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**REPUBLIC OF KENYA**



**IFAD**

## **KENYA CEREALS ENHANCEMENT PROGRAMME (KCEP)**

**and**

## **KCEP - CLIMATE RESILIENT AGRICULTURAL LIVELIHOODS WINDOW (KCEP-CRAL)**

**Lead agency:**

**Ministry of Agriculture, Livestock and Fisheries**

## **MANUAL FOR VALUE CHAIN FINANCING**

Compiled by;  
Programme Coordination Unit  
P.O. Box 30028-00100 Nairobi  
Email: [kcep.programme15@gmail.com](mailto:kcep.programme15@gmail.com)

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## **List of Acronyms and Abbreviations**

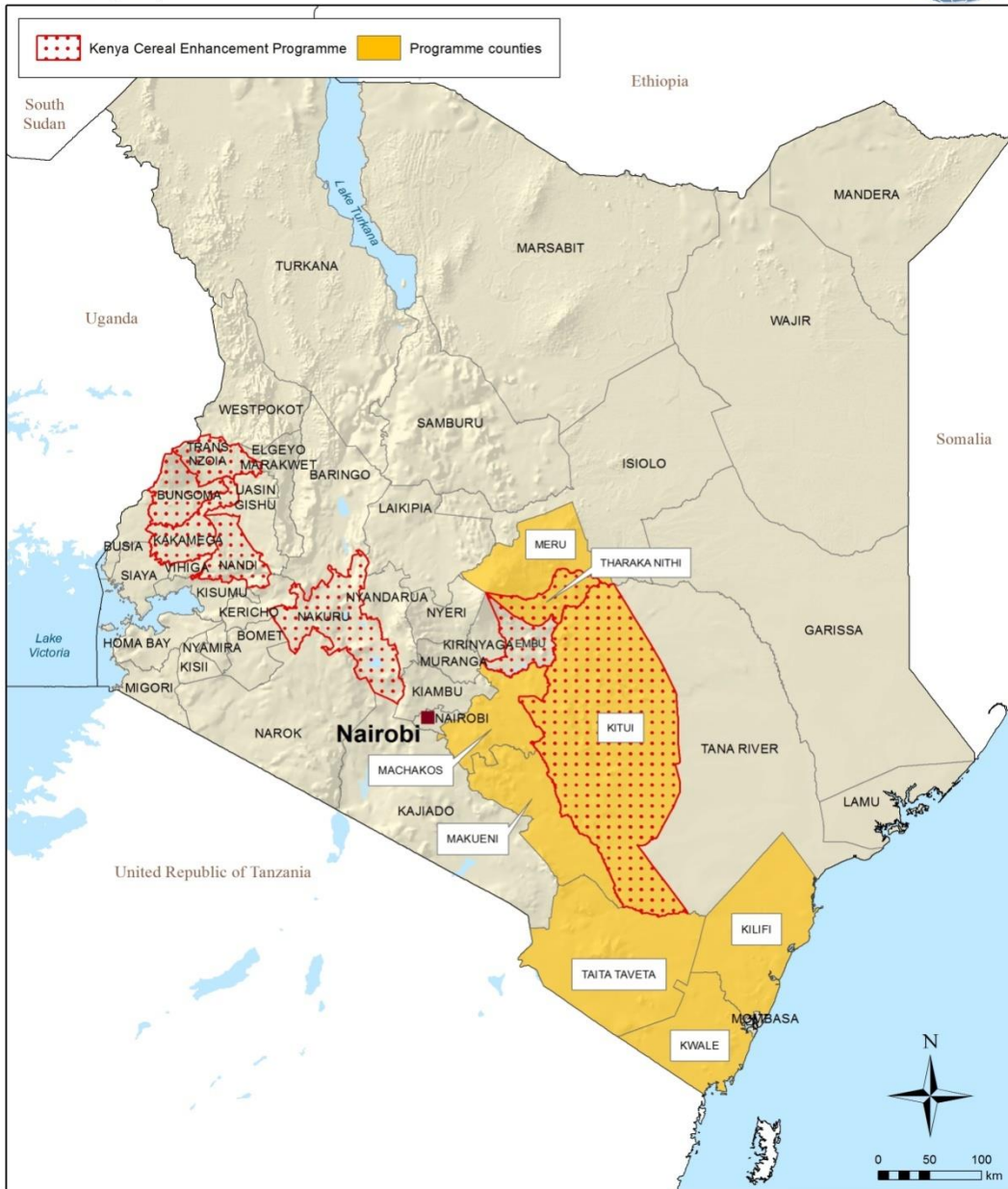
AGM	Annual General Meeting
ASAL	Arid and Semi-Arid Lands
ASAP	Adaptation for Smallholder Agriculture Programme
AWPB	Annual Work Plan and Budget
CA	Conservation Agriculture
CPCC	County Programme Coordinating Committee
EAGC	East African Grain Council
EBL	Equity Bank Limited
EGF	Equity Group Foundation
EU	European Union
FAM	Finance and Administration Manager
GOK	Government of Kenya
IFAD	International Fund for Agricultural Development
KCEP	Kenya Cereal Enhancement Programme
KCEP-CRAL	Kenya Cereal Enhancement Programme – Climate Resilient Agricultural Livihoods Window
LLC	Limited Liability Company
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
MT	Metric Ton
NA	Not available
NRM	Natural Resource Management
PCU	Programme Coordination Unit
PDR	Programme Design Report
PIM	Programme Implementation Manual
PSC	Programme Steering Committee
SCPCC	Sub County Programme Coordinating Committee
SMART	Specific Measurable Achievable Relevant Time bound
TSP	Technical Service Provider
USD	United States Dollar
VCDS	Value Chain Development Specialist

