signatories | Signature | Date | Name of Procurement Official | Signature | Date |
| | | | | | | |
| | CPCU to send a PDF copy of completed BPCR to NPCU within 48 hrs. of effecting a transaction | | | | | |
| | | | | | | |

7.14 ANNEX 9: FARMER PRODUCER ORGANIZATION GRANT ACCOUNTING FORM: FPOM – 6 A

NAVCDP- WORLD BANK/ IDA Credit:

| Name of FPO: Name of Value Chain... | | Month | |
|--|---|-------------------------|--------------|
| Name of Bank | | Account No: | |
| Particulars of Monthly NAVCDP Financial Operations (KES) | | | |
| Details | NAVCDP Contribution | FPO Contribution | 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 FPO treasurer& Date | | |
| Counter signed by: CPCU Accountant: | Signature of FPO Chairman & Date | | |
| Forwarded to NPCU Accountant on: | Received by NPCU Accountant on: | | |

7.15 ANNEX 10: VALUE CHAIN IMPLEMENTATION PROGRESS REPORTING FORMAT

Value Chain Upgrading reporting format

Name of Farmer Producer Organization:.....

Name of Value Chain:

Investment window (e.g. -Input supply)

County..... Reporting Period.....

| Project code | Type of Project | Budget Allocation | Activities undertaken | Spent | Balance |
|--------------|-----------------|-------------------|-----------------------|-------|---------|
| 013 | | | | | |
| 027 | | | | | |
| 030 | | | | | |
| 034 | | | | | |
| Total | | | | | |

Window II e.g. Markets

| | | | | | |
|-----|--|--|--|--|--|
| 031 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

7.16 ANNEX 11: NAVCDP MONTHLY FPO/PF ACCOUNTABILITY REPORT

NAVCDP- WORLD BANK/ IDA Credit:

Name of the Farmer Producer Organization (FPO/PF) **Month**.....**Form: FPOM**
- 3

Name of value chain..... Title of Project:

| | | |
|---|---|--|
| Prepared by: County Project Accountant | Endorsed by: M&E Officer | Approved by: County Project Coordinator |
|---|---|--|

7.17 ANNEX 12A: NAVCDP QUARTERLY CPCU ACCOUNTABILITY REPORT ON FPO/PF GRANTS

NAVCDP- WORLD BANK/ IDA Credit No:.....

Name of the County: _____ **Quarter/FY:** _____ **Form: FPOM – 4A**

| Name of FPO/PF project | Balance at Beginning | Funds released during quarter | Expenditure during the quarter | Balance at end of the quarter | |
|---|---|-------------------------------|--------------------------------|---|------------|
| | | | | Current | Cumulative |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Prepared by: County Project Accountant | Endorsed by: M & E Officer | | | Approved by: CPC Coordinator | |

Note: This report should be consolidated every Quarter by the CPC Coordinator and forwarded to the NAVCDP National Coordinator, by the 10th day of the first month of the preceding quarter

NAVCDP

7.18 ANNEX 12B: NAVCDP QUARTERLY CPCU FUNDS DISBURSEMENT TO THE FARMER PRODUCER ORGANIZATIONS AND PRIVATE FIRMS (FPOs/PFs)

NAVCDP- WORLD BANK/ IDA Credit No:.....

Name of the County: Quarter/FY: Form: FPOM – 4 B

| Name of FPO / PF | Balance at the beginning of the quarter (a) | Funds received at SPA during quarter | | Funds advanced to FPO / PF during the quarter | | Balance at end of the quarter f=(c-e) |
|--|---|--------------------------------------|--------------------|---|-----------------------------------|---------------------------------------|
| | | Current (b) | Cumulative c=(a+b) | Current (d) | Cumulative (e) | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | | | | | | |
| Prepared by: CPC Accountant | Endorsed by: M & E Officer | | | | Approved by: CPC | |

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

NAVCDP

**7.19 ANNEX 13: NAVCDP COUNTY DISBURSEMENT QUARTERLY REPORT (KES)
FOR FARMER PRODUCER ORGANIZATIONS AND PRIVATE FIRMS**

NAVCDP- WORLD BANK/ IDA Credit:.....

