

SNV Managing Board's response to the corporate evaluation of the SNV Core Subsidy Funded Dairy Programme in Kenya

SNV's capacity development work focusses on three sectors (Agriculture, WASH and Renewable Energy), in 35 countries in Africa, Asia and Latin America. One of the sub-sectors we work in in Agriculture is Meat and Dairy. The evaluation of the Dairy programme in Kenya (period 2009 – 2012) concerns this sub-sector.

The aims of the Kenya Dairy programme were "to enhance commercialisation in the dairy sector in Kenya; and to strengthen the dairy value chain through the building of vibrant business hubs around primary dairy societies supporting the smallholder dairy enterprises".

In the second half of 2012 an independent evaluation was commissioned by the SNV Managing Board (MB) of the Kenya Dairy Programme. The field work took place in October. The objectives¹ of the predominantly qualitative evaluation were to:

- undertake a participatory study of the outcomes and impacts of SNV's capacity interventions in the dairy sector between 2009 and 2012, covering all milk shed areas where SNV had worked
- conduct an assessment and review of the support SNV has provided to the development of the dairy sector by reconstructing the intervention logic
- support the formulation of the new SNV Kenya dairy strategy reflected in the Kenya Market-led Dairy Programme (KMDP).

The MB accepts the quality of the evaluation and appreciates the methodologically sound approach. The evaluation addresses all evaluation questions; highlights important lessons learnt; and gives recommendations, also specifically on M&E, which are relevant and useful for the KMDP and other (dairy) initiatives.

The MB appreciates the reported achievement of measurable impact: improved livelihoods of small holders due to increased income from enhanced dairy enterprise productivity. Various data sources provide consistent and compelling evidence that SNV capacity development was an important contributing factor for improving livelihoods. The MB acknowledges that insufficient data were available to verify the contribution to employment creation.

The MB appreciates the evaluators' confirmation of the value of SNV's focus on the upstream (close to the farmers) part of the value chain. The evaluation also confirms that the intervention logic was a relevant capacity development approach.

The MB seconds the evaluators' observation that some of the programme's results which are expected to materialise soon, are not included in the evaluation report yet because the evaluation took place when many of SNV's interventions in the dairy programme were still relatively recent. As a consequence planned outcomes such as increased self-regulation in the industry, linking of chain actors in investment business models, and moving to a milk pricing system based on quality, were not visible yet. These will be topics of attention in future SNV reflection.

SNV Kenya adopted an active learning approach in the dairy programme. It required adapting and introducing new strategies in the course of the programme, based on lessons learnt on what works and what does not. The MB welcomes the conclusion that the learning approach was successful, especially so in developing the new youth extension service provider model: training youth to be entrepreneurs who offer quality extension services to farmers (through practical training and frequent contact). SNV will seriously consider similar approaches in future programming.

The MB welcomes the recommendations (attached to the summary). They have been included in the new KMDP: the KMDP will organise tailor-made group trainings and stakeholder forums for stakeholders to exchange experiences and learn from each other; KMDP will include pro-poor considerations into stakeholder discussions about dairy policies; the documentation of successful interventions, next to the initiation of research, is an integral part of the KMDP; M&E and learning is explicitly integrated into the KMDP, with an enhanced budget and M&E expertise.

Some recommendations are acknowledged but will not be taken up by SNV. The KMDP will not take the lead in creating a National Dairy Platform as attempted by an international organisation

¹ Please refer to the executive summary of the evaluation report for more details.

failed due to lack of local ownership. However SNV is willing to support the Kenyan Institutions to set it up and build its capacity.

In other cases the KMDP will go beyond the evaluators' recommendations: the SPEN model will be introduced in other value chains as well, next to other effective models; KMDP will continue its support to dairy cooperatives but will extend its support to other dairy actors/organisations such as private companies aspiring to become inclusive businesses.

Evaluation of the SNV Core Subsidy Funded Dairy Program Kenya

Evaluation Report



16th January 2013



ABSTRACT

This report documents the evaluation of SNV capacity interventions carried out in the Kenya dairy sector between the years 2009 and 2012, also called Core Subsidy Funded Dairy Program Kenya. The aim of the program was to enhance commercialization in the dairy sector and to strengthen the dairy value chain through the building of vibrant business hubs around primary dairy societies supporting the smallholder dairy enterprises.

