



Kenya Market-led Development Program (KMDP)

Strategic Review Report

25 October – 7 November 2015

FINAL VERSION



M.J. de Jong, *AgriWorks BV, Oranjewoud*

J. van der Lee, *Wageningen UR Livestock Research, Wageningen*

Dr N.F. Makoni, *ABS TCM Ltd, Nairobi*



Summary and conclusions

A strategic review team comprising of Mr M.J. de Jong, Mr J. van der Lee (both from the Netherlands), and Dr N.F. Makoni (Zimbabwe) visited Kenya during the period of 25 October – 7 November to review the activities and impact of the KMDP program, having one overarching question in mind i.e. “whether KMDP is doing the right things and whether KMDP is doing the things right”.

The KMDP implementation phase covers the period of 2013-2016 and has two main objectives i.e. 1. Smallholder value chain development and 2. Addressing systemic issues. Within these two objectives ten (10) main activities were developed and implemented. Activities and results of these ten activities are well documented in manifold status reports, studies and memo’s.

Within objective 1 the capacity of board, management and staff of Collection and Bulking Enterprises (CBEs) was improved and contributed, amongst others, to a remarkable turnaround of Meru Central Union, marked by an increase of milk collection by 1,000% in 3 years. Most CBEs have improved their business operations, as well as their service delivery by establishing agro-vet shops and Training and Extension units. The lead farmer approach worked well and resulted in tangible effects in terms of milk yield increase per cow/farm as well as in improved cost-benefit ratios.

Although good results are achieved, it is recommended to work consciously on sustainability of CBE efforts, to explore stronger linkages between extension and milk sourcing efforts, and to consolidate CBE T&E methodology with stronger linkages to Practical Dairy Training Centres (PDTCs) and medium scale farms (MSFs).

The transformation of DTI into a state of art commercially driven institute (under objective 2) proved to be cumbersome and it is recommended to disengage from this proposed outcome, unless a private sector-established and exploited DTI is initiated.

PDTCs are a good model for hands-on training at farmers’ doorstep and cover the needs of the small & medium scale farmers. However, due to a poor benefit package for the trainers, turnover of trainers is too high, curricula should be improved by including cost-benefit ratios in the training messages, and accreditation of PTDCs under the ATVET regulations is needed. As the model is good, scaling-up of the number of PDTCs is recommended.

Private Dairy Advisory Service providers (DAS) are established and linked to the market; however DAS practitioners have limited practical technical knowledge and to a (too) large extent are still depending on work commissioned by SNV.

Criteria for a quality-based milk payment system and milk testing facilities have been established at one dairy, whereas the outcome of a pilot testing scheme has contributed to national awareness on the current milk quality and food safety issues.

Commercial fodder producers are established as businesses and have resulted in increased fodder production and conservation. However, insufficient ability so far by

KMDP (and other programs, i.e. KMT) to enhance access to (or supply of) certified fodder seeds, and insufficient attention to mechanisation services and appropriate technology solutions might jeopardize the success of this activity.

MSFs improved fodder quality and increased availability during the dry season, resulting in a reduced seasonality of milk production and milk supply to dairies. Not only milk production improved (in some cases from < 100 l/day/farm to > 500 l/day/farm), but also calf growth improved (e.g. from < 300 gram/day/calf to 600 gram/day/calf). A next step in the training and extension efforts should be to include the financial impact of the improved farm management practices.

KMDP's innovation fund co-sponsored twelve activities and most funded activities are in an advanced implementation stage. It is recommended to have a more in depth assessment of the market potential of the funded innovations.

International linkages between Dutch and Kenyan sector stakeholders increased and are a good starting point to develop the Kenyan dairy sector and Dutch trade. However, Dutch products need adaptation to the Kenyan context/market, as in many cases the Dutch technology/equipment is too advanced and/or has an operational capacity that exceeds the local needs.

In regard to M&E, KMDP uses a "before-after" methodology. The program started in 2014 with more rigorous M&E activities.

The SR team concluded that the KMDP project is doing the right things and is doing these things right, although the assessment identified several issues that need improvement. In general it can be concluded that the KMDP approach distinguishes itself from existing and previous dairy projects in that it is consciously and effectively shifting from aid to trade.

To complete and re-enforce the activities of KMDP, a second phase of KMDP is recommended with the following goal and objectives: Goal: Business development for a viable commercial dairy sector; Objectives: Quality assurance of feed and milk; Fodder production and preservation; Training and extension; and business development. In the next phase several activities of KMDP-I should be gradually weaned off from KMDP support as these activities (such as CFPs and DAS) could be market-led.

Seven (7) intervention areas are identified and briefly documented.

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Abbreviations used

CBE	Collection and Bulking Enterprise
CFP	Commercial Fodder Producer
DAS	Dairy Advisory Service provider
DTI	Dairy Training Institute
EKN	Embassy of the Kingdom of the Netherlands
KMDP	Kenya Market-led Dairy Program
LF	Lead Farmer
LSF	Large-Scale Farmer
M&E	Monitoring and Evaluation
MSF	Medium-Scale Farmer
PDTC	Practical Dairy Training Centre
SH	Smallholder farmer
SPE	Service Providers Enterprise
SPEN	Service Providers Enterprise Network
SR	Strategic Review
ToC	Theory of Change
ToR	Terms of Reference
T&E	Training and Extension

1. Introduction

The Kenya Market-led Dairy Program (KMDP) is a 4.5 year program funded by the Embassy of the Kingdom of the Netherlands. The program started on July 1, 2012 and is implemented by SNV Netherlands Development Organisation in collaboration with stakeholders in the dairy industry.

The overall goal of KMDP, as stated in the program document, is "To contribute to the development of a vibrant and competitive dairy sector with beneficiaries across the value chain". KMDP acknowledges and appreciates that the dairy industry in Kenya is private sector driven and has two pillars or strategic intervention levels, i.e.:

- Smallholder Dairy Chain
- Sector Issues.

At the beginning of 2015, SNV Kenya/KMDP's Management Team suggested that as the program would be 3.5 years old, and with only one year to go after the expected date of the proposed Strategic Review (SR) Mission, it would be opportune to have a "mid-term" review. The need or value of this strategic review – and the objectives – were shared and supported by the donor Kenya Netherlands Embassy (EKN).

To conduct this SR, SNV approached the following three external experts:

- M.J. de Jong, Agriworks, Oranjewoud
Team leader, Dairy Value Chain expert
- J. van der Lee, Wageningen UR Livestock Research, Wageningen
Expert in dairy sector analysis
- Dr N. F. Makoni, ABS TCM Ltd, Nairobi
Local expert with high level management experience in the Kenyan dairy value chain.

Based on the Terms of Reference (Appendix 1), the SR team prepared an approach and methodology document, which is presented in the next chapter.

After having studied the many reports, studies, and documents developed by the KMDP program, the team visited Kenya from 24 October to 6 November, 2015. Prior to this SR mission, J. van der Lee conducted a pre-strategic review monitoring visit to KMDP from August 14-18, 2015. Mr van der Lee visited the KMDP sites at Kiambaa, Muki, and New Ngorika collection and bulking enterprises (CBEs) and lead farmers, Happy Cow Nakuru, and various places in Eldoret.

Taking into account the information gathered by Mr van der Lee, the review team was split up in the second week of the SR visit, in order to meet a cross section of stakeholders in the dairy value chain as possible. Mr de Jong and Dr Makoni together made a field visit to Eldoret, while Mr van der Lee visited various donor and development organisations in Nairobi. See Appendix 2 for the visit program.

2. Scope of work

The SR scope of work is presented in the Terms of Reference (ToR) that is presented in Appendix 1.

Summarized, the SR mission's scope of work was as follows:

- A. To conduct a rapid review of KMDP interventions focusing on:
 - What works well and has high potential for development impact and the "sustainable" trade agenda in the short and medium term?
 - Which interventions are less effective or relevant (and why) and warrant changes or non-continuation?
- B. To carry out a quick scan of future opportunities for support to dairy development in Kenya.
- C. To write/present an attractive outline for a potential KMDP Phase 2.

Overarching questions: "whether KMDP is doing the right things" and "whether KMDP is doing the things right"?

The approach and methodology prepared and adopted by the SR team (see Appendix 3) comprised of the following:

- Study of program documents and industry documents
- Field observations and interviewing of program clients, sector stakeholders, and key informants (North Rift, Eastern, and Central)
- Discussions with program team and preparation of a de-briefing document
- Interviews with public and private stakeholders in the Netherlands.

The KMDP program prepared a Theory of Change Paper that gives a detailed and in-depth description of what informed KMDP's design, approach, strategic choices and interventions.

This description confines itself to referring the reader to the Theory of Change Paper for a good understanding of the program, i.e. what informed its design and led to the current broad set of interventions across the sector, with a multitude of local and international stakeholders and operating in different milksheds. Reference is further made to "SNV Kenya Positioning Paper Dairy Sector – KMDP (revised February 2015)" which can be accessed (with a number of other publications provided for by KMDP) through the following link: <http://www.snv.org/explore-more>

The SR-team scored 24 activities implemented by the KMDP program against 10 parameters. The relevance of each activity was assessed against these 10 parameters, using a scoring of 1 to 5 (i.e. low to high relevance).

3. The Kenya Market-led Dairy Program

3.1 Introduction

The KMDP program was defined in early 2012 as a follow up to a number of dairy related activities in SNV Kenya's core subsidy-funded activities, which focused on work with Collection and Bulking Enterprises (CBEs, usually run by Dairy Farmers Cooperative Societies). In the 2012-2013 Inception Phase a number of studies were carried out to better understand the sector. These informed the planning for the main phase in early 2013.

3.2 Activities

Activities of the KMDP Implementation Phase (2013-2016) and the reasoning behind them are summarized in the Theory of Change paper (January 2015 version). This Theory of Change outlines how activities are expected to contribute to outputs, outcomes (at objective level), and impact (at program goal level). This is summarized in the result chain displayed in Appendix 4.

This report distinguishes three main sets of activities, see par. 3.2.1-3.2.3. A number of these activities have been summarized in specific status reports, as indicated. For others the reader is referred to KMDP annual reports.

3.2.1 Smallholder dairy value chain (Objective 1)

Activities with CBEs and their smallholder members:

- a. Developing and strengthening CBE Governance and Management
- b. Developing and strengthening CBE Training and Education for member farmers
- c. Developing and strengthening CBE Linkages with Input Suppliers and Service Providers.

These activities are being documented by Ida Rademaker; reports on Kiplombe and Mumberes CBEs were made available during SR.

3.2.2 Systemic issues (Objective 2)

Activities on key issues hampering dairy sector development:

1. Skills and Knowledge – activities with:
 - i. Dairy Training Institute in Naivasha - *see Status Report DTI*
 - ii. Practical Dairy Training Institutes - *see Status Report PDTCS*
 - iii. Dairy Advisory Services – KMDP strengthens the capacity of a number of local consultancy firms that 'learn on the job' by implementing part of KMDP's activities - *see e.g. Status Report "The story of Perfometer"*
2. Milk quality – Primarily the Milk Tracking and Tracing System pilot implemented by Happy Cow - *see progress reports Happy Cow*
3. Fodder supply chain development – Commercial fodder production and small-scale contracting (SPEs) - *see Status Report MSF and CFP and Report on SPEN*
4. Medium scale dairy farm model - *see Status Report MSF and CFP*

5. Policy and Governance – KMDP’s policy engagement activities are issue- and needs-based – *see annual progress reports*
6. International business linkages - *see Status Report International linkages and Appendix 6 of this report.*
7. Innovation Fund – The innovation fund finances initiatives under the above headings. In general these are private, public-private, or KMDP-initiated mini-projects that carry out feasibility studies for new products or that do develop and test an innovation in dairy. See Appendix 5 for an overview of Innovation Fund activities.

3.2.3 Partnership projects and leverage

KMDP can be considered a program or platform to which various other projects have been ‘added on’. Although strictly speaking not part of the program, these activities nevertheless are partly implemented by the same KMDP team, hence lines can be blurry. These projects have additional budgets. *For more detail see the Status Report International Linkages.*

4. Review of KMDP activities - Development impact, organization, and future needs

4.1 Strategic intervention levels

From the onset, as a mechanism to structure KMDP's intervention areas and the program's internal logic, KMDP's Results Framework was designed around two objectives (Objectives 1 and 2). These objectives are shown in the Results Framework (2015 version) and referred to as Strategic Intervention Levels I and II:

Strategic Intervention level I - Smallholder dairy value chain (DVC)

Objective 1: To increase efficiency, effectiveness and inclusiveness in the DVC

Strategic Intervention level II - Systemic Issues at sector level

Objective 2: Key Systemic issues at sector level for the transitioning dairy sector.

The findings of the SR on these two intervention levels and objectives are presented below.

4.2 Smallholder dairy value chain (Objective 1)

The project is working with 18 CBEs on management and governance systems, business planning, and interventions on fodder, T&E, and linkages with input suppliers. In order to get T&E functioning within the CBEs, the program has experimented with various extension methodologies, including Farmer Field Schools. It now seems settled on a lead farmer approach, in which extension staff works with lead farmers and encourages them to pass on their experiences to other farmers, usually on a payment basis.

4.2.1 Developing and strengthening governance and management

Outcome 1.1: Improved capacity of Board, Management and Staff of CBEs to run the CBE as a business entity

Program staff runs training activities with the board, management and staff of the CBEs.

Findings and issues:

While the CBEs have been asked which issues they would like to work on, and while they are contributing to the costs, a certain supply driven character seems apparent. Training of CBEs increased awareness among Board, Management and Staff. Some CBEs hired external advisors to train them. The effect of the training and coaching on the functioning of the CBE is however varied and not always convincing.

In Meru, KMDP's activities on farmer training and service provision for fodder preservation, as well as coaching and training at the cooperative and Union level,

had much impact. In combination with support from other development partners (e.g. Agriterra) and a strong turn around in leadership, more professional management and an aggressive milk procurement and processing strategy by the Union, an increase in milk intake between 2012 and 2015 from 10K to 100K litres/day was marked.