IDA/NAVCDP CREDIT ACCOUNT/ Quarter/FY: Form: FPOM – 5

| County | Balance at beginning of the Quarter | Amount paid during then Quarter | | Disbursement during the Quarter | | Balance outstanding at end of Quarter |
|--|---------------------------------------|---------------------------------|------------|--|------------|---------------------------------------|
| | | Current | Cumulative | Current | Cumulative | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | | | | | | |
| Prepared by NPC Accountant..... | Checked by M&E Expert..... | | | Approved by National Coordinator..... | | |

This should be every quarter, by the 20th day of every month beginning the preceding quarter


 NAVCDP

7.20 ANNEX 14: ENVIRONMENTAL AND SOCIAL SCREENING SUBPROJECTS CHECKLIST BY BENEFICIARIES

FPO and PF investments

Section A: Background Information

| | |
|---|--|
| Name of County..... | |
| Name of CPCU/Environmental and Social Safeguard Compliance Officer | |
| SLM LOCATION..... | |
| Name of CIG/VMG | |
| Postal Address:..... | |
| Contact Person..... Cell phone: | |
| Sub -project name..... | |
| Estimated cost (KES.)..... | |
| Approximate size of land area available for the sub -project..... | |
| Objectives of the Sub - project | |
| Activities/enterprises undertaken | |
| How was the sub -project chosen? | |
| Expected sub - project duration: | |

Section B: Environmental Issues

| Will the Subproject: | Yes | No | Remarks |
|---|--------------------------|--------------------------|-------------------|
| Create a risk of increased soil erosion? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate |
| Create a risk of increased deforestation? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Create a risk of increasing any other soil degradation? | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | |
|---|--------------------------|--------------------------|--|
| Affect soil salinity and alkalinity? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Divert the water resource from its natural course/location? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Cause pollution of aquatic ecosystems by sedimentation and agro-chemicals, oil spillage, effluents, etc.? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Introduce exotic plants or animals? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Involve drainage of wetlands or other permanently flooded areas? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Cause poor water drainage and increase the risk of water-related diseases such as malaria? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reduce the quantity of water for the downstream users? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Result in the lowering of groundwater level or depletion of groundwater? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Create waste that could adversely affect local soils, vegetation, rivers and streams or groundwater? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reduce various types of livestock production? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Be on monoculture cropping? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Affect any watershed? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Focus on Biomass/Bio-fuel energy generation? | <input type="checkbox"/> | <input type="checkbox"/> | |

If the answers to any of the above is 'yes', please include an ESMP with Subproject application.



Section C: Socio-economic Issues

| Will the subproject: | Yes | No | Remarks |
|---|--------------------------|--------------------------|---|
| Have challenges for women farmers to benefit | | | If yes, elaborate |
| target vulnerable community members such as physically challenged, LGBTQ, Child headed household etc..? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate |
| Interfere with the normal health and safety of the worker/employee? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reduce the employment opportunities for the surrounding communities? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reduce settlement (no further area allocated to settlements)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reduce income for the local communities? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Increase insecurity due to introduction of the project? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Increase exposure of the community to HIV/AIDS? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Induce conflict? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate |
| Have machinery and/or equipment installed for value addition? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Introduce new practices and habits? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Lead to child delinquency (school drop-outs, child abuse, child labour, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, how |
| Lead to gender disparity? | <input type="checkbox"/> | <input type="checkbox"/> | If yes elaborate how |
| Lead to poor diets? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Lead to social evils (drug abuse, excessive alcohol consumption, crime, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> | If yes elaborate |
| Will engage community labour | <input type="checkbox"/> | <input type="checkbox"/> | If yes, Community labor engagement agreement required |

Section D: Natural Habitats

| Will the Subproject: | | | Remarks |
|----------------------|--|--|---------|
| | | | |

| | | | |
|---|--------------------------|--------------------------|-------------------|
| Be located within or near environmentally sensitive areas (e.g. intact natural forests, mangroves, wetlands) or threatened species? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate |
| Adversely affect environmentally sensitive areas or critical habitats – wetlands, woodlots, natural forests, rivers, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Affect the indigenous biodiversity (Flora and fauna)? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Cause any loss or degradation of any natural habitats, either directly (through project works) or indirectly? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Affect the aesthetic quality of the landscape? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Reduce people's access to the pasture, water, public services or other resources that they depend on? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Increase human-wildlife conflicts? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Use irrigation system in its implementation? | <input type="checkbox"/> | <input type="checkbox"/> | |