The evaluation covered three broad objectives; a participatory study of SNV's capacity interventions in the dairy sector between 2009 and 2012, covering all milk shed areas where SNV had worked in; an assessment and review of the support SNV has provided to the development of the dairy sector by reconstructing the intervention logic; and support in the formulation of the new SNV Kenya dairy strategy reflected in the Kenya Market-led Dairy Program (KMDP). The evaluation has been predominantly qualitative in nature with an emphasis on gaining a better understanding of the processes leading to enhanced capacity of SNV clients and the outcomes and impact of a range of capacity building activities.

The evaluation study shows that SNV was largely successful in applying the business hub model to the commercialization of the dairy sector, working with two main client groups: Collection and Bulking Enterprises (CBE's) and Local Capacity Builders (LCBs). Measurable impact has been accomplished, specifically in the area of positive smallholder farmer livelihood changes and poverty reduction, due to increased income from enhanced dairy enterprise productivity. However this was not consistent across all sites. In the Central Rift region, Ndaragwa farmers felt there was little shift in the incidence of the poor or very poor, though this was largely seen as a result of issues related to post election displacement or inflation limiting the effectiveness of program. While enhanced dairy productivity was the direct result of the very successful delivery of extension services, it is at the same time the product of a combination of outcomes that took shape at the level of the CBE's, where SNV's capacity interventions contributed to the sustained transformation of CBE's into more vibrant dairy business hubs. SNV's capacity interventions enabled the CBE's to expand the range of business services they offered to their members, ranging from the typical feed and animal drug supply, to food items and improved access to vet and A.I. services, expansion of collection routes, milk transport, besides others.

The productivity gains at farm level are a result of higher milk yield per animal, stable and/or gradual milk price increases paid by CBE's or other milk outlets, and reduced calf mortality. These husbandry improvements have been primarily achieved through improved feeding practices, especially on-farm fodder production and conservation, a move towards zero grazing, and in some cases breed improvement, animal health measures such as regular de-worming and dipping, and herd management (fewer cows with higher productivity).

A significant and unique success of the learning approach that SNV embarked upon is the new youth extension service provider model that provides skills to rural youth enabling them to become entrepreneurs who offer extension services to farmers. SNV initiated the development of the model in the vicinity of one of its early client CBE's. Based on its success, the model has since been spread to four neighboring districts in the Central Rift of Kenya. The model develops locally based service provider businesses run by young people who struggle to find meaningful employment in the rural areas of Kenya. The youth were enabled by SNV to offer quality dairy extension to farmers based on a sense of practical training and frequent, ongoing interaction.

Opportunities exist for SNV to support this network broaden its potential base to other agricultural sectors and in other regions. Aside from this model, which was driven by entrepreneurial youth, the CBEs efforts in extension were at a relatively early stage in a number of cases and none were in the position where they were yet able to implement a self-sustaining finance model to fund their extension services (note: some CBEs had a clear plan for implementing such models) .

In summary the evaluation confirmed that the program's rationale as illustrated in the intervention logic's results chain was an appropriate capacity approach addressing some key challenges encountered in the dairy sector in Kenya. It mostly tackled upstream value chain bottlenecks in combination with enterprise potential latent in the farmer dairy societies. The majority of outcomes identified in the results chain logic have been delivered on, although with varying emphasis. There have been clear successes in farm management and productivity, youth engagement and developing CBE organizational capacity. This is explained by the conscious and successful learning process that had been adopted by the program in consideration of the fact that the dairy sector was new to SNV Kenya's portfolio. However some expected outcomes noted in the results chain

logic such as increased self-regulation in the industry, linking of chain actors in investment business models, moving to a milk pricing system based on quality have yet to be realized. In part these were perhaps overly ambitious outcomes to expect during the Core Subsidy and are realistically more likely to be dealt with under KMDP. Despite improvements in CBE services a particular challenge for some CBEs remains the issue of farmer loyalty and 'side-selling' to hawkers or competitors.