Recommendations:

- Make training and coaching activities of CBE Board and Management even more demand driven, and more in the hands of Dairy Advisory Service providers.

4.2.2 Developing and strengthening training and education

Outcome 1.2: CBEs have improved their business operations and service delivery.

Findings and issues:

An important achievement of the program so far has been that most CBEs have improved their business operations, as well as their service delivery by establishing Agro-vet shops and a Training and Extension unit. This unit hires own extension staff to work alongside program staff. Most CBEs have allocated extension budgets annually.

The experimentation with extension approaches so far has caused a lack of stability in the extension activities and in the embedding of the teams in the CBEs or cooperative union (in the case of Meru). This threatens sustainability of the extension efforts. It was also apparent that CBEs with strong T&E commitment from their processor (like Meru Cooperative Union) are in a better position to sustain T&E efforts.

Recommendations:

- Work consciously on sustainability of CBE extension efforts, including embedding in CBE, links with PDTs and MSF, and involvement of processors.
- Explore stronger linkages between extension efforts and milk sourcing efforts, e.g. with sourcing incentives for extension workers.

Outcome 2 - Farmers have improved dairy management practices and production

Through CBE T&E units and project-hired consultants, farmers in CBEs receive training and extension on Dairy Farm Management and fodder production and preservation.

Findings and issues:

As noted, the experimentation with extension approaches so far has caused a lack of stability in the extension activities. The lead farmer approach has been functioning for a mere 1.5 years. Nevertheless the T&E activities appear to have significant impact on the productivity of the smallholder farms, especially for the entrepreneurial / lead farmers who invest in fodder production, paddocking, ensilaging, improved calf rearing and other good dairy farming practices. This results in better access to nutritious fodder and services and to improved feeding and management practices, which in turns leads to increasing milk yields. Anecdotal

evidence suggests significant increases from 10 to 70 litre/day/farm, and cost reductions resulting in cost/benefit ratio from 37,000/40,000 KSh/month to 18,000/40,000 KSh/month.

Recommendations:

- Consolidate CBE Training and Extension methodology, with stronger linkages to PDTCs and medium scale farms. CBE T&E units should be embedded in coops with better linkages to input suppliers.

4.2.3 Developing and strengthening linkages

Findings and issues

Input suppliers and service providers are invited to an annual planning session to coordinate their training inputs at CBE level. This seems to work alright. Linkages between CBEs and suppliers are however hampered by irregular supply and payment troubles, and CBE T&E staff do not seem strong enough to prevent “product pushing”. The threat of kickbacks seems significant.

Recommendation:

- Explore additional avenues to strengthen CBE – supplier linkages.

4.3 Systemic issues (Objective 2)

Objective 2 covers the following activities:

1. Skills and knowledge – DTI, PDTCs and dairy advisory services
2. Milk quality
3. Fodder supply chain development
4. Medium scale dairy farm model
5. Policy engagement
6. International business linkages
7. Innovation fund.

The SR assessment on these activities is presented underneath.

4.3.1 Skills and knowledge

4.3.1.1 DTI

OUTCOME 3.1.: The transformation of the Dairy Training Institute (DTI) into a state of art commercially driven institution that is responsive to sector training needs.

DTI has been assisted in a number of governance and management systems, including definition of a road map for transitioning to a semi-autonomous institute, a business and investment plan, and setting up and running of a steering committee. In conjunction with two NICHE projects a Dairy Sector Labour Market Needs Assessment and curriculum development was carried out. *See Status Report DTI for more info.*

Findings:

- Transformation of public institute (DTI) into a commercially driven institute is underway.

Issues:

- DTI privatization process proved to be cumbersome.

Recommendations:

- Disengage from DTI because of strong involvement of the national government precluding privatization. In case the private dairy sector is interested to establish and exploit a joint i.e. private sector owned and managed DTI (market driven), then KMDP should support this initiative.

4.3.1.2 PDTCs

OUTCOME 3.2.: Private Dairy Training Centres (PDTCs) have proven to be sustainable/effective model for training practical skills in dairy production.

Three PDTCs have been assisted in curriculum development, staff training, hardware, SOPs, management, and linkages. KMDP has generated business for these PDTCs by enabling lead farmers to be trained on the PDTCs.

See Status Report PDTCs for more info.

Findings:

- PDTCs are a good model for hands-on training at farmers' / "clients" doorstep and cover the needs of the small/medium scale farmers.

Issues:

- PDTCs have a high turnover of trainers (due to poor benefit package), confusing messages given by NL trainers due to no common approach on dairy farming management, operational farm problems at the private dairy farm and therefore not always a good example of Good Dairy Farming Practice, limited PR on the existences of PDTCs, no cost-benefit analysis included in the training messages.

Recommendations:

- Extension messages from the NL experts should be aligned and streamlined
- Farm performance of the training farm should be up to Good Dairy Farming Practices standards and with improved bio-security
- Get PTDCs accredited as recognised DTCs. They should also establish links with the Technical and Vocational, Education and Training (TVET) Authorities
- Improve benefits for trainers
- Scale-up the number of PDTCS.

4.3.1.3 Dairy advisory service providers

OUTCOME 3.3.: Improved availability of market-driven Dairy Advisory Service (DAS)

A number of private consultancy firms (so-called local capacity builders (LCBs)) have been contracted by KMDP to implement a significant number of program activities. KMDP invests in capacity development of staff and firms/DAS, amongst others by linking these LCB's to PUM through an MoU between SNV/KMDP and PUM.

See Status Report "The story of Perfometer" and Status Report MSFs for more info.

Findings:

- Private Dairy Advisory Service entities are established and are increasingly linked to the market.

Issues:

- Established DAS practitioners have limited practical technical knowledge
- In general the current DASs are providing free services to clients based on funding obtained by SNV (in some cases, DAS practitioners are hired and paid for by individual clients)
- DASs currently have a limited portfolio of products and services
- In general, DASs are seen by clients as part of the SNV team.

Recommendations:

- Further capacity building of DASs
- Product development and cost price assessment of services
- Improve links with input suppliers
- DASs should handle advice as a business, they should not sell the service but the impact
- DASs should draft 5-year strategic plans based on market assessment.

4.3.2 Milk quality

OUTCOME 4: Increased knowledge base regarding the implementation of a Quality Based Milk Payment System (QBMPs)

Happy Cow and two of its supplying CBEs are implementing an innovation project that has received funding of the KMDP innovation fund, is topped up by other funding, and co-financed by Happy Cow.

See progress reports of Happy Cow for more info.

Findings:

- Criteria for a QBMPs have been formulated
- Testing facilities for a QBMPs are established (Happy Cow)
- Pilot testing has led to a national awareness on the current milk quality and food safety issues
- QBMPs will be introduced shortly in the daily operations of Happy Cow milk processing plant.

Issues:

- No serious issues.

Recommendations:

- Prepare for next steps
- Make quality assurance activities demand-driven.

4.3.3 Fodder supply chain development

OUTCOME 5.1.: Commercial Fodder Producers (CFPs) farms have improved productivity/profitability

OUTCOME 5.2.: Commercial Fodder Producers (CFPs) have increased commercial sales of fodder

CFPs have been assisted with technical and business advice.

See Status Report on MSFs/CFPs and Report on SPEN for more info.

Findings:

- Some 50 CFPs are established as business and have resulted in increased fodder production and conservation.

Issues:

- Access to seed, equipment, spare-parts at CFPs and Medium Scale Farmers' (MSF) operations is still insufficient
- Insufficient attention to market response and mechanisation of services provided by Service Provider Enterprise (SPE) groups for smallholder farm silage production
- Insufficient attention to seed varieties, crop advice, and expertise in smallholder farm fodder trials
- Introduction of commercial fodder production and silage making is very successful and in demand. However market demand is exceeding the capacity of the current service providers and might lead to crowding in of unprofessional "copycats" who are likely to compromise the quality of technology and services.

Recommendations:

- In order to guide newcomers, develop technical fact sheets, including financial aspects of the fodder business
- Build advisory capacity for the fodder chain; strengthen fodder expertise in DAS/contractors
- Scale up fodder production and business operations
- Engage private sector in repair, maintenance, financing, and leasing of equipment.

4.3.4 Medium scale farm model

OUTCOME 6.1.: MSFs have improved productivity and profitability

OUTCOME 6.2.: Enhanced dairy service and policy infrastructure for MSFs

MSFs on North Rift, Central and Eastern regions are assisted with technical and business advice. MSF farmer fora are set up and being supported.

See Status Report on MSFs/CFPs for more info.

Findings:

- MSFs improved fodder quality and increased availability during the dry season, which reduced seasonality of milk production and supply
- MSFs improved productivity due to training and Technical Assistance (TA)
 - from <100 to >500 litres/day milk production/farm, and

- calf growth from 300 to 600 gram/day/animal

- MSFs have increased access to technology and quality services
- MSF fora have been set up in all regions; in 2 regions these function as informal groups for exchange, in Eldoret it has resulted in an association, the Eldoret Dairy Farmers Association (EDFA)
- EDFA represents its members, provides services to its members, and lobbies for its members at regional and national levels
- EDFA members are willing to co-share continued farmer education that include mentorship from PUM or experienced Dutch farmers, interns, scale up of PDTs, exposure trips to Netherlands and local benchmarking. In this regard KMDP should sensitize the EDFA members on current costs of the study tours they have facilitated.

Issues:

- The MSF training and extension model is still under development in terms of skills of trainers and messages (so-far little information is provided on the financial aspects/effect on improved farm management practices)
- The EDFA is a good farmers' association model but currently has operational governance and attitude problems.

Recommendations:

- Consolidate the MSF Training and Extension model and increase dissemination of the knowledge transfer model
- A capable EDFA secretariat should be a condition for further cooperation.

4.3.5 Policy engagement

OUTCOME 6.2.: Enhanced dairy service and policy infrastructure for MSFs

On selected issues, KMDP supports industry associations in policy influencing, primarily by making available evidence / studies.

See Status Report on MSFs and annual progress reports for more info.

Findings:

- KMDP has established working relationships with key sector organizations (like KDB, AKEFEMA, MOALF Department of Livestock) and engages with these on a number of areas like feed quality, milk quality, milk quantification, and dairy training
- KMDP supported EDFA in successful lobbying of lifting of the ban on calf imports, which opens the way for trade with cattle sourcing countries.

Issues:

- The project feels that the sector studies carried out in KMDP's Implementation Phase have raised awareness amongst sector stakeholders to address quality issues for feed and milk and the lack of regulations and enforcement on the same.
- However, KMDP feels it is more effective to influence policy and the regulatory environment indirectly, through Kenyan dairy sector stakeholders and demonstration and innovation projects.

Recommendations:

- Continue to select important issues for policy influencing that can benefit from evidence-based policy influencing.

4.3.6 International business linkages (collaboration between Dutch and Kenyan stakeholders)

OUTCOME 7: Increased collaboration between Dutch (and other international actors) and Kenya dairy sector stakeholders

KMDP implements a wide range of activities to foster international business linkages. These can be divided in i) international expertise engaged by KMDP; ii) facilitation of market entry and B2B linkages. The KMDP innovation fund and various public-private partnerships are instrumental in achieving these.

See Status Report on International Linkages and Appendix 6 for more info.

Findings:

- Increased collaboration between Dutch and Kenyan sector stakeholders. For example, local partnerships and dealer arrangements established among Uniform Agri, CowSignals/Vetvice, Roodbont, The Friesian, Delta Instruments, Eric de Jong, Dekker, and Fieten (see Appendix 6 for details)
- Chase Bank extended 700,000 Euro in loans to EDFA farmers and has over 2.5 million Euro loans for the dairy sector in the assessment stage.

Issues:

- Dutch experts have technical expertise, but some need more training skills to transfer the knowledge
- Dutch products may need adaptation to the Kenyan context/environment, as in many cases the Dutch technology/equipment is too advanced or has operational capacity that exceeds the local needs.

Recommendations:

- Pay attention to training capacity limitations of Dutch/EU experts
- Create awareness on differences between the European and Kenyan market
- Develop and market appropriate solutions
- Increase PR on results obtained
- Improve dissemination of results.

4.3.7 Innovation fund

A means rather than a goal, the KMDP innovation fund plays a key role in fostering innovation initiatives. The guidelines for the fund have been worked out in detail and have seen a major shift halfway the project.

See KMDP Innovation Fund Charter and Appendix 5 for more info.

Findings:

- The Innovation Fund co-sponsored 12 activities (Appendix 5)
- Most funded projects are at an advanced implementation stage and are showing results
- High-risk innovation projects receive additional monitoring from the fund.

Issues:

- Rudimentary/superficial assessment of market potential for some funded innovations
- Rudimentary/superficial assessment of earn-in model/ROI of some funded innovations
- Little dissemination of results to the dairy sector.

Recommendations:

- Increase oversight of innovation projects, e.g. by advisory committee
- Only support demonstrations that are implemented in accordance to instructions (e.g. construction according to MSF cow house design)
- Assess market potential and earn-in model prior to funding feasibility.

4.4 Partnership projects and leverage

4.4.1 Activities linked to KMDP

KMDP successfully serves as a platform for other projects:

- a. FDOV Pasifik project / SoilCare – good result – set-up of soil analysis laboratory and analysis and advisory services for farmers; SoilCare/BLGG sometimes had different expectations regarding KMDP's contribution
- b. FDOV GAIN/DSM Milk Fortification - This project never came off the ground and recently was stopped
- c. NICHE project 127 with Egerton University and DTI – SNV partnered with Wageningen UR CDI, Aeres, and MSM; the labour needs assessment in the inception phase was financed by this and the next NICHE project; while SNV was unhappy about the limited role for SNV, the CDI project mentioned non-delivery of some results by SNV
- d. NICHE project 214 with Baraka Agricultural College - SNV partnered with CINOPS, Aeres, and DTC
- e. NABC/RVO DDDP ToT Training Project (implemented by Q-Point) – KMDP contributed technical training input, Q-Point socio-economic input
- f. NABC/RVO Netherlands Managers Training Program (NMTP) – 15 managers attended a 2-week training in the Netherlands
- g. Happy Cow MQT&T project (also included in the innovation fund projects) – The project is being implemented. Discussions are underway with several Dutch and Kenyan partners to develop software for a MQT&T system.