If the answers to any of the above is 'yes', please include an ESMP with Subproject application

Section E: Pesticides and Agricultural Chemicals

| Will the subproject: | <input type="checkbox"/> | <input type="checkbox"/> | Remarks |
|---|--------------------------|--------------------------|-------------------|
| Involve the use of pesticides or other agricultural chemicals, or increase existing use? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate |
| Cause contamination of watercourses by chemicals and pesticides? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Cause contamination of soil by agrochemicals and pesticides? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Experience effluent and/or emissions discharge? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Involve annual inspections of the producers and unannounced inspections for Export produce? | <input type="checkbox"/> | <input type="checkbox"/> | |
| Require scheduled chemical applications? | <input type="checkbox"/> | <input type="checkbox"/> | |

| | | | | |
|---|--------------------------|--------------------------|--|--|
| Require chemical application even to areas distant away from the focus? | <input type="checkbox"/> | <input type="checkbox"/> | | |
| Require chemical application to be done by vulnerable group (pregnant mothers, chemically allergic persons, elderly, etc.)? | <input type="checkbox"/> | <input type="checkbox"/> | | |

If the answer to the above is 'yes', please consult the IPMF that has been prepared for the project.

Section F: Indigenous Peoples/VMGs and IP\SSAHUTLC as per ESS7

| Are there: | | | Remarks |
|---|--------------------------|--------------------------|--|
| IVMGs living within the boundaries of, or near the project? | <input type="checkbox"/> | <input type="checkbox"/> | Name of the VMG community |
| Members of VMGs and IP\SSAHUTLC in the area who could benefit from the project? | <input type="checkbox"/> | <input type="checkbox"/> | |
| VMGs and IP\SSAHUTLC livelihoods to be affected by the subproject? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, How |
| Unique/specific challenges for VMGs and IP\SSAHUTLC to benefit from the project | <input type="checkbox"/> | <input type="checkbox"/> | Explain |
| VMGs and IP\SSAHUTLC in minority in the community | <input type="checkbox"/> | <input type="checkbox"/> | If yes, Explain/name of minority VMG |
| Does VMG and IP\SSAHUTLC require to donate land to benefit from the project | <input type="checkbox"/> | <input type="checkbox"/> | If yes, follow Free, prior and informed consent procedure. |

If the answer to any of the above is 'yes', please consult the VMGF that has been prepared for the project.

Section G: Land Acquisition and Access to Resources

| Will the subproject: | Yes | No | Remarks |
|--|--------------------------|--------------------------|---|
| Require that land (public or private) be acquired (temporarily or permanently) for its development? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate the tenure type |
| Require that community land be acquired (temporarily or permanently) for its development? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate the registration status and community claims. Community land agreement required following principles of FPIC. |
| Require more than 10 percent of the affected private land parcel | <input type="checkbox"/> | <input type="checkbox"/> | If yes, exclude from the project proposal |
| Use land that is currently occupied or regularly used for productive purposes (e.g. gardening, farming, pasture, fishing locations, forests) | <input type="checkbox"/> | <input type="checkbox"/> | If yes, Elaborate the current use. |
| Complete land documents are not available for the sub-project investment? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, what process is needed? |
| Is the land proposed have encumbrances? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate the encumbrance |
| Physically displace individuals, families or businesses? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, exclude from the project proposal |
| Cause loss of income for more than 30 days | <input type="checkbox"/> | <input type="checkbox"/> | If yes, how many. Exclude from the project proposal |
| Result in temporary or permanent loss of crops, fruit trees/fencing and pasture land/ loss of income from business activity? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, elaborate and prepare IRP |
| Adversely affect small communal cultural property such as funeral and burial sites, or sacred groves? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, avoid or exclude from project proposal |
| Result in involuntary restriction of access by people to legally designated parks and protected areas? | <input type="checkbox"/> | <input type="checkbox"/> | If yes, exclude |
| Be on monoculture cropping? | <input type="checkbox"/> | <input type="checkbox"/> | |

If the answer to any of the above is 'yes', please consult the mitigation measures in the ESMF.