In a few other cases planned collaboration with the Kenya banking sector was postponed and extensive collaboration with other dairy agencies was not found practical and limited to government institutions. Broader collaboration with agricultural training institutes was reduced to just one learning institution with the highest potential of success in implementation of improved curriculum. Though we found some evidence of employment outcomes the data was not as readily available at the CBE level to make a judgment on SNVs contribution in this area. The evaluation informs about lessons learned from the Core Subsidy Program and utilizes these to provide insights and advisory recommendations for the further development and implementation of the KMDP that is presently in its inception phase. Overall the evaluation confirmed the general approach taken by SNV and reinforced the value of many priority areas identified for investigation under KMDP's inception stage.

RECOMMENDATIONS

- SNV should look into the opportunities to facilitate forum(s) under the KMDP where CBE managers and staff can exchange their experiences, lessons learned, and success stories with their peers.
- SNV should investigate the concept of an NGO network or alliance around the dairy sector, thereby providing a platform for learning, collaboration and synergies.
- SNV to communicate the success factors underlying its approach (i.e. demand driven approach, focus on capacity development vs hardware, negotiated agreements between parties, learning space to allow adaptation and innovation) and to other development agencies and partners in the industry both in Kenya and externally i.e. SNV to share its lessons from the modified business hub model in line with its approach to capacity development among the sector actors and encourage adaptation of its approach where appropriate. Another suggested mechanism aside from broader sector/industry forums at various levels is to commission a small number of scientific studies in collaboration with Kenyan Universities that will focus on dairy commercialization and Agricultural Knowledge and Information Systems (AKIS).
- SNV's collaboration with other development agencies should be based on well-demarcated mandates and clarity about SNV's approach that prioritizes sustainability, capacity interventions, and learning.
- To respond to the need for improved business planning at farm level SNV might consider a scoping study on the elements that comprise productivity and cost-benefit considerations at smallholder farm level and for the sector as a whole. A related action would be to stimulate fact-based dairy sector productivity discussions at national level.
- Under KMDP SNV will have to bring "pro-poor" considerations into the stakeholder discussions, and policy and regulation making processes. With its plans to take on the role of a facilitator for sector-wide stakeholder convergence, SNV can become a catalyst in "pro-poor" policy processes.
- SNV to investigate opportunities in its other agricultural programs to strength the SPEN model to work across the value chain not only in the feed/fodder but general agriculture areas, including farm business planning.
- Broadly speaking SNV should continue with the approach identified in KMDP. It should continue its focus on cooperative business development and enhancing organizational capacity, concentrating on building the capabilities of the cooperative boards of management. In relation to dealing with sector bottlenecks under iv Pillar 2 of KMDP there was broad agreement on the value to the sector for KMDP to work in the following areas:
 - feedstuffs and fodder
 - value in strengthening a range of industry associations– especially where there were bottlenecks
 - working with processors and other stakeholders to improve milk quality payment systems
 - provide support to improved dairy training via DTI and work more closely with Egerton University in supporting the development of quality dairy training program.
 - strengthen a range of (self) regulatory and policy frameworks.
- SNV should continue to utilize Dutch expertise in technical, co-operative and business development for the dairy sector; however these services should be demand driven and take account of SNV's pro-poor values and align with its broad capacity development approach.

- CBEs should continue to understand member motivation and market circumstances and be open to innovative solutions to secure maximum milk intake and business viability. SNV should continue to support CBEs experiment with different business models and share lessons to manage this issue; ongoing market exploration studies should target a better understanding of how to tackle the shortcoming of lack of milk intake/farmer loyalty at the CBE level.
- KMDP should look into lessons learned in strengthening sector capacities with innovation systems approaches (www.innovationstudies.org) and make linkages with the Forum for Agricultural Research in Africa (FARA) to examine lessons from other experiences with incubators and the joining of industry, learning institutions (universities), and youth enterprise.
- SNV's and KMDP's Results Chart & PME must specifically incorporate "pro-poor" aspects and details on "soft" capacity development outputs and outcomes and include tools which accommodate emergent and unexpected outcomes, foster rapid organizational learning and track organizational contribution towards outcomes (see Appendix XI for details).