On the one hand cooperation with these projects has resulted in cross-fertilization, reinforcement, leverage, and a strong network with Dutch capacity building organizations, adding to the result of KMDP. On the other hand the activities in these projects added to the already heavy workload of the KMDP team.

Recommendation:

- Add-on projects should come with expansion/strengthening of the program team, to ensure sufficient implementation and coordination capacity.

4.4.2 Links with other dairy development projects

Appendix 7 lists a number of dairy development projects active in Kenya that are or have been active in Kenya. KMDP is building on a rich history of dairy development interventions. Through staff employment, document study, conscious learning, and previous results already achieved, the program is benefiting from past experiences. Through regular consultation and coordination with other implementing agencies, it could also learn from current activities. The SR team has not been able to fully assess the extent to which these opportunities are utilized, but from conversations with both the KMDP team and staff of other projects, the impression is that this is taking place to a limited extent only. However, KMDP pro-actively worked on establishing exchange and linkages with other development partners/programs, however found little response to share and to work together. The overall atmosphere seems to be one of “too busy to talk with others”

Please refer to Appendix 10 for brief notes from meetings held with development projects active in Kenya.

4.5 Other findings

4.5.1 Monitoring and evaluation (M&E)

In the area of monitoring and evaluation, the following issues were noted:

- No baseline study report was made available; the SR team therefore used a “before and after” assessment
- The program only recently started with more rigorous M&E activities
- The program team considers the CBE component to be easier to monitor than the systemic issues component
- To compensate insufficiencies in monitoring, KMDP has embarked on a documentation exercise of a number of activities.

4.5.2 Various

In addition to the above, the following issues were noted:

- Limited assessment was made on the financial effect of advice and services provided at stakeholder level (the program just engaged a Dutch student to start-up farm milk production cost price calculations)
- Limited interaction is established between/with other development projects
Various other international donors and implementing agencies are active in the Kenyan agricultural sector. Despite good contacts between KMDP and these agencies, there has been no formal exchange of information and experiences. Through sharing its experiences with the agencies, KMDP could be the initiator of information exchange
- Limited dairy technical knowledge within the SNV Kenya core team
- The program is called Kenya Market-led Dairy Program, but it has no dairy expertise within its core SNV team. To cover this knowledge and skills gap various external companies are engaged.

4.6 Conclusions

As mentioned in the paragraph 2, the SR team had two overarching questions:

1. Is KMDP doing the right things?
2. Is KMDP doing the things right?

On both questions the SR team can conclude and provide a **full YES**. Of course the SR assessment has identified several issues that need improvement.

As outlined in chapter 2, the SR-team assessed 24 activities implemented by the KMDP program. The relevance of each activity was scored against 10 parameters. Each activity was assessed against these 10 parameters based on a scoring scale of 1 to 5 (i.e. low to high relevance). The lowest average score of 2.8 was for the parameter "Policy related", and the highest score of 4.8 was for the parameter "Systemic issues related". The overall score for all activities was 3.8. See Appendix 8 for more details on this assessment.

In general it can be concluded that the KMDP approach distinguishes itself from existing and previous dairy projects in that it is consciously and effectively shifting from aid to trade, as illustrated by the following:

- KMDP introduced an inclusive model allowing transition of smallholder farmers to small commercial entities through building economies of scale at CBEs and Meru Central Union
- The KMDP approach leverages strongly on market pull unlike the traditional push factors serving the market needs approach
- The KMDP model has pioneered commercial fodder production and inclusion of medium and large scale farmers that have often neglected by most development projects
- The KMDP approach did not increase donor fatigue and recipient charity mentality but pioneered successfully pioneered in an aid to trade approach. Most projects with more traditional approaches failed to transition experiential knowledge and learning from previous projects and risked duplication of project failures. Dairy development projects often have been implemented in the same target areas with inadequate due diligence and often increased donor fatigue and recipient charity mentality
- Previous dairy development implementers have implemented dairy projects using local consulting firms and NGOs with limited dairy management experience. The novelty of KMDPs approach is the preclusion of total reliance on local DASs through bringing in external expertise that ultimately creates stand-alone commercially financed DASs.

Given the moderate size fund allocation and the limited time span of the programme, amongst other reasons, it should be stated that KMDP has limited capacity to influence the Kenyan dairy sector to its full extent and at all levels. Therefore – to achieve maximum impact - the focus and approach of KMDP is to "provoke and promote" change through piloting good practices and innovations with stakeholders

for learning and sharing with the sector. This approach seems to be working very well.

Despite the funds and time limitations, the KMDP project has many activities being undertaken in several regions and engaging a variety of stakeholders. However, the activities require more in-depth monitoring to allow for timely adjustments.

Examples of activities that required deeper insights before implementation are SPE silage making and commercial fodder production. Invariably, these latter interventions directly address a huge need and have a direct impact on cow productivity and farm performance; unfortunately, KMDP did not develop scenarios on how to deal with success of its interventions and on how to sustain and scale up the introduced activities. Further, KMDP did not factor in development of the interventions' ancillary services and support including input supply (seeds and equipment) and equipment repair and maintenance services.

It appears that in general the greatest leverage is with CBEs that are connected to a processor willing to invest in the supply chain and in a more inclusive business model.

Lastly, but not least, as the KMDP is a market-led dairy development project, the monitoring and evaluation should not only focus on project outputs (e.g., number of activities conducted and number of people trained) but should consider market relevant outcome level data such as:

- Number of farms and cattle that voluntarily and actively participated in the project
- Area of forage land cultivated, planted with fodder and harvested, and quantity of forage harvested and ensiled
- Changes or improvements in forage and milk quality
- Changes or increase of milk production per cow and per farm
- Changes in milk production and sales across seasons, particularly to demonstrate reduction in seasonality of supply and sales
- Changes in income and operational profit at the DASs, SPEs, MSFs and CFPs.

5. Dairy development opportunities for KMDP

5.1 Assessment of trends and opportunities in the Kenyan dairy sector

The SWOT analysis included in Appendix 9 can be summarized as follows:

Strengths:

- A relatively young private sector-led, rather well-developed sector with established market infrastructure
- Important contributor to rural livelihoods
- Entry of young farmers inheriting dairy farms from their parents, willing to learn best dairy practice.

Weaknesses:

- Land fragmentation is a major limiting factor
- Weak extension and vet services, particularly farmer training, education and experience
- Feed and fodder scarcity and quality contribute to strong seasonality of production
- High cost of milk production.

Opportunities:

- Large domestic and regional markets with high demand for milk (expanding middle class consumers) and growing awareness on need for quality assurance
- Consolidation of milk processing sector and growing interest of multinationals
- In several regions, large tracks of land are available
- County governments are prioritizing investments in dairy
- Strong shift from cereal, coffee and tea production to dairy due to decreasing profitability of cash crops.

Constraints:

- The policy and legal framework has not kept pace with changes in the operational environment
- Cheap milk imports from (the world market through) Uganda threaten the market for domestic milk.

5.2 Perspectives from other dairy development actors

Important trends in dairy development projects:

- Growing focus on profitability, commercialization, and reduction of seasonality
- Most donors continue to promote a smallholder focus, excluding medium and large scale dairy farmers
- There is increasing focus on commercial fodder production
- Focus on market functioning including M4P
- Producer organizations are getting stronger in service delivery and marketing. They use Automatic Teller Machines (ATMs) and other short chain marketing methods to circumvent processors
- Milk quality issues are still hard to tackle due to inertia of government and consumer organizations
- Poor information and learning exchange between projects.

Emerging issues in the dairy sector can be articulated as follows:

- The predominantly smallholder nature of the sector constrains sector investment, and hence growth; this structure cannot sustain a growth oriented industry
- Weak research and extension linkages with the private dairy value chains, and the inadequate farmer training and public sector support undermines growth in the sector
- The expanding population and income levels, as well as the growth and existence of export markets, provide opportunities for the growth of the dairy industry; productivity improvement measures are necessary to unlock this potential
- The policy regulatory and institutional framework for the sector is not aligned to the needs of a development oriented sector; its reform is urgent
- Private sector associations are weak and self-centred; a vibrant sector should be anchored on strong private sector participation and institutions including platforms covering all players in the value chain
- Many donors and development agencies are active in Kenya; support to the dairy sector by these development partners is not coordinated; this leads to duplication and a waste of development resources; the need for a coordinated sector support strategy is indicated.

Suggestions made by other development actors:

- Use training and extension (T&E) to strengthen the relationship between coops/unions and farmers
- Fodder – identify appropriate seed varieties, compile crop budget, and test for soil pH
- Promote preventive animal health care
- Increase knowledge on dairy as a business for a profitability focus
- Work with strong farmer organizations on business skills, prudent management, advocacy and lobbying to strengthen farmers' voice
- Processors should work together to address issues with payments by supermarkets
- Create awareness on good quality dairy products by facilitating fact-based consumer campaigns
- Focus on and create opportunities for youth along the dairy value chain
- Broker investments to neutralize oligopsony and oligopoly
- Intensify coordination and sharing between sector, local government and projects, especially at county level (functional dairy stakeholder platforms)
- Facilitate a grant scheme for higher Dairy Management learning at Netherlands agricultural institutes that is co-funded by NABC and County governments
- Build capacity and competency of LCBs and their work should be linked to inputs' supply and related services
- Sensitize and facilitate EDFA members to achieve consistent production of high quality milk with a view to vertically integrate to production of a "pure dairy product" brand sold at premium price; this will be a game changer for the industry quality quagmire.

5.3 From aid to trade

Since her appointment as Minister of Foreign Trade and Development, Lilianne Ploumen has signalled a major shift in Dutch development policy – with focus on transition from aid to trade as the engine of sustainable, inclusive growth. The combination trade and development cooperation forms the core of Dutch development cooperation policy. At international level, the Netherlands pursues three aims:

- To eradicate extreme poverty (“getting to zero”) in a single generation
- To achieve sustainable, inclusive growth all over the world, i.e. economic growth from which the poor also benefit
- To ensure success for Dutch companies abroad

More information on these aims are presented in the policy document “A world to Gain; a New Agenda for Aid, Trade and Investment”.

KMDP is one of the first SNV development projects that are putting the aid to trade agenda into an actual program, i.e. adding value to the sustainable growth of the Kenyan dairy sector by combining aid and trade.

It is obvious that transforming an aid-oriented donor country, c.q. a dairy development sector, into an commercially-oriented dairy sector, does not occur overnight. It will take a considerable time or even a single generation. It should be realised that Dairy Development is not a sprint but a marathon which is “driven” by people and supported by systems and not the other way around.

However, the Kenyan dairy sector offers promising signs of commercial orientation, as compared to other countries that the review team has experience in. Two decades of liberalization and of significant private investments have brought the sector where it is now: At the verge of a major transition. This is evidenced by significant levels of initiative, investments, and innovation by both farms and companies. The growing awareness on quality issues contributes to this drive. These development offer new opportunities for investments in business, technology, and know-how.

Furthermore, it should also be realised that development of the dairy sector should be demand driven, i.e. based on realistic market opportunities (demand) and on what the Dutch private sector has to offer in terms of knowledge and technology (supply). Although the Dutch dairy sector is one of world’s leading countries in dairy technology, this does not mean that the Dutch technology is always appropriate for the needs of the developing countries. In many occasions’ Dutch knowledge and technology is too advanced and/or having an operational capacity that exceeds the need of the Kenyan dairy sector. The latter needs also a change of attitude, services and products at the supplier’s side.

Taken the above into account, it can be concluded that KMDP made huge efforts to introduce and implement the aid to trade agenda in practice. However, it should also

be realised that KMDP approach and impact is only a first step towards a sustainable development of the Kenyan dairy sector. This impact should be strengthened by a next phase in order to be **the interface** between development cooperation, trade and investment.

5.4 What this means for KMDP

While the broader Kenya dairy industry opportunities are presented above, specific dairy development opportunities for KMDP include the following:

- **Consolidating and expanding milk quality interventions:** There is need to continue the QBMPS initiated at Happy Cow Dairy through the KMDP Innovation Fund. Another opportunity is to demonstrate dairy value chain quality maintenance stewardship, e.g. through a group of farmers facilitated by EDFA, starting small and introducing farm level Good Dairy Farming Practices, efficient transportation of the farm-chilled milk to a processor, producing dairy products branded “EDFA Pure Dairy Products”, and dairy products carrying an EDFA seal of quality. EDFA farmers can advertise their good quality products and publicize observed critical quality control points in the production and processing of EDFA products. This approach will enable KMDP to highlight alternative good quality milk sources that comply with public health requirements. It will also indirectly increase awareness on the national milk quality and related public health concerns.
- **Increasing farm level economies of scale:** Through KMDP facilitation, medium and large-scale commercial farms can become hubs of inputs and services for surrounding smallholder dairy farms. This model offers an opportunity for commercial farms to supply good quality fodder, and veterinary and breeding services to smallholder farmers. The commercial farms can also collect and chill milk for onward delivery to milk buyers and processors.
- **Increasing mechanization, service and maintenance support services:** There is need to reduce drudgery through introducing appropriate machinery for smallholder land tilling, fodder harvesting and chopping for, and compaction in, silage making. Equipment such as walking tractors and road compaction rollers can be introduced through bank loan and leasing schemes or RAFIKI finance schemes. Commercial fodder production equipment can also be financed or leased to commercial farmers. However, increased use of equipment requires capacity building in mechanical support services and spare parts supply. KMDP could assist in building such capacity partly through creating awareness on such needs and facilitating acquisition of requisite skills for these critical companion services. Furthermore, the concept of contractors, having high capacity equipment, providing services to farmers might also be a solution towards increased mechanisation at farmers’ level.