Section H: Proposed action

| (i) Summarize the above: | (ii) Guidance |
|---|---|
| <input type="checkbox"/> All the above answers are 'No' <input type="checkbox"/> There is at least one 'Yes' | <ul style="list-style-type: none"> • If all the above answers are 'No', there is no need for further action; • If there is at least one 'Yes', please describe your recommended course of action (see below). |

(iii) Recommended Course of Action

If there is at least one 'Yes', which course of action do you recommend?

- CPCU, Social services officer, labour Officer, Children Officer and CDE will provide detailed guidance on mitigation measures as outlined in the ESMF; and
- Specific advice is required from CDE^[2], Lead Scientist and CPCUs regarding Sub -project specific EA(s) and also in the following area(s)
- All Subproject applications/proposals MUST include a completed ESMF checklist. The NAVCDP-CPCU will review the subproject applications/proposals and the CDEs will sign off; The input from the NLC, Social Services office, Children's office, labour office and the CSSCO will be required before the documents are presented to the CPSC.
- The proposals will then be submitted to CPSC for clearance for implementation by communities in the proposed Subprojects. The projects that require CPRs will be forwarded to NPCU for further analysis, then forwarding to the World bank for approval and finally to NEMA for clearance certificate.

Expert Advice

- The Government of Kenya through the Department of Monuments and Sites of the National Museums of Kenya can assist in identifying and, mapping of monuments and archaeological sites;
- Expert guidance will also be provided by the land registrar on all issues related to land tenure, The children department on all issues on children, especially child labour, plus department of social services on IPs and vulnerable groups in the community, and
- Subproject specific EAs, if recommended, must be carried out by experts registered with NEMA and be followed by monitoring and review. During the process of conducting an EA the proponent shall seek views of persons who may be affected by the Subproject. The ESS10 requires consultation of Subproject affected groups and disclosure of EA's conclusions. In seeking views of the public after

the approval of the Subproject, the proponent shall avail the draft EA report at a public place accessible to project-affected groups and local NGOs/CSO/SAIC/CDDCs.

Completed by:

Name:

Position / Community:

Date:

Field Appraisal Officer (CDE):.....

Signature:

Date.....

Note:

| Project category | Characteristics |
|---------------------------|---|
| High | Full and extensive EIA needed- irreversible environmental impacts; impacts not easy to pick or isolate and mitigation cost expensive; EMP design not easily done; Must have the EIA done and future annual EAs instituted |
| Medium | Site specific environmental impacts envisaged; mitigation measures easy to pick, not costly and EMP design readily done; need an EIA and future EAs |
| Low | Have minimal or occasionally NO adverse environmental impacts; exempted from further environmental processes save environmental audits |
| Land | Land tenure documentation needed and land resolution and consent Form needed with project affected person/community |
| Loss of income and assets | Income restoration plan needed |
| Presence of VMG/IP | Additional actions needed |
| Risk of Child labor/SEAH | Additional actions needed |

7.21 ANNEX 15: GRIEVANCE LODGMENT FORM

| | | | |
|--|---|--------------------------|-------|
| Name of Commenter / Aggrieved | | Comment/Grievance Number | |
| Name of Organization (if applicable) | | | |
| Address and Position | | | |
| Telephone/Fax | | | |
| Email Address | | | |
| Method of Grievance Placement | Mail: Email: Phone: Walk In (Face to Face) | | |
| Most effective means to send a response | Mail | Email | Phone |
| Date and Time of Comment/Grievance | Date | Time | |
| Nature and location of Comment/Grievance | Please provide details of grievance. | | |
| What outcome are you seeking? | | | |
| Additional Information | | | |
| Any Supporting Documents Attached | Yes | No | |
| Initial Response details | | | |
| Date of initial response: | | | |
| Resolved/Addressed by: | | | |
| Nature of Resolution: | | | |
| Date of Resolution: | | | |

Claimant Signature (if applicable): Date:

NAVCDP Representative Signature: Date:

NEX 16. GRIEVANCE REGISTER

| Name | Phone | Post | Email | Description of Grievance | Date of Grievance | One-time grievance | Happened more than once | Ongoing | Expected Resolution / Redress | Action identified to resolve the grievance | Date taken | Taken by whom | Complainant satisfied |
|----------|-------------|------|---------------------|---|-------------------|--------------------|-------------------------|---------|------------------------------------|--|------------|---------------|-----------------------|
| John Doe | 123-4567890 | CEO | john.doe@navcdp.com | Employee was not paid for work performed. | 2023-10-01 | One-time grievance | Happened more than once | Ongoing | Review and rectify payment issues. | Conduct a review of the payroll system and correct any errors. | 2023-10-05 | HR Department | Yes |

7.23 ANNEX 17: PRE-GRANT INQUIRY GUIDELINES FOR FARMER PRODUCER ORGANIZATIONS AND PRIVATE FIRMS

Prior to awarding an Enterprise Development Grant and Value Chain Upgrading Matching grant to Farmer Producer Organization or Private Firms respectively, whose proposal has met all the requirements as outlined in the proposal format there is need for the NAVCDP team to conduct a Pre-Grant Inquiry ("PGI") that will document the evaluation of the items outlined below. The NAVCDP team will file its report with recommendation to the County Governments to either enter or not enter into a Memorandum of Agreement (MoA) with a Farmer Producer Organization/Private Firm (FPO/PF). We propose that FPO/PF leadership prepares four or more identical hard copy files for the review team, each with 17 folders/sections with each folder/section responding to the information required below. During the site visit, the FPO/PF will hand over two files to the NAVCDP team, while the management of the FPO/PF will keep the other file(s). The FPO/PF will be evaluated based on the information provided on the file and the observations made during the site visit. This inquiry should be complete enough to give a reasonable person assurance that the FPO/PF (guarantee) will use the grant for the intended purposes.

Step 1: Organizational Assessment [Approx. 1hr 30 min]

1. Name and detailed contacts of the FPO/PF including but not limited to postal address, phone, email and physical location of head office.
2. Organizational registration and identity (parent organization, if any) – e.g., Co-operative Society, farmer association, Community Based organization, for-profit corporation, trust, etc. Include registration certificate.
3. Organizational structure. (Provide the current organizational structure)
4. Background and activities of the FPO/PF including the Vision and Mission of the FPO/PF (1page).
5. Projected annual revenue (indicate sources) and expenditures for current year.
6. Describe previous projects the FPO/PF has implemented and their sizes (1 paragraph per project including when, where and no of beneficiaries).
7. Partnerships with other Organizations including, County Government, NGOs and other entities (List partners and briefly describe projects you implemented with them).
8. Quality and experience of the Board. (1-page CV for each individual board member. Use the format provided in the template).
9. Quality and experience of the management (1-page CV for 3 top Managers of the FPO/PF. Use the format provided in the CV template).
10. Financial statement review or audit. (attach the last two audited financial statements).
11. Banking arrangements. List bank accounts, signing mandate and signatories.
12. Provide copies of the last two annual report (If any).
13. Provide a copy of financial policies and procedures (If any).
14. Provide a copy of your staffing policies and procedures (If any).
15. Is the FPO/PF involved in lobbying/political activities (describe if any).

Step 2: Review the Submitted Proposal (Approx. 30 Minutes)

1. Proposal:
2. Proposal contents

- Budget
- Cash flow
- Opening balance
- Inflows: Sources of income
- Outflows: Cost of goods sold and expenses
- Closing balance

- a) Internal Rate of Return (IRR)
- b) Net Present Value (NPV) of the Project

Step 3: Review of Safeguards (Approx. 30 Minutes)

Safeguard issues. This includes the compliance to environmental and social safeguards.

Step 4: Discuss Terms for Grant Agreements (Approx. 1 Hour)

This will be a meeting between the NAVCDP review team and the FPO/PF leadership to discuss the terms of the grant agreement and assess the ability of the FPO/PF to comply. This will include and not limited to the opening of separate project bank account, formation of the management sub-committees and evidence for the contribution of matching grants.

Step 5: Site Visit Review and Interaction with Stakeholders (Approx. 2 Hours)

This meeting will include interaction with potential beneficiaries and members of the FPO/PF

Step 6: Wrap Up Meeting (Approx. 30 Minutes)

This will be a meeting between the NAVCDP review team and the FPO/PF leadership.