# Map of the Programme area

## Kenya

Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihoods Window (KCEP – CRAL)

Design report



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
Map compiled by IFAD | 05-01-2015

**NB:** KCEP counties: Bungoma, Trans Nzoia, Kakamega, Nandi, Nakuru, Embu, Tharaka Nithi and Kitui.

KCEP CRAL counties: Kwale, Kilifi, Taita Taveta, Embu, Tharaka Nithi, Kitui, Machakos and Makueni.

## **I. INTRODUCTION. PURPOSE AND USE OF THE MANUAL**

1. This Manual provides implementation guidance for the Grant scheme to be managed under Value chain financing sub component of the Kenya Cereal Enhancement Programme (KCEP) and Kenya Cereal Enhancement Programme – Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL), designed as an extension and adaptation of KCEP to ASAL areas. It describes in details the modalities of the Grants attribution, disbursement, monitoring and reporting. The Manual builds upon the Programme Design Reports (PDRs) and other relevant legal documents for KCEP and KCEP-CRAL Programmes, referred to below as the Programme, both KCEP and KCEP-CRAL being managed by a unique Programme Coordination Unit (PCU).
2. This manual covers only grants to support establishment or development of agro-processing facilities, either by farmers organizations supported by the Programme or Private for targeted farmers. These grants are attributed using a competitive call for proposals modalities.
3. The grants to support setup of farmer-owned storage facilities (promoted in the form of Limited Liability Companies (LLCs)), with the main objective to facilitate warehouse receipt financing mechanisms, which are covered and budgeted under component 2, are not object of this manual.
4. The Manual has been approved by the Programme Steering Committee (PSC) and IFAD. It is however a living document and might be revised from time to time based on implementation experience. Such revisions will be facilitated by the PCU, and endorsed by the PSC and IFAD. Any revision to the Manual should be in line with the provisions of the key legal documents for KCEP and KCEP-CRAL as may be formally amended from time to time.
5. The Manual is to be used by the PCU and concerned Programme partners and technical service providers (TSP), as specified in the Manual, as the official guidelines for the Grant scheme implementation.