- **Development of MSF organizations and services:** Strengthen leadership and governance of MSF fora. MSF and CFP are willing to co-finance continued farmer education that includes mentorship from the Dutch Senior Manager Program (PUM) or experienced Dutch farmers, interns, scale up of PDTCs, exposure trips to Netherlands and local benchmarking. EDFA to work on its governance by establishment of a secretariat to champion its mandate. In this regard, KMDP should sensitize the EDFA members on current costs of the study tours they have facilitated.
- **Develop a functional T&E system for dairy production:**
 - Cascading - LSF-MSF-LF-SH (each peer study group member leads own group)
 - Facilitate knowledge sharing along lines of PUM – DAS - Extension worker – Farmers, but also use exchange visits and fairs
 - Include DAS, PDTCs, FGs, and DFCS T&E units
 - Establish strong links with input suppliers and service providers
 - Select extension workers based on extension experience, rather than education level.
- **Strengthen the trade and B2B agenda:** KMDP and its existing network within Kenya with farmers, farmer's organisations/cooperatives, national/regional governments and the private sector, should be valorised by connecting this network with existing Netherlands dairy sector networks (knowledge, training, supplies and services) in order to be a specialised interface between trade, investment and development cooperation. Although trade organisations such as NABC are active in Kenya, they are lacking the specific networks, knowledge and experience to convince Dutch parties on the Kenyan market potential as well as to adjust their knowledge and technology to the local needs.

6. Outline KMDP Phase II

As concluded, KMDP phase I obtained good results, whereas still many issues have to be completed and/or to be transferred to sole private led market activity. To complete and to reinforce these activities a second phase of KMDP is recommended.

Based on the findings of the SR, the SR-team prepared the following basic outline for KMDP Phase II. Basic considerations for phase II are:

*Dairy development is a marathon and not a sprint
for a marathon you need a roadmap*

*Dairy development is related to both
business development and food security*

*Development is "driven" by people
and supported by systems, not the other way around*

6.1 Goal and Objectives phase II

In the table underneath a possible set of goal and objectives for KMDP Phase II is presented.

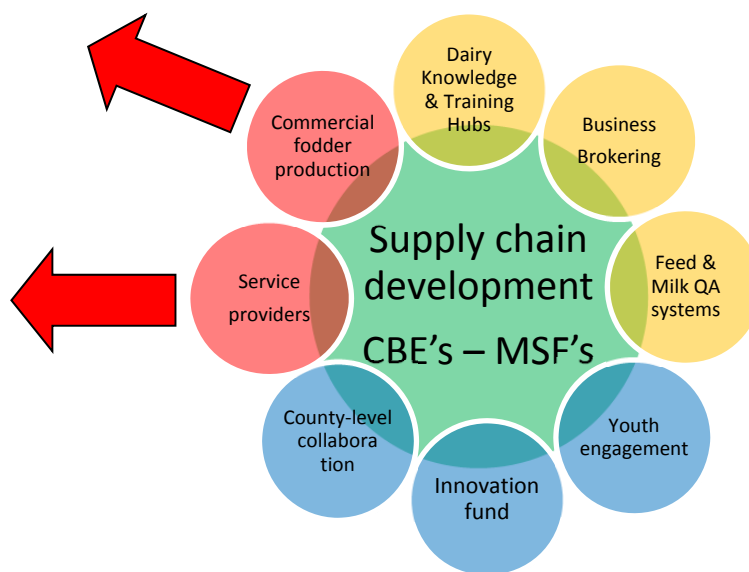
Goal: Business development for a viable commercial dairy sector					
Objectives:	Quality assurance feed & milk	Fodder production and pre- servation	Training & Extension	Business develop- ment	Cross- cutting: PR ME&L
Approaches <ul style="list-style-type: none"> <li style="width: 50%;">Quality assurance systems <li style="width: 50%;">Youth engagement <li style="width: 50%;">Knowledge brokering <li style="width: 50%;">Innovation funding <li style="width: 50%;">Business brokering <li style="width: 50%;">County-level collaboration <li style="width: 50%;">Commercial fodder scheme 					

Integrated approach

In Phase I many activities are undertaken in various regions and locations. On first sight it looks like the project is handling too many issues in too many locations, which is partly a right conclusion. However, dairy development needs an integrated approach and this justifies the choices made.

Focus of KMDP-II should be on dairy business and supply chain development with a strong focus on the following three approaches (yellow circles):

- Quality assurance systems for milk and feed/forage
- Knowledge brokering through dairy knowledge and training hubs
- Business brokering.



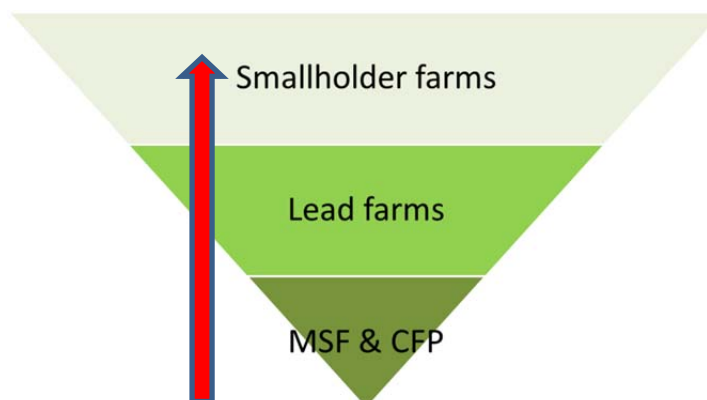
Effective engagement in these areas needs a range of approaches and support mechanisms (blue circles), notably on training and extension, international linkages, a youth capacity building and exchange program, an innovation fund, and evidence-based policy influencing.

In the next phase, several activities should be weaned off from KMDP support, as these activities **could be market-led**. This is relevant for the commercial fodder producers (CFP) and the dairy advisory service providers (DAS). These activities should be managed outside the direct project management control and should be market driven. KMDP-II could provide backstopping support for business development of CFPs and DAS providers.

It is suggested that KMDP-II should act as a "choir director" or coach, based on a well prepared roadmap for two specific dairy zones.

Inverted Pyramid approach

Within the supply chain Development, KMDP-II should focus on CBEs and MSFs, as these are operating their activities as businesses with a certain scale of economy that might lead to more investment. The latter is of interest for the Dutch agri-business sector. Underneath figure demonstrates the “Cascading down” effect of this approach.



Cascading down supply chain development

Support development of early adopters and entrepreneurs, rather than providing a social safety net.

6.2 Suggested activities

For the intervention areas and supportive mechanisms mentioned above, the following approaches and activities are suggested:

Intervention areas

A. Feed and milk quality assurance (QA)

A.1. Quality assurance of milk

- Implementation of QBMPS at Happy cow
- Development of a road map for national introduction of QBMPS in cooperation with relevant local stakeholders (KDB, KDPA, KDFF, MoALF)
- Introduction of milk quality ‘ring testing’ at leading milk processors.

A.2. Quality assurance of feed

- Introduction of GMP+
- Implementation of GMP+ at 5 feed mills.
- Development of a road map for national feed quality awareness in cooperation with relevant local stakeholders (KDPA, KDFF, MoALF, AKEFEMA).

B. Dairy Knowledge and Training Hubs

Practical Dairy Training Centres (PDTCs), ATVETs, Dairy Advisory Service companies, universities and other knowledge institutes together could form one or more Dairy Knowledge and Training Hubs to strengthen competencies on dairy production, in order to strengthen training and extension activities in the area. Potential activities:

- Upgrading farm management at existing PDTCs
- Accreditation of PDTCs
- Benchmarking of MSFs, lead farms, and PDTCs
- Coaching of trainers
- Promotion of PDTCs
- 100 and 1,000 litres/day farmers' clubs for lead farmers and MSFs
- Facilitation of technology demonstration in demonstration fields, with links to field days
- Development and promotion of optimum farm types/sizes
- Capacity development of DAS
- Strengthen market position of local trainers by engaging them part-time in market development for Dutch companies; they could provide training on specialised topics that are related to the products/services that the Dutch company is providing (nutrition, breeding, housing, mechanisation, herd administration etc.).

C. Business Brokering

- Strong belief in enforcement of the dairy value chain (loyalty/relationship between processors, farmers, input and service suppliers)
- International linkages for B2B brokering and attracting investments
- Representing Dutch Dairy Centre in NABC - Holland House
- Match making events (Kenya and The Netherlands)
- Organising Holland Dairy Technology road shows
- Participation in National and regional shows/exhibitions
- Organising study visits to The Netherlands and Kenya
- Market intelligence
- Valorisation KMDP network
- Stimulating field days and demos by Dutch companies
- Partnering with Dutch companies in South-Africa.

D. Commercial fodder scheme

Focus on:

- Attracting new investors in the fodder production/service provision
- Strengthening silage service providers
- Supporting new silage service providers
- Strengthening input suppliers: Seed, mechanization, repair and maintenance services, SPEN franchising model.

Gradual weaning off:

- Strengthening of commercial fodder producers – focus on initiating new fodder producers (investors), business planning support, client linkages with MSFs and CBEs.
- Main input to be provided by local Dairy Advisory Service providers on commercial arrangements; KMDP acting as coach.

Support mechanisms

E. Youth into dairy promotion - capacity building and exchange program

- Student exchange Netherlands-Kenya (both ways)
- Apprenticeship of Kenyan dairy experts, farm managers, service providers in the Netherlands and other African countries
- Young Expert Program – Agrofood (YEP)
- Peer to Peer programs (farming, processing, service/input sector)
- Stimulating new business in the dairy value chain by young people (SPEN).

F. Innovation Fund

- Limited financial support to market entries of new technologies and techniques
- Limited funding to first adopters of new technology and techniques
- Establishment Advisory committee for application assessment
- Linkages with other funding and seed money providers.

G. County-level collaboration

- Collaboration and coordination with private and public stakeholders at county-level would offer opportunities for evidence-based policy influencing; Indirectly support policy development by providing information/documentation /links to fuel discussions – work through industry associations
- Participation in country-level stakeholder platform
- Spatial planning to address trade-offs.

APPENDICES

Appendix 1 - TERMS OF REFERENCE FOR A STRATEGIC REVIEW MISSION

1. PREAMBLE

SNV Netherlands Development Organisation (SNV) is an international not-for-profit development organisation that provides capacity development services to nearly 2,500 organisations in 36 countries worldwide. SNV engages with stakeholders at different levels in local economies and agricultural value chains, with the objective to help enhance competitiveness, incomes and employment by inclusion of small and medium sized farmers and SMEs. In the East and Southern African region, SNV has offices and programs in Ethiopia, Kenya, South Sudan, Uganda, Tanzania, Rwanda, Zambia, Zimbabwe and Mozambique. In Kenya, SNV focuses on horticulture, dairy and extensive livestock, water and sanitation and renewable energy (biogas). In the dairy sector SNV Kenya is implementing the Kenya Market-led Dairy Programme (KMDP).

2. KENYA MARKET-LED DAIRY PROGRAMME (KMDP)

The Kenya Market-led Dairy Programme (KMDP) is a 4.5 year programme funded by the Embassy of the Kingdom of the Netherlands. The programme started 1st July 2012 and is implemented by SNV Netherlands Development Organisation in collaboration with stake-holders in the dairy industry. The overall goal of KMDP is as stated in the project document" to contribute to the development of a vibrant and competitive dairy sector with beneficiaries across the value chain". KMDP acknowledges and appreciates that the dairy industry in Kenya is private sector driven and has two pillars or strategic intervention levels:

I. Smallholder Dairy Value Chain

The objective here is to increase efficiency, effectiveness and inclusiveness of the smallholder dominated dairy value chain, which is responsible for an estimated 80% of milk production in the country. KMDP works in a number of milk sheds with processors and – predominantly - dairy societies (also referred to as milk Collection and Bulking Enterprises or CBEs). Currently SNV/KMDP collaborates with two processors and eighteen dairy societies in Meru/Eastern, Central/Kinangop and North Rift. KMDP supports the design and implementation of more inclusive business models, with an emphasis on embedded Training and Extension and input supply services for CBE members/farmers. In addition to that SNV/KMDP provides BDS services to enhance management capacity and governance of CBEs at their level.

II. Sector issues

At this level KMDP promotes and supports interventions and innovations that address systemic issues that cut across the sector. These are related to e.g. feed and fodder, milk quality (e.g. piloting Quality Based Milk Payment systems), practical dairy skills development/training and – to some extent – dairy policies. This also involves supporting the transitioning of the sector from smallholder subsistence farming and dairy production, to commercial dairy entrepreneurship and "dairy as core business". In doing so KMDP also engages with medium and large scale dairy farmers and commercial fodder producers. The objective of this intervention is to fast-track innovations and adoption of best practices in total farm management, which is expected to also have spin-off to smallholder farmers and CBEs through promotion of business linkages, field days, demos and training.

3. KMDP THEORY OF CHANGE PAPER

KMDP's Theory of Change Paper (Annex 1) gives a detailed and in depth description of what informed KMDP's design, approach, strategic choices and interventions. This becomes clear from the table of contents which is printed below:

1. The Kenya Market-led Dairy Program (KMDP)
2. Theory of Change
3. Policy Framework

4. The Kenyan Dairy Sector
5. KMDP's Analysis and Approach to Dairy Development
6. KMDP's Intervention Areas
7. Results Framework 2015
8. Synergy between various KMDP Interventions
9. KMDP as an Incubator: Piloting Business Models and Good Practices

This ToR confines itself to referring the reader to the Theory of Change Paper for a good understanding of the programme, i.e. what informed its design and led to the current broad set of interventions across the sector, with a multitude of local and international stakeholders and operating in different milksheds. Reference is further made to "SNV Kenya Positioning Paper Dairy Sector – KMDP (revised February 2015)" which can be accessed (with a number of other publications provided for by KMDP) through the following link:

<http://www.snvworld.org/en/sectors/agriculture/our-work/agriculture/dairy>

4. KMDP's SCOPE OF ACTIVITIES

From the two documents referred to in section 3 above, it is clear that KMDP is working on many different issues and with various target groups and/or clients. Hence the programme can be seen as a collection of projects or interventions, although there is synergy between these interventions. It works directly in the dairy value chain with 18 dairy societies, and it works on sector or thematic issues with other stakeholders such as MSFs, CFPs, DTI, PDTCs, Happy Cow, KDB and local and international input suppliers/service providers. KMDP also facilitates business to business linkages between the Kenyan and the Dutch private sector for transfer of knowledge, technology and investments. And – for the same reason - KMDP promotes and facilitates PPPs between Dutch and Kenyan dairy stakeholders. Innovation is key to KMDP as are private sector/commercially driven business models.