Step 7: Evaluation of the level of Market-Oriented Producer Enterprise (MOPE)

| MOPE | Characteristic of the FPO | Ranking of the current FPO by Project team | Brief explanation for your ranking |
|--------|---|--|------------------------------------|
| MOPE 0 | The farmers' group is poorly constituted, and farmers still engage with the market individually | | |

| MOPE | Characteristic of the FPO | Ranking of the current FPO by Project team | Brief explanation for your ranking |
|--------|--|--|------------------------------------|
| MOPE 1 | FPO is already formed and involved in collective market activities, but they have low volumes and low profitability (losses). | | |
| MOPE 2 | The FPO is operational, formally registered as a business-oriented institution, and has operational structures, accountability systems, and a constitution; it holds regular meetings, maintains records, and has an active bank account and a savings culture; and its members have a collective operational culture. Volumes and organizational capacity, however, still limit the enterprise to marginal profitability. | | |
| MOPE 3 | The FPO is formally organized as a business entity generating profit and engaged in value addition, it has reliable trade relations and operational enterprise growth/investment plans, and it has established institutional structures for sustainable business operations. | | |

7.24 ANNEX 18: TERMS AND CONDITIONS FOR VCUMG

Standard Requirements for PF Grant

This Grant is to finance PF **value chain upgrading** projects in accordance with eligibility criteria outlined in this manual including this grant agreement with the respective beneficiary Farmer Producer Organization on the terms and conditions which shall include the following:

- The beneficiary undertakes to make a matching grant contribution as specified below towards financing the cost of the project
 - The PF will contribute 50 percent of the total investment.
 - Before the disbursement of the grant, the PF must deposit 25 percent of the total investment in the project account.
 - The PF should contribute up to 25 percent in kind before disbursement of the grant.
- The grant shall be denominated in Kenya shillings (KES.)
- All materials and publications developed for the purposes of the implementation of the project will remain the property of NAVCDP at all times.

- d) The NAVCDP reserves the rights to protect its interests and those of the World Bank, including the right to: (i) suspend or terminate the right of the beneficiary to use the proceeds of the entire or part of the grant disbursed, upon the beneficiary's failure to perform any of its obligations under the applicable grant agreement; and (ii) require each PF to: develop a satisfactory intervention plan, which identifies and prioritizes any of the following VC up-grading activities: value addition and processing; post-production and storage facilities; technology development; and input supply.
- e) Carry out its investment plans with due diligence and efficiency, observing anti-corruption guidelines and compliance to environmental & social safeguards frameworks satisfactory to the project.
- f) Procure the goods, works and services to be financed out of the grants in accordance with the provisions of this manual;
- g) Maintain policies and procedures adequate to enable PF to monitor and evaluate activities in accordance with project indicators for the achievement of its objective;
- h) Maintain a financial management system and prepare statements in accordance with acceptable accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the investment 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;
- i) Enable NAVCDP and WB to inspect projects, its operation and any relevant records and documents; and prepare and furnish them with all information as shall be requested.

Safeguards

The project requires that in the implementation of the projects;

- a) The beneficiaries, adopt an Environmental Social Management Framework (ESMF), Vulnerable and Marginalized Group Framework (VMGF) for Indigenous People, Physical and Cultural Resources and Pest Management (as the case may be).
- b) Thereafter take such measures as shall be necessary or appropriate to comply with their requirements
- c) Except as the project shall otherwise agree in writing, ensure that the beneficiaries shall not amend or waive any provision of the frameworks.

Signatures:

Coordinator CPCU. For the PF

Chairperson.....

Secretary.....

Treasurer.....

Witness: CPSC Chair

Attachments:

- i. PF Certificate of registration,
- ii. PF 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).

[1] **Note:** NAVCDP grants should not pay for meetings or officials allowances except facilitation in form of transport refund, lunch and accommodation, during NAVCDP activities, at rates stipulated in the finance manual.

[2] County Director of Environment and the County Technical Team



AGRICULTURAL VALUE CHAIN DEVELOPMENT MANUAL

VERSION 1