## **II. PROGRAMME OVERALL OBJECTIVES, GEOGRAPHICAL AREAS, TARGET GROUPS AND COMPONENTS<sup>1</sup>**

6. KCEP started as a four-year programme funded under a strategic public-private-partnership between the Government of Kenya (GoK), the European Union (EU), International Fund for Agricultural Development (IFAD) and Equity Bank Kenya Limited (EBL). It became effective in April 2014, and its overall development objectives are to contribute to national food security and smallholder income generation by supporting farmers to increase the productivity and profitability of key cereal commodities - maize, sorghum, and millet, and associated pulses. KCEP support is focused on farmers in medium- and high-potential production areas of the country. The KCEP-CRAL is an expansion of KCEP to the ASALs areas, which became effective on 26<sup>th</sup> August 2015, and ending on 30<sup>th</sup> September 2022. KCEP-CRAL has the same development objectives and overall approach as KCEP, with however specific activities related

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<sup>1</sup> Further details on the Programme may be found in the PDRs for KCEP and KCEP-CRAL and PIM covering both Programmes.

to NRM and resilience to climate change in ASAL areas, funded through IFAD's Adaptation for Smallholder Agriculture Programme (ASAP).

7. This integrated Programme follows a value chain approach to support smallholder farmers' graduation to market-oriented/commercial farming, addressing key constraints in production, post-harvest management, processing, and marketing in target commodity. Programme support under KCEP-CRAL however takes into account the socio-economic and biophysical characteristics of the ASALs: higher level of food insecurity; lower and less reliable rainfall; higher vulnerability to climate change; more fragile ecosystems; and household risk mitigation strategies based on diversified production systems.

8. The overall development goal of the Programme is to contribute to national food security by increasing production of cereal staples (maize, sorghum, millet, and associated pulses), increasing income of smallholders in medium and high potential production areas, and reducing rural poverty and food insecurity of smallholders in the ASALs by developing their economic potential while improving their natural resources management capacity and resilience to climate change in an increasingly fragile ecosystem. Development objectives are:

- i. Supporting smallholder farmers in graduating from subsistence to commercially-oriented, climate-resilient<sup>2</sup> agricultural practices through improvements in productivity, post-production management practices and market linkages for targeted value chains; and
- ii. The empowerment of County Governments and communities to sustainably and consensually manage their natural resources and to build their resilience to climate change.

a) Development goal indicators are:

- 185,000 smallholder farmers directly benefit from the Programme support, of which 120,000 living in the ASALs.
- 150,000 smallholder farmers food secure with improved nutritional status, out of poverty of which 95,000 are located in the ASALs
- 95,000 smallholder farmers in the ASALs are coping with effects of climate change.
- National grain deficit reduced by 41,000T (10% of national deficit).

b) Development objectives indicators are:

- 150,000 smallholder farmers graduating to market-oriented commercial farming of which 95,000 in the ASALs adopting climate resilient agricultural practices:
  - Using improved inputs/agricultural practices autonomously
  - Engaged in commercial contracts
  - Engaged in financial services (investment loans)
  - Selling grains at price 30% higher than farm gate price
- 8 county governments implementing 100 ward level sustainable NRM and climate change resilience community plans.

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<sup>2</sup> Under KCEP-CRAL.

9. The Programme Area covers thirteen counties, five of which are in the maize production zones (Bungoma, Kakamega, Nakuru, Nandi and Trans Nzoia) and eight in the semi-arid areas growing maize, sorghum and millet (Embu, Kilifi, Kwale, Kitui, Machakos, Makueni, Taita Taveta and Tharaka-Nithi). KCEP and the CRAL Window both cover Embu, Kitui and Tharaka Nithi Counties but in different wards. Within these combined 13 counties, 44 sub-counties will implement the KCEP and CRAL Window, 10 sub counties under KCEP (Western Region); and 34 under KCEP-CRAL (inclusive of the 6 Sub counties already selected under KCEP in Eastern Region), and 28 sub counties to be selected under the CRAL Window.