The ToC Paper (Annex 1) refers to this wide scope of KMDP as being the result of the following factors:

- The policy of EKN Nairobi with a combined Aid and Trade Agenda.
- The policies of Gov. of Kenya and the outlook and structure of the Kenya dairy sector.
- The mission statement and existing dairy program/expertise in SNV Kenya at the start of KMDP proposal writing.
- The demand-driven and market-led nature of KMDP.

This multitude of activities on one hand gives the project opportunity to work across the dairy value chain/sector and learn, on the other hand it has the risk of spreading too thin thereby "scratching the surface" rather than making robust impact.

The objectives of KMDP from the donor's perspective – and the tension that may be part of this - are very well worded in the following statement by EKN:

"Our idea for KMDP is that it:

- a. Creates a sector development impact that leads to the availability of more affordable good quality milk in the market, increased farmer incomes and employment for women and men along the value chain.*
- b. Creates opportunities for sustainable trade, service delivery and investments by the Dutch private sector and providers of technology and expertise.*

In order to achieve these two goals, the programme has developed an intervention model reaching various farmers (small scale, medium-sized and large scale farmers) with inclusive business models. The programme potentially faces a tension in which larger scale farmers (investors) are more likely to pay for Dutch technology and expertise, but working with small and medium sized farmers is assumed to be more inclusive/has a greater development impact. KMDP deals with this tension by working with model farmers and PDTC and supporting farm exchange visits and on-farm training as a way of disseminating appropriate dairy practices."

(email 14-04-2015, Dr Melle Leenstra, First Secretary Food Security and Economic Development Embassy of the Kingdom of the Netherlands).

5. STRATEGIC REVIEW (SR)

SNV Kenya/KMDP's Management Team has suggested that now that the programme is 3.5 years old, with only 1 year to go after the expected date of the proposed Strategic Review Mission, it is opportune to have a "mid-term" review. The need or value of this Strategic Review – and the objectives – are shared and supported by the donor EKN.

The broad objectives of the SR are threefold:

- a. To carry out a *rapid review* of KMDP interventions, focussing on i. what works well, i.e. has high potential for development impact and the "sustainable" trade agenda in the short or medium term ; and ii) which interventions are less effective or relevant and warrant changes or non-continuation (NB: this is also directly related to EKN's objective for food security and food safety).
- b. To carry out a quick scan of future opportunities for support to dairy chain development in Kenya, taking into account opinions of key Netherlands Embassy and Ministry staff, Kenyan policy makers and sector representatives, and Dutch and Kenyan private sector.
- c. To write an attractive outline for a KMDP Phase 2 based on a) and b) (i.e. attractive for the donor, keeping in mind a strong aid2trade focus and possible phasing out of aid), covering focus areas for intervention, project design, (international) partnerships/collaboration, and required expertise in the KMDP Team.

These broad objectives can be further detailed as follows:

Ad a. Rapid Review of interventions

The SR should be forward looking and a learning event, not so much an impact evaluation. Questions like: what can be learned from the choices made in KMDP - i.e. intervention areas and delivery models - in terms of relevance for the Kenya dairy sector, capacity of the KMDP Team/Program to deliver, and uptake/response from the clients witnessed by behavioural change and willingness to make investments, are pertinent.

This addresses the overarching questions: "whether KMDP is doing the right things" and "whether KMDP is doing the things right". These questions – and the assessment of the SR Mission of the same, are crucial and relevant in view of the earlier observation under section 4 above: "This multitude of activities on one hand gives the project opportunity to work across the dairy value chain/sector and learn, on the other hand it has the risk of spreading too thin, thereby "scratching the surface" rather than making robust impact".

It will be important to give an opinion and advice as to whether the expertise in the Team or the Programme (this includes local and international consultants and partnerships) is compatible with the programme design, and thus whether KMDP has an efficient and effective delivery model.

Ad b. Quick scan of future opportunities

The Quick Scan should reveal whether, in view of both the current state and dynamics of the Kenyan dairy sector and the policies and expectations of the donor, KMDP makes the right choices with regard to intervention areas.

This same question on "relevance and (initial) success of KMDP intervention areas and delivery mechanisms", needs to be asked in regard to the two pronged objective of the donor as referred to above:

- KMDP creates a sector development impact that leads to the availability of more affordable good quality milk in the market, increased farmer incomes and employment for women and men along the value chain.
- KMDP creates opportunities for sustainable trade, service delivery and investments by the Dutch private sector and providers of technology and expertise.

The SR Mission Team is expected to make an assessment and form (and share) an opinion on whether these two objectives ("Aid and Trade") are compatible or reconcilable in one and the same program (also considering the limitation that KMDP has little influence on private sector investment behaviour and priorities), and where KMDP could be a more effective and creative facilitator.

Ad c. Outline for KMDP Phase 2

The second major deliverable of the SR Mission is an Outline for KMDP Phase 2. This should be based on the Rapid Review, the Quick Scan, the experts' knowledge of international dairy

development in general and the Kenyan (EA) dairy sector in particular, and their networks and knowledge of the Dutch private sector.

This outline will identify main/focus intervention areas and advise on the delivery mechanism of KMDP 2. It is not expected that the Mission Team will present a full project proposal and log-frame, rather the Team will present a skeleton with main activities/ interventions, a simple straightforward ToC, recommendations for the core Team (expertise required), an indicative budget, and a time frame.

This outline will be used by SNV to get a “go” decision from the donor for the development of a full project proposal for KMDP Phase II early 2016. It should be an attractive but realistic proposition for the donor (EKN), in view of its two pronged objective and expectation, related to (a) development impact and (b) sustainable trade. It should specifically take into account that the future of the Dutch Embassy programme will be reviewed in 2017. Kenya is considered as a “transition” country and currently the Embassy foresees that by 2021 the aid programme should be phased out. For 2017 a review is planned to feed into the formulation of a new MASP for 2018 and onwards. It is thus difficult for the Embassy to communicate what resources will be available for a (possible) KMDP Phase 2. Any decision to be taken is likely to be informed by the results generated by the programme (both development goals and trade goals) and this Strategic Review will thus be appropriate for arguing the case of any second phase.

It should furthermore build upon those KMDP interventions that the Mission views as relevant and successful for further deepening and sustainability. The Mission Team may of course also suggest dropping certain interventions and/or adding new ones. It is proposed in this ToR – based on lessons learned so far - that the outline will seek to advice on “more focus and depth” as regards to number and type of interventions and geographical reach.

Special attention should be given to creating/supporting sustainable (commercially and demand driven) delivery mechanisms or models for transfer of local and international knowledge, skills and technology. These should be geared towards dairy entrepreneurs in production and processing, input suppliers, and service and knowledge providers, who have shown to be eager and willing to mobilize and invest “own resources”, to innovate and to take the lead in their own businesses.

6. DELIVERABLE(S) FOR THE STRATEGIC REVIEW MISSION

The deliverable(s) for this SR Mission are:

- a short report that addresses and captures the first two objectives spelled out above and the outputs detailed in the subsequent sections (a) and (b), respectively Rapid Review and Quick Scan.
- An outline for KMDP phase II.

7. METHODOLOGY

In his work plan, the Mission Team’s Team Leader will describe the methodology to be used as regards to gathering and analysing all information and data necessary for the effective implementation of this assignment. At this point in time the ToR expects that this methodology will be a combination of a desk study of Kenya/EA dairy sector reports, KMDP reports, and relevant policy documents of the donor; field visits; interviews with KMDP clients and dairy sector stakeholders (local and international), meetings/interviews with the SNV/KMDP Team, and with the donor of KMDP (EKN) and possibly KMDP partnerships (FDOV, NUFFIC).

8. QUALIFICATIONS EXPERTS AND TEAM COMPOSITION

The SR Mission team will consists of three persons:

- (a) Team leader: an international dairy expert with extensive knowledge/experience in dairy sector and supply chain development, training and knowledge transfer – both in the Netherlands and in emerging markets. He/she has strong networks and experience in the private sector, combined with hands-on knowledge and expertise as regards to proposal development and management of public private partnerships and donor funding for dairy development programmes

- (b) An international expert with an academic background and international expertise in dairy sector analysis, research, publications and proposal writing, preferably in Kenya/ East Africa. This expert should also have good understanding of Dutch development and trade promotion policies (DGIS, EZ) and financial mechanisms and facilities, including a strong network with Dutch Embassies in Kenya/EA.
- (c) A local expert with high level management experience in the Kenyan dairy value chain (e.g. processor level), in dairy sector governance, or in dairy sector analysis and research.

9. TIMING AND DURATION

The total number of billable days including preparation, fieldwork and report writing for the 3 experts is maximum 52 days. This can be spread over the 3 Consultants as per their needs and requirements, for example 20/20/12 (Dutch Team Leader, Dutch Expert, Local Expert), and will be clear from the work plan.

The fieldwork in Kenya is expected to take 10 days and should start no later than 26th of October 2015. A draft report shall be submitted no later than 23rd of November 2015, with the final report and project outline to be submitted no later than 8th of December 2015.

10. CONTENT OF THE WORK PLAN

The team leader's proposal for the work plan should contain the following information:

- Proposed activities and methodology for implementation of the assignment (2 pages max)
- Timeline for this assignment, including dates for submitting a draft and a final report
Number of days and budget required by the consultants.

11. MORE INFORMATION ABOUT SNV KENYA

For more information about SNV Kenya please refer to our website: <http://www.snvworld.org>

Appendix 2 – Visiting Program for Strategic Review Mission

DAY	Activity	Team Members
26 October	Morning: 08.30 am Kick-off Meeting <ul style="list-style-type: none"> • Introductions • Presentation Mission Team • Validation Tor/Programme • KMDP Power Point Presentations 	Reuben, Judy, Mary, Anton, Wytze, Langat, David, Cosmas, Victor
	Afternoon: Key resource persons <ul style="list-style-type: none"> • 1.30 pm Livestock/DTI • 3.00 pm Kenya Dairy Board 	Langat
27 October	Travel to Meru: 06.30 am <ul style="list-style-type: none"> • Meru Central Union • Brief Mambo and Team • Itiri Farm • SPE Bidii/Fodder Farmer(s) • Mbwinjeru CBE 	Judy (Mambo and Team)
28 October	<ul style="list-style-type: none"> • Fodder/lead farmer, Kithirune • Meru MFF Group • Fodder demo/lead farmer • Naari CBE • Night in Nanyuki 	Judy (Mambo and Team) David to join the Team in Nanyuki for dinner
29 October	<ul style="list-style-type: none"> • CFP Nanyuki/Timau • 2-3 MSFs Perfometer • Brief SPEN Nyeri • Night in Nyeri 	David/Judy
30 October	<ul style="list-style-type: none"> • 9.30 Meeting Brookside • 11.00 pm Meeting EKN • 14.00 Meeting KDB • Night in Nairobi 	Anton
31 October	Travel to Nakuru: 08.00 am <ul style="list-style-type: none"> • Visit Morendat • Happy Cow Nakuru • Travel to Eldoret 	Makoni, de Jong, Langat
	Nairobi <ul style="list-style-type: none"> • Perfometer and SPEN • Ida Rademaker 	Van der Lee
1 November	Sunday: Rest & reporting Visit to Samoei Farm- EDFA member	
2 November	Eldoret <ul style="list-style-type: none"> • Presentations KMDP team (CBE's, EDFA, MSF farmers Maize/Grass Train, UA Farm recording) • Meeting Dr Langat (former CEO new KCC) • Visit to Lewa FDTC • Visit Boit EDFA farm 	Makoni, de Jong, Langat
	Nairobi <ul style="list-style-type: none"> • Mary Munene, Land O'Lakes • Meeting Policy & Development Options • Joyce Mutua, KAVES/Fintrac 	Van der Lee

3 November	<p>Eldoret</p> <ul style="list-style-type: none"> • Meeting with KDFF chairman • Meeting with EADD • Visit to CFP • 19.50 Flight to Nairobi <p>Nairobi</p> <ul style="list-style-type: none"> • Meeting Julie Kariuki, Technoserve • Meeting Samuel Ndonga. Chase Bank • EGU professor B.O. Bebe 	<p>Makoni, de Jong, Langat</p> <p>Van der Lee</p>
4 November	Nairobi – Analysis of data by team	
5 November	<ul style="list-style-type: none"> • Workshop KMDP with team: Debrief, recommendations and ideas Phase 2 	
6 November	<ul style="list-style-type: none"> • Preparation debrief EKN • 13.30 – 15.00 pm Debrief EKN • 16.00 – 17.00 pm Wind up SNV 	

Appendix 3 - Work Plan KMDP Strategic Review Mission

Approach & Methodology

The strategic review (SR) mission is NOT an inspection and/or evaluation mission but is aimed to review the activities undertaken by the KMDP in order to assess the (potential) impact of these activities on KMDP's overall goal i.e. "To contribute to the development of a vibrant and competitive dairy sector with beneficiaries across the value chain" within an overarching strategy in relation to the Dutch Government agenda towards development aid i.e. the so-called 'From Aid to Trade' approach.

In short, the SR will address the question "whether KMDP is doing the right things and whether KMDP is doing the things right".

To address this question, the SR will study available documentation and reports, and interview relevant stakeholders and beneficiaries in Kenya and The Netherlands.

Activities

1. Introductory meeting
2. Collect and study available reports
3. Prepare a program for SR field visit to Kenya (Based on information collected and experiences of SR members in Kenya)\
4. Conduct selected interviews with relevant persons/organisations in the Netherlands such as FrieslandCampina, RVO, Foreign Affairs Ministry of the Netherlands (before and after the field visit)
5. Conduct a field visit to Kenya to meet and discuss with all relevant stakeholders in the dairy sector as well as beneficiaries of the project
6. Prepare a de-briefing document which is discussed with EKN and KMDP before departure of the SR team from Kenya
7. Prepare a Draft Report and outline for KMDP Phase 2
8. Conference call with KMDP to discuss the draft reports
9. Prepare a Final Report and outline for KMDP Phase 2

Timing 2015

Week 39-43	Data collection and assessment
Week 41-43	Preparation of travel plan and meetings for SR field visit
Week 44-45	Field visit
Week 46-47	Prepare Draft Reports
Week 48	Conference call
Week 49	Prepare Final Reports

Expert input

Team leader	20 man days
<i>M.J. de Jong</i>	<i>Preparation 1 day / Field trip 14 days / Reporting 5 days</i>
Dutch expert	20 man days
<i>J. van der Lee</i>	<i>Preparation 1 day / Field trip 14 days / Reporting 5 days</i>
Local Expert	12 man days
<i>N. Makoni</i>	<i>Preparation and field trip 12 days</i>

Key questions

At context/trend level

- What are key issues and trends in the Kenyan dairy sector and to what extent does KMDP deal with those?
- Validate whether these indeed are milk quality, fodder, cooperative society capacity, training & extension, commercialization

- How is the profitability developing for dairy farming, dairy value addition, input supply?
- In what areas of the dairy sector do you see opportunities arising?
- What do you see as the role of KMDP (as a development project) in addressing these issues? What should KMDP focus on in the future? / How should KMDP's focus be adjusted?
- Where do you see opportunities for essential/productive collaboration with other parties in the sector?

At activity/output level

- What are the perceived results of the activity? How do these relate to the investments in the activity?
- How does the activity contribute to the objectives and goal of the project?
- When an activity is perceived as effective, how could it be scaled up/out?
- When an activity is perceived as less effective, should it be improved or stopped?

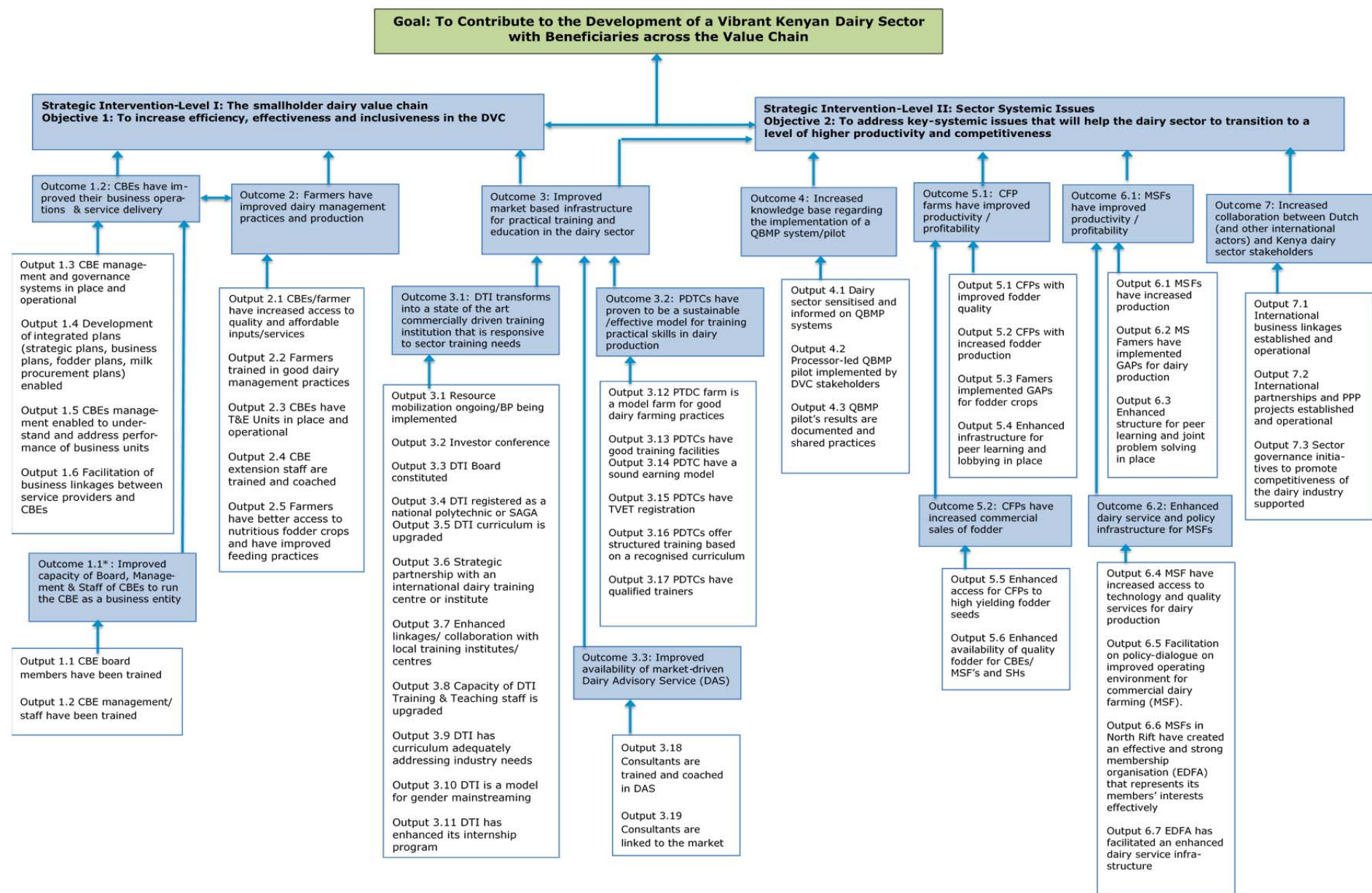
At outcome/impact level

- What do the first-year studies and M&E system of KMDP tell us about the baseline situation?
- Which outputs do contribute what to the objectives and goal of the project?
- What gaps are perceived that need to be addressed to achieve impact?

Other issues to consider

- Local Capacity Builders (LCBs) - assess demand for services and sustainability, also opportunities to diversify and bundle services to include input supply
- PDTC There is need to assess demand and opportunities to introduce companion courses such as AI and partnerships with companies that offer specialized training to increase value. Also currently there is 50% subsidy what are the strategies towards exiting subsidy?
- Assess impact of commercial fodder production as regards cost elements and quality assessments, related fodder management and use extension, opportunities for up-scaling and inclusiveness for smallholder market especially CBE fodder purchase opportunities.
- Knowledge Gap - Dairy Training Institute to assess current bottlenecks to privatization, possibilities for a new start largely industry driven approaches (KDPA) i.e. levy fund at processor not farmer level opportunities for decentralization and regionalizing the institute and collaboration with other developed country institutes.
- Milk quality – understand key drivers for sustainable programs including public health and consumer organizations. Processor driven incentive schemes

Appendix 4 - KMDP's Result Chain 2015



Appendix 5 - KMDP Innovation Fund Activities

No	Applicant	Project Objective	Type of Project/Sector	Netherlands or Kenyan Partner or Consultants	Grant In Euro	Current Status and Remarks
1	Endakano Ltd (Kitale)	Demonstrate good practice grass and maize production and ensilaging and farm machinery	Demonstration/Fodder	Jurjen de Groot (shareholder); Wielink Dronten (TA)	22,000 (matching funds 22,000)	Project completed. This project triggered the registration of EDFA, MoU with PUM, and the awareness of importance of fodder production and preservation.
2	Gogar Farm Ltd (Nakuru)	Packaging and sales of maize silage and TMRs in 50-80 kg briquettes, palletisation of roughage	Business case/Commercial Fodder Production	NA	40,000 (matching funds 40,000)	Project delayed by 10 months due to problems with the Chinese press. Pilot production has started.
3	Nundoroto Farm Company Ltd (Eldoret)	Agricultural Contracting Services for enhanced fodder production/preservation (maize/grass train)	Business case/Commercial Fodder Production	Evert van den Ham (shareholder Nundoroto Farm Company)	50,000 (matching funds EUR 100,000)	Start-up phase. Project proposal approved 28 October 2015. In contracting stage
4	KMDP/FrieslandCampina	Feasibility Study for a Commercial Fodder Production and Service Centre	Feasibility study/ Commercial Fodder Production	NA	EUR 15,000 (no matching funds)	Elements of this feasibility study are being implemented by Kenyan/Dutch parties
5	DTC Oenkerk/Leeuwarden	Development of a "Dairy Training Information System" with world-wide access via an Electronic Learning Environment	Business case/ Training and practical skills development	DTC (applicant)	EUR 50,000 SNV/KMDP EUR 50,000 Dutch Ministry of EZ (matching funds EUR 100,000)	Project proposal approved and contract signed September 2015.
6	Roodbont Publishers Ltd	Contextualized Cow Signals Publications for the Kenyan/EA Market	Business case/ Training and practical skills development	Olive Publishers, Nairobi	EUR 50,000 (matching funds 50,000)	Project proposal approved and contract signed September 2015. First publication expected January 2016

7	KMDP	Demo project for UA farm recording software (MSFs)	Demonstration/Farm recording and management	Uniform Agri	EUR 50,000 (no matching funds)	Demo with 10 farmers in North Rift and Central. Dealership Kenya Victor Koech
8	KMDP	Handbook MSF Modular Cow House Design	Information good practice farm house design for MSFs	Vetvice/The Friesian	EUR 35,000 (no matching funds)	
9	KMDP and 6 Kenyan dairy investors/Farms	Construction of Modular Cow House	Demonstration	Fieten (K) Ltd: consultant/supervision	EUR 50,000 (matching funds ca. EUR 60,000)	Demo cow houses in 6 different Counties in Kenya
10	KMDP	Handbook SH Integrated Modular Cow House Design	Information good practice farm house design for SHs	Fieten (K) Ltd: consultant/supervision	EUR 22,000 (no matching funds)	
11	KMDP	State of the art Business Plans for dairy production, (commercial) fodder production and milk processing)	Business plans/Investment	Dairy Training Institute Naivasha, University of Eldoret, Morendat	DTI EUR 30,000 UoE EUR 11,000 M'dat EUR 5,000	BP DTI was fast tracked by FrieslandCampina BP UoE co-financed by NUFFIC (KES 500,000) BP Morendat EUR 15,000 Morendat
12	Happy Cow Ltd.	Milk Quality Tracking and Tracing System and QBMP-pilot	Pilot project/Milk quality	Friesian (proposal) and DTC Oenkerk (backstopping)	EUR 15,000 Feasibility Study and Proposal Development EUR 311,000 main project (matching funds EUR 150,000)	

Appendix 6 Companies/organisations of the (Dutch) private sector active in the Kenyan dairy industry, initiated or facilitated by KMDP

Company / Organisation	Business activity	Product delivery in KMDP and linkages	Contact details	Active in KMDP since
NABC Den Haag	Dutch business development in Africa (trade missions)	Dutch Dairy Dev. Partnership Trade missions, exhibitions, study tours, training and linkages with various stakeholders Kenyan dairy industry	Prinses Margrietplantsoen 37 (WTC) 2595 AM Den Haag Tel +254 703043618 www.nabc.nl	2013
Uniform-Agri B.V. - Assen	Management software and program.	Piloting herd management software. Linkage: De Jong and Victor Koech, Eldoret (dealership Ken)	Oostersingel 23 - 9401 IZ T: +31(0) 592394959 www.uniform-agri.com ellen@uniform-agri.com	2015
Vetvice BV Bergharen	Training and consultancy	Cow barn design (Modular Cow House for MSFs and SHs) Linkage: Fieten (K) Ltd and Perfometer	Hoekgraaf 17a - 6617 AX www.cowsignals.com info@cowsignals.com	2014
Roodbont B.V. Zutphen	Agricultural publisher	Cow Signal advanced edition and CS basic edition for East-Africa. Linkage: Perfometer, Olive Publishers, EGU, Univ. of N'bi	P.O. Box 4103 7200 BC Zutphen +31(0) 575545688 www.roodbont.nl info@roodbont.nl	2015
CowSignals Bergharen	Training Company	Training sessions for trainers/consultants Linkage: Perfometer, EGU	Hoekgraaf 17a 6617 AX Bergharen www.cowsignals.com info@cowsignals.com	2014
The Friesian/ Bles Dairy Leeuwarden	Dairy Development Company/ Breeding/export of young stock	Feasibility studies QBMP, Proposal Happy Cow, Dairy and Fodder Business Plans. Senior dairy advisor in KMDP. Executing SMR Linkages to private sector (EDFA, Morendat) and other SNV EKN projects EA	Van Swietenstraat 2 8911 AL Leeuwarden +31(0) 582167266 www.thefriesian.nl info@thefriesian.nl	2014 2015
De Haan Agricultural Contracting Giekerk	Agricultural Contractor	Feasibility study commercial fodder production (for The Friesian)	Canterlandseweg 48 9061 CD Giekerk T: +31(0) 582561493 info@dehaanloonbedrijf.nl	2014
Happy Cow Ltd	Producer of cheeses and yoghurts	MQT7T QBMP Project Linkages: The Friesian, Min Econ Affairs, EKN, Delta Instruments	Happy Cow Ltd. P.O. Box 558, Nakuru-20100, KE Mobile Kenya: +254-(0)723-335900, (0)727-352101 Mobile Netherlands: +31-(0)6-22384238 g.oosterwijk@happycowkenya.com	2014
Johan Fieten Architect Nairobi, Kenya	Architect and certified cow barn designer	Cow barn design Linkages: Vetvice BV, Perfometer, Friesian	Mbagathi Ridge Karen PO Box 823 – 00502 Nairobi +254716346728 www.fieten.co.ke	2015
Dejirene Ltd Eric de Jongh Eldoret, Kenya	Agricultural contractor/ Commercial fodder producer	- Importation used agricultural and dairy equipment - Grass/maize silage trade and contracting services - Linkages: EDFA, Dutch suppliers of farm/dairy equipment	Eric de Jongh p/a SNV Eldoret Tel +254 702648576 Tel +352 691743960 dejong-eric@hotmail.com	2014
Nundoroto Farm Company Ltd, Eldoret (K)	Agricultural Contractor	Land preparation and maize and grass silaging Linkage: PUM, EDFA, Eldoret, Dutch suppliers farm equipment	Evert van den Ham Oosterheemplein 265 2721 NC Zoetermeer T: +31 621 588 544 PO Box 8162, 30100 Eldoret	2015
Royal Friesland	Dairy processor	Market orientation for dairy processor	Stationsplein 4 3818 LE Amersfoort	2014

Campina Amersfoort		Linkages: various stakeholders Kenyan dairy industry	www.frieslandcampina.com	
Firma Dekker Ommen (via Hamish Grant Gogar Farm)	Cattle breeder and exporter	Export of young stock Linkage: Hamish Grant Gogar Farms Ltd Rongai, Nakuru, Kenya Tel: + 254722327718 +254720441819	Het Laar 2 7730 AE Ommen +31 529 469 390	2014
CRV-Breeding Arnhem	Cattle breeding and farm data	Semen, embryo's, CRV Dairy Management Handbooks Linkage : EDFA Perfometer (CRV Handbooks)	Wassenaarweg 20 6843 NW Arnhem www.crv4all.nl +31(0) 880024440	2014
DTC - Dairy Training Centre Oenkerk	Training for dairy farming and milk processing	E - learning platform NMTP, Training and Exposure Tours Linkage: EGU, DTI, Perfometer	Sanjesreed 4, 9062 EK Oenkerk www.dairytrainingcentre.com +31(0) 880206420 info@dairytrainingcentre.com	2014
Q-Point Naaldwijk	Consultancy and training in food chains	Training of Trainer Program NABC/RVO Linkage: EDFA, PDTCS	Zuidweg 38 2671 MN Naaldwijk +31 174 282888 www.q-point-bv.nl	
DLF BV Kapelle	Plant breeding and grass seed company	Grass and maize variety's for Kenya Linkage Kenya Seeds and Royal Seeds: not yet achieved	DLF-Trifolium - Dijkwelsestraat 70 4421 AJ KAPELLE www.dlf.com	2014
Barenbrug Nijmegen/ Barenbrug South Africa	Plant breeding and grass seed company	Grass and maize variety's for Kenya Linkage: not yet achieved	Barenbrug BV P.O. Box 1338 6501 BH Nijmegen www.barenbrug.nl	2014
Delta Instruments BV Drachten	Advanced lab equipment for the analysis of milk (products)	Partner in H-Cow QBPS project. Linkage: Amiken Ltd, Nairobi (dealer EA) and Happy Cow	Kelvinlaan 3 9207 JB Drachten +31(0) 512582222 www.deltainstruments.com	2014
Van de Heuvel Dairy and Food Equipment Molenaarsgraaf	Dairy and Food Equipment	Supply of dairy equipment Linkages: various milk processors in Kenya	Graafdijk Oost 23 2973 XB Molenaarsgraaf +31 184 641 266 www.heuvelzuivelmachines.nl	
Paul Mueller Assen	Stainless steel tanks	Supply of dairy equipment (tanks) Linkages: various milk processors, supplier of chilling tanks in Kenya	Balkendwarsweg 3 9405 PT Assen +31 592 361 600 nl.paulmueller.com	
BLGG Agro-Xpertus/Soil Cares Wageningen	Lab for feed and soil analysis and R&D	Feed and Fodder Study KMDP Inception Phase Linkages: various stakeholders Kenya dairy sector and Heifer Netherlands (FDOV Project)	Binnenhaven 5 Postbus 170 6700 AD Wageningen Telefoon 088 - 876 1010 Fax 088 - 876 1011	
SoilCares Wageningen	Soil and feed analysis	Mobile lab for soil and feed analysis (PASIFIK FDOV Project) Linkages: 18 dairy societies in Kenya, EDFA, Perfometer	Binnenhaven 5 6709 PD Wageningen www.soilcaresresearch.com info@soilcaresresearch.com	2014
PUM Senior Dutch Experts Den Haag	Expert volunteers sharing knowledge and expertise	- 3 dairy/fodder experts MoU 2014-16 - 2 incoming trainings in the Netherlands for KMDP LCBs	Bezuidenhoutseweg 12 2594 AV Den Haag +31(0)703490555 www.pum.nl , info@pum.nl	2013
Hogeschool VHL CAH Vilentum HAS Den Bosch	Universities for Applied Sciences.	Interns for: Business planning for agric. contracting Record keeping Farm analysis Farm management	<ul style="list-style-type: none"> • Van Hall Larenstein P.O. Box 1528 8901 BV Leeuwarden www.vhluniversity.com • CAH Vilentum De Drieslag 4, 8251 JZ Dronten www.cahvilentum.eu • HAS University P.O. Box 90108 5200 MA 's Hertogenbosch www.hashogeschool.eu 	2015 2014 2015

Appendix 7 - Donors and implementing partners Kenya dairy development projects (previous and existing)

Donor	Implementer/Date	Project Name	Approach	Target Area
Bill and Melinda Gates Foundation	Heifer International (ABS TCM Ltd, Technoserve, ILRI, ICRAF) 2008 to 2018	East Africa Dairy Development Programs I and II	Hub model targeting Smallholder fragmentation	North and South Rift
DANIDA	Micro Enterprise Service Program Trust (MESPT) ABS TCM Ltd, Meru CBEs and Muki Dairy Coop and Coast	Business Services Market Development Program	Hub model -Business Development Service (BDS) for Pro Poor Economic Growth Opportunities	Eastern (Meru, Nanyuki), Kinangop/Muki Dairy Coop and Coast
Department for International Development (DFID)	Cardiff & Vale Technoserve & ABS TCM Ltd (4.2M Pounds)	Business Services Market Development Program	Hub model -Business Development Service (BDS) for Pro Poor Economic Growth Opportunities	Nyeri, Kinangop, Western Kenya
International Fund for Agricultural Development (IFAD)	Ministry of Livestock Development & Fisheries (MOLD) (USD19.8)	Smallholder Dairy Commercialization Program (SDCP)	Commercial Bulking Enterprise Model & Capacity Building	Bungoma, Tran Nzoia, Kakamega, Uasin Ngishu, Nandi, Nyamira Kisii, Bomet Nakuru
Embassy of the Kingdom of Netherlands	Netherlands Development Organization (SNV) Euro 4.5 million 2012 to 2016	Kenya Markets Development Program	AID to Trade <ul style="list-style-type: none"> • DVC Development with LCBs (systemic issues, fodder commercialization, education) • Business linkages (innovation funds, industry associations) 	North & Central Rift Valley (Eldoret, Nakuru, Naivasha & Kinangop), Central & Eastern (Meru/Nanyuki)

NUFFIC Netherlands	Dutch agricultural knowledge institutes and consulting firms	NICHE 127 NICHE 214	Labour market needs assessment, academic and educational development, education-labour market linkages	Egerton university DTI Naivasha Baraka college
EU, ACP	Egerton and partners in Kenya, Ghana, Nigeria	Dairy Chain project		
United States Agency for International Development (USAID)	FINTRAC Land O Lakes (USD40 M) 2013 to 2018	KAVES KDSCP	DVC Capacity Building using Consulting firms and local NGOs Business Development Approach (BDS)	Meru, Machakos, Kitui, Makueni, Nakuru, Eldoret, Kitale and Kericho
World Bank	Ministry of Livestock Development & Fisheries (MOLD) (USD 20M)	East Africa Agricultural Productivity Program (EAAPP)	Regional Centres of Excellence (RCoE), Technical Assistance, Germplasm availability 200-seater resource centre, 3 liquid nitrogen plants & sexed semen, milk coolers)	Rift valley, Central. Eastern & Coast (Dairy milk sheds)
	Land O'Lakes - 2016	CDP-3 Cooperative Development Program	Data collection on cooperatives; development of tools, resources and methodologies; dissemination through International Dairy Enterprise Alliance (IDEA); to support cooperatives in the region	Meru, Limuru, Kinangop
KMT John Deere Foundation	Technoserve	MAP - Market Assistance Programme MTU – Mobile Training Unit	improved feed, breed and veterinary services, supply chain management. extension support and linkages to markets and services - agricultural technology & practices	

Annex 8 - SR Assessment of KMDP activities

Score 1= low relevance, 5 = high relevance

Activity	Sector/ val.chain related	Systemic Issues related	Smallholder related	Progress ive farmer related	MSF/ LSF related	Processing related	Business dev. related	Policy related	Knowledge related	Skills related	AVERAGE	
Development fodder supply chain												3.7
Commercial Fodder Production (CDF)	5	5	4	4	5	3	4	1	5	3	3.9	
MSF ENSilaging	5	5	1	4	5	3	4	1	5	3	3.6	
SPEN smallholder silage	5	5	5	5	1	3	4	1	5	5	3.9	
Smallholder fodder trials & upscaling	5	5	5	5	1	3	2	1	5	5	3.7	
MSF contractor Nundoroto	5	5	3	4	5	3	4	1	3	3	3.6	
Innovation fund projects												3.7
ICT fodder testing/BLGG	5	5	3	4	5	1	5	5	5	3	4.1	
Fodder Centre feas.st.	5	5	2	4	4	3	5	5	5	1	3.9	
Endakano fodder production and MSF learning model	3	5	2	3	4	3	4	2	5	3	3.4	
Herd management software UA	2	4	1	3	5	3	5	2	5	5	3.5	
QBMPs pilot	5	5	5	5	5	5	4	4	5	5	4.8	
Packaging and Marketing Maize Briquettes	5	5	4	5	2	3	5	1	5	5	4.0	
Nundoroto Contracting Services	5	5	1	4	5	3	5	1	5	5	3.9	
DTC E-learning Platform	5	5	1	3	5	2	4	1	5	3	3.4	
Contextualized Cow Signals	3	5	5	5	5	2	2	1	5	5	3.8	
Handbook Modular Cow House Design	3	5	1	5	5	2	2	1	5	5	3.4	
Smallholder Cow House Design	3	5	5	4	1	2	2	1	5	5	3.3	
MSF Cow House Pilot	3	4	1	3	5	1	5	1	5	5	3.3	
Milk supply chain development												4.1
CBE Gov & Mgmt Training	5	5	5	5	1	4	4	3	5	5	4.2	
CBE Extension units	5	5	5	5	3	4	4	3	5	5	4.4	
Linkages CBE & suppliers/services	5	5	5	5	3	4	5	3	5	5	4.5	
MSF Training & Extension	5	5	2	3	5	4	4	1	5	5	3.9	
EDFA org dev	3	3	1	1	5	4	5	3	2	2	2.9	
PDTcs	5	5	3	5	5	3	5	5	5	5	4.6	
Study tours	5	5	1	5	5	5	5	1	5	4	4.1	
Dairy Advisory services	5	5	3	4	5	3	5	2	5	5	4.2	4.2
DTI strat. & business plans	5	5	2	4	5	5	1	4	5	5	4.1	4.1
Mobilisation Dutch private sector	3	5	1	3	5	5	5	3	5	3	3.8	3.8
Linkages with FDOV and Niche projects	4	4	3	4	4	4	3	4	4	4	3.8	3.8
Policy influencing	5	5	2	3	4	4	4	4	4	1	3.6	3.6
AVERAGE	4.5	4.8	2.8	4.0	4.2	3.2	4.1	2.2	4.8	4.2	3.8	3.8

Annex 8 - SR Assessment of KMDP activities (continued)

Activity	Right thing	Have things been done right?	Next things to be done
Development fodder supply chain	YES		
Commercial Fodder Production (CDF)	YES	Insufficient attention to sourcing seed/equipment/spares	Factsheets/strengthening fodder expertise/scaling up/engage private sector in repair/maintenance/financing & leasing
MSF ENSilaging	YES	Insufficient attention to sourcing seed/equipment/spares	Factsheets/strengthening fodder expertise/scaling up/engagement private sector in repair/maintenance/financing & leasing
SPEN smallholder silage	YES	Insufficient attention to mechanisation/market	Factsheets/mechanisation/Develop a franchise model/Quality assurance/weaning them off
Smallholder fodder trials & upscaling	YES	insufficient varieties & crop choice/expertise	Factsheets/phase out inappropriate crops/ strengthen fodder expertise
MSF contractor Nundoroto	YES	Insufficient attention to sourcing equipment/spares	Factsheets/strength fodder expertise/scaling up/engage private sector in repair/maintenance/ financing & leasing/business plans
Innovation fund projects	YES		
ICT fodder testing/BLGG	YES	Not visible	Implementation/marketing/benchmarking
Fodder Centre feas.st.	YES	PR not done	PR/disseminate
Endakano fodder production and MSF learning model	YES	PR not done	PR/disseminate
Herd management software UA	YES	New, no results yet	Implement and monitor
QBMPs pilot	YES	YES	Support/facilitate awareness at all levels/application of QBMPs/scaling-up
Packaging and Marketing Maize Briquettes	YES	Issue packaging material/market/price & quality	Market development/price versus quality
Nundoroto Contracting Services	YES	Issue equipment/market demand/planning with clients	Planning/capacity/spareparts/
DTC E-learning Platform	???	???	Reconsider
Contextualized Cow Signals	YES	Integrated housing/feeding/farm management/extension	Integrate with housing/feeding/farm management/extension
Handbook Modular Cow House Design	YES	PR not done	PR/disseminate
Smallholder Cow House Design	YES	PR not done	PR/disseminate
MSF Cow House Pilot	YES	Wrong interpretation by client/wrong example	Only support demo's that are inline with standards
Milk supply chain development	YES		
CBE Gov & Mgmt Training	YES	Supply driven	Demand driven
CBE Extension units	YES	Sustainability ??	To be embedded in coops/Linkages with input suppliers
Linkages CBE & suppliers/services	YES	Insufficient	To scale-up
MSF Training & Extension	YES	Insufficient	To improve quality and efficiency of advisors/mentorship/scale-up demand driven
EDFA org dev	???	Model is OK, but attitude issues	Demand secretariate as condition for more support
PDTCS	YES	Underpayment local trainers/harmonise messages/PR/Cost	Streamline messages Dutch experts/Farm performance up to standards/bio security/ accreditation/link with TVET/Payment trainers/scale-up
Study tours	YES	OK	Scale up/Demand driven/own contribution increase/participation criteria
Dairy Advisory services	YES	Lack of real knowledge/Free services/No products/SNV team	Capacity building/ Advice as business/Product development /Link with input suppliers/results based contracts
DTI strat. & business plans	YES	Lack of response by public sector	Respond for private sector initiative/development business model
Mobilisation Dutch private sector	YES	No, no effective network inside the NL agri business	Outsource in a trade-office setting
Linkages with FDOV and Niche projects	YES	Ineffective projectmanagement & coordination	Assign adequate staff resources to add on projects for coordination & management
Policy influencing	YES	Feed & Fodder/QBMPs addressing the issue of policy need	Follow-up by dedicated team

Appendix 9 SWOT analysis of the Kenyan dairy sector

The following table summarizes the SWOT analysis of the sector in which KMDP is operating. This SWOT analysis was largely derived from the White Gold Report (see list of references) and augmented by observations and stakeholder discussions during the mission.

Strengths	Weaknesses
<ul style="list-style-type: none"> - A relatively well-developed sector with established market infrastructure and wide range of dairy products - Supportive basic policy and institutional framework - Contributor to rural livelihoods - Employs 700,000 households - Allows women participation in the economy - Utilizing favourable climate for dairy farming in the highlands and central regions - Emerging commercial dairy advisory services and willingness of commercial farmers to pay for advice 	<ul style="list-style-type: none"> - Land fragmentation leading to more expensive zero-grazing system of dairy farming - Weak extension and veterinary services, particularly farmer training / low farmer education and experience - High cost of milk production - Weak animal health services resulting in prevalence of FMD, lumpy skin, & East Coast fever (ECF) - Weak farmer organizations: weak governance systems in the cooperative sector - Concentrated processor segment - Processor dictates price and farmers have no leverage on pricing – Brookside has dropped price from KES 34 to KES 24/litre of milk; hence, need for variety of milk buyers; NKCC price stable due to agreements with milk suppliers. - Current improvements in management might elicit milk glut in 5 years' time - Milk losses, poor hygiene and poor milk quality - toxins, antibiotics, high bacteria loads, & adulteration - Low investment in appropriate technology along the value chain - Feed scarcity and quality continue to negatively impact the industry (seasonality of supply and profitability) - Scattered distribution of medium and large scale farms challenge service delivery, leading to high transaction costs and costs of inputs - As result of increasing investments in the dairy sector, smallholder production costs will remain uncompetitive ("hanging in"), except for those that transition to commercial farming ("stepping up") or change to other livelihoods ("stepping out") - Automatic Milk Dispensers (AMD) for unpasteurized milk threaten market for pasteurized milk

Opportunities	Challenges
<ul style="list-style-type: none"> - Large domestic and regional markets with high demand for milk and pregnant heifers - Expanding middle class leading to sustainable demand for milk and dairy products and to expanding possibilities in value addition - Consolidation of processing and growing interest of multinational processors - Entry of young farmers inheriting from their parents and leasing fallow land that aim for fewer high yielding animals, are also willing to learn best dairy practices and mechanise - In areas like Eldoret and Nanyuki, large tracks of land available, resulting in farms ranging from 50 to 5,000 acres - County governments prioritizing investments in dairy - Strong shift from cereal, coffee and tea production to dairy due to decreasing profitability of cash crops - Knowledge linkages with Netherlands companies and institutions 	<ul style="list-style-type: none"> - Policy and legal framework has not kept pace with changes in the operational environment - Weak regulatory framework on milk marketing - Road infrastructure and electricity grid not up to par in all areas; high cost of power - Environmental degradation and climate change impacts - Investments by county governments and donors have danger of distorting market - Cheap milk imports from Uganda threaten market for domestic milk (UHT and powder) - Land sub-division is increasing; increased soil acidity from perennial cereal growing

Appendix 10 – Interview notes

Projects that SR mission interacted with:

KAVES - Kenya Agricultural Value Chains & Entrepreneurship (Fintrac, USAID) The Kenya Agricultural Value Chains Enterprises promotes value chain growth and diversification. It increases the productivity and incomes of smallholder farmers, and other actors along the value chain, who are working in the dairy, maize and other staple and horticulture sectors.

CDP (Land O'Lakes) CDP is collecting data to ensure sufficient depth and quality of information about the participating cooperatives and cooperative members. The data is being used to develop tools, resources and methodologies and is being disseminated through a network of organizations that have come together into the International Dairy Enterprise Alliance (IDEA); to support participating cooperatives in Kenya, Uganda, Rwanda and Ethiopia.

Technoserve

- **EADD-II (Heifer, Techoserven & partners, Bill and Melinda Gates Foundation)**
The goal of this project is to help families living on small 1-5 acre farms lift themselves out of poverty through more profitable production and marketing of milk. In Kenya the focus is on strengthening linkages with the private sector.
- **MAP - Market Assistance Programme (Technoserve, KMT)**; goal is to increase smallholder farmers' incomes through improved dairy productivity and formalisation of the supply chain. MAP is facilitating improved feed, breed and veterinary services and increased sales through effective supply chain management.
- **MTU – Mobile Training Unit (Technoserve, John Deere Foundation)** aims at accelerating adoption of better agricultural technologies and practices among dairy, horticultural and maize farmers through extension support and linkages to markets and services.

Egerton University

- **Dairy Train (Egerton, WUR & partners; NUFFIC)** Capacity development of Universities and training institutes
- **Dairy Chain (Egerton & partners, EU)** Capacity development of Universities in Kenya, Nigeria and Ghana

NABC

- **NL business hub** – NABC is starting an office in Nairobi that will serve as hub for interaction between Dutch and Kenyan business; it will be general in nature, although NABC has plans to dovetail with Dutch Dairy Africa Platform. Contact person Sjoerd Kuperus.

TRENDS

- Attention for profitability, commercialization, reduction of seasonality
- Focus on fodder production and – trade
- Market functioning including M4P (Making markets work for the poor)
- Growth of UHT and powder (imports from Uganda, could be from world market)
- Producer organizations getting stronger
- Quality hard to tackle due to inertia government and consumer organizations
- Poor exchange between projects
- ATMs and other short chains coming up as way to circumvent processors
- Consolidation of processing and growing interest multinationals – hoping for impact of Danone on quality assurance.

OPPORTUNITIES / RECOMMENDATIONS FOR FOCUS

- Use Training and Extension to strengthen relationship between coops/unions and farmers; possibly between processors and farmers
 - Fodder – seeds, crop budgeting
 - Preventive animal health care
 - Profitability focus – cutting costs
 - Work with strong farmer organizations on business, management, and organizing the farmers' voice
 - Processors to work together on backlog in payments by supermarkets
 - Create awareness on quality with good consumer campaign
 - Focus on youth opportunities
 - Broker investments to neutralize dominance of Brookside
 - Intensify coordination and sharing between sector, local government and projects, especially at county level (dairy platforms).
-

Interviews Netherlands - Public stakeholders

- **Ministry of Foreign Affairs – Aaltje de Roos**
- **Ministry of Economic Affairs – Ariane van Beuzekom**
- **RVO – Godelieve van der Beken (2G@there)**

General: When respondents knew rather little about the project, we focused on trends and policy issues.

- It is important to keep focus on the development impact of the project; this can be summarized under 'inclusive value chain development'; while not all smallholders have to be included, proper attention should go to i) offering business development opportunities to entrepreneurial smallholders; ii) mechanisms to connect entrepreneurial smallholders to learnings by MSFs;
 - KMDP could facilitate in the key need for Dutch companies: finding / establishing connections to local companies; at the same time it may need to sensitize Dutch companies in adjusting their offer to the local demand;
 - The number of suppliers of training / advice in dairy is rather limited; KMDP seems to be able to tap that supply; has to deal with issue of lack of united approach; Dutch knowledge institutes as well as Dutch companies may benefit from smarter "Holland branding", i.e. a more united approach; such collaboration may benefit from a more regional scope; issue is how parties can get together;
 - Aid to Trade: In the Kenyan context public investments in capacity development will continue to be needed for the foreseeable future; emphasis on the Aid / ODA side remains vital – don't move too much to the Trade side; don't forget the inclusive value chain development angle; maintain focus on development impact, and challenge companies re. genuine CSR approaches;
 - It is regrettable that KMDP and Agriterra do not seem to be able to work together, while their clients overlap; KMDP could really benefit from Agriterra's linkages to the Dutch cooperative community; expertise from that community may be more affordable than from commercial suppliers;
 - RVO: The Dutch Good Growth Fund may offer opportunities that KMDP may not be aware of; can refer companies to DGGF for its loans, guarantees for local banks, and TA funding to deal with risks or to increase development impacts; esp. for SME; The PSD-APPs can be used to address issues in enabling environment – on request of EKN.
 - KMDP may need to make a stronger case for opportunities that Kenya offers to NL companies;
 - Effectiveness of any project depends on the people involved – can KMDP retain its personnel?
-

Interviews Netherlands - Private stakeholders

Within the framework of the strategic review of the KMDP project, several Dutch companies were contacted to explore their experience with the KMDP project.

Royal FrieslandCampina (RFC) - Mr. J. Bles

- RFC has serious intentions to establish a “stronghold” in Eastern Africa and conducted several studies in various East African countries, including Kenya
- During the research in Kenya, RFC maintained good contact with management of KMDP, who provided maximal support to RFC in terms of contacts, information and guidance
- Although the Kenyan dairy sector is very interesting, RFC decided to postpone any activity in Eastern Africa due to the “negative” business development in Europe which was/is related to the reduced milk purchase from China, the Russian boycott of dairy products and the incremental milk production of RFC members (abolishment of the milk quota) which has to be turned into value added products
- Therefore RFC postponed their decision on investing in Eastern Africa.

Uniform Agri – Abdelkader Medjdoub (Export Manager)

- Uniform Agri sold several farm management software systems to farmers engaged with the KMDP
- These sales and the potential of the Kenyan market lead to the decision to have a representative in Kenya, responsible for marketing and selling more software systems
- So far the commercial spin-off is disappointing and Uniform Agri expected more support of KMDP in terms of contacts and leads. However, on the other hand, Uniform Agri also realised that commercial dairy farming is just starting and perhaps their expectations were too high.

Delta Instruments – Peter van der Velde (Sales Area Manager)

- Sold a milk analyser to Happy Cow with financial support from the KMDP (innovation fund)
- They look forward to the commercial introduction of the QBMPs, which might lead to more sales of their equipment to other milk processing plants
- Delta has a local dealer in Kenya

Q-Point – Victor Volkerts

- Exposure to PDTC activities of KMDP only
- It works well to divide responsibilities between SNV (technical aspects) and Q-Point (socio-economic aspects like didactic skills and business analysis)
- KMDP VOSD team is strong in inspiration, but may benefit from thinking more about the direction it wants to go; cooperation with cooperatives is an asset; market-led approach properly emphasized;
- How can PDTC curricula be kept up to date? How can PDTC platform become strong enough to be of use?

NABC – Lars Kramer

The Netherlands-African Business Council (NABC) is a membership based organisation supporting Dutch companies and knowledge institutes doing business in Africa. From 2012 onwards NABC has used a sector focus. It coordinated a consortium of Dutch companies, knowledge institutes and NGO's active in the Kenyan and Ugandan dairy market. This private sector group was called the Dutch Dairy Development Partners. In that capacity NABC has been in close contact with SNV about the KMDP activities.

In general NABC was very happy to have SNV as a member of the DDDP, as they could directly link Dutch companies to their business activities in the KMDP programme. Furthermore, through KMDP, SNV has supported some DDDP activities such as a trade mission to the Netherlands and ESADA exposition. KMDP perfectly fitted the approach for Dutch companies to grow the dairy production through both investments and capacity

building. The link between DDDP and KMDP however sometimes was somewhat superficial. DDDP was a Netherlands-based consortium with quarterly meetings where Dutch organisations discussed their dairy activities in Kenya and Uganda. As SNV couldn't attend these meetings from Kenya we often received information via email. It was not until the 2nd year that we were able to send market research and other reports to the DDDP members. Some of the DDDP members felt that these reports weren't very clear on what the business case for Dutch companies would be. Also, SNV was able for individual project purposes to directly contact Dutch companies (i.e. The Friesian, Uniform-Agri, Delta Instruments etc.). These were individually set-up projects without a central point of contact in the Netherlands. DDDP could have played that role, as an independent player, in closer contact with SNV, but this wasn't picked up by either SNV or NABC. Something for the future.

1. What do you see as strong points of KMDP with regard to NL-Kenyan business brokering and vocational training?
 - Its focus on medium- large scale farmers and farmer organisations
 - Identification of individual projects (housing, feeding etc.)
 - Local contact person/ good local network
2. What implementation issues do you see that KMDP could improve on?
 - Bureaucracy (feedback from companies), having to write lengthy applications and reports
 - Better focus on commercial interest from the Dutch side
3. What are particular interests of NL companies that KMDP could/should cater for in the future, and how?
 - Project identification. Next to setting up own projects perhaps, when at a particular dairy farm, creating a list of interesting commercial projects that Dutch companies can partake in
 - Enabling (private) environment, clear idea of what is needed to improve the dairy sector as a whole outside the dairy sector (roads, taxation, rules/regulations) and access to finance.
4. What important trends do you see in Kenya and/or the Netherlands that are worth keeping in mind when planning for the future?
 - More companies are creating new technologies and locally applicable innovations for the dairy sector. Incorporate them into various projects.
5. KMDP takes place in a time of policy transitioning from aid to trade. Should KMDP in the future focus more on public investments or on (enabling) private investments?
 - Both, as long as these investments are driven by market demand and to a certain extent profit making. Prevent for example the construction of new (more) processing capacity of these processors run under capacity.