10. The Programme is structured around three technical components and programme management:

11. Component 1: Cereal Productivity Enhancement with a Climate-resilient/climate-smart and NRM approach for KCEP-CRAL. The Programme will support subsistence farmers in increasing the quantity and quality of production of cereals and pulses. Under KCEP-CRAL, specific support will be provided to farmers to identify and undertake appropriate, productive and climate-resilient crop enterprises suited to the ASALs and improve as well as stabilise productivity through adoption of Good Agricultural Practices incorporating Conservation Agriculture and associated better water conservation practices. In this regard, there will be support to targeted counties and wards to plan adaptation strategies, adopt sustainable NRM practices, and build resilience to climate change.

Through an e-voucher platform giving smallholder farmers access to improved agricultural inputs and technical packages, the programme will support the farmers engaged in targeted value chains to enhance productivity in view of commercialization.

Activities will support the development of effective support services to farmers -including appropriate technical packages, advisory services and input supply and the strengthening of farmers' organisations.

12. Component 2 - Post-Harvest Management and Market Linkages aims at supporting farmers to capitalize productivity gains arising from investments made under Component 1, by promoting improved on-farm grain-handling and management, access to storage and warehouse receipt systems, increasing smallholders' access to markets, and building their capacities to sell their produce at more favorable terms and prices.

13. Component 3 – Financial Services and inclusion is designed to link farmers to financial services to boost yields and income generation for re-investment in agriculture, and build the capacity of value chain stakeholders, including the youth, to engage profitably in provision of agricultural services through improved access to financial services.

The component will in particular facilitate smallholders' access to: (i) agricultural inputs and services through an electronic voucher system; (ii) financial services to upgrade the farmers from subsistence to commercial farming; and (iii) investments in value adding facilities, either as owners or as users, so that they can increase their income through higher returns on production and processing. The Grant scheme object of this manual is the financing mechanism developed by the Programme to support these investments.

14. Programme management component aims at ensuring efficient and cost effective overall coordination and day to day management of the Programme.

### **III. RATIONALE AND OBJECTIVES FOR THE VALUE CHAIN FINANCING GRANT SCHEME**

15. The e-voucher scheme supported by the Programme aims at increasing productivity of the target crop models, and it is expected that e-voucher beneficiaries will experience high volumes of produce. In practice, smallholder farmers sell their grain to middlemen immediately after harvest when prices are usually low. This is necessitated by the need for farmers to meet their households' financial needs including payment of school fees, social functions and groups' savings mobilization among others.

16. It is estimated that the grain sector in Kenya experiences post harvest losses of 10 - 30% of the grains produced. The major losses occur at the farm level due to poor post harvest handling and management practices. These include drying and grading practices; inadequate access to efficient technologies for shelling/threshing; poor storage conditions including inadequate capacity, design and standards of the storage structures. The quality of grain is, thus, significantly affected at this stage of the production cycle despite farmers' best efforts to increase productivity.

17. It is noted that processing and storage facilities for cereals and pulses already exist in Kenya. However, the facilities in the Programme area do not have adequate capacity to absorb the expected incremental production resulting from the e-voucher and technical assistance packages which will be provided to beneficiary farmers under the Programme. To consolidate the productivity gains made, the Programme proposes to support improved on-farm grain handling and management including investments in storage and processing facilities within reach of farmers. Thus, the transportation costs for the produce to market outlets will be reduced resulting in increased incomes.

18. Support to storage and processing facilities will provide participating smallholder farmers with an alternative channel of marketing for their surplus produce through an organized mechanism. This will enable them to appropriately store their grain for some time to await increase in prices. The stored grain will further empower farmers to leverage it as collateral for purposes of accessing credit through warehouse receipt financing to meet farmers immediate household financial needs.

The Programme will provide funding and support under component 2 for the establishment and improved management of produce collection centres, and the development, certification and operation of warehouse storage facilities. The Programme will contribute to (i) strengthen farmer organizations around village-based collection centres through access to tools to meet cleanliness and moisture content standards. Priority will be given to sorghum collection centres as it is not planned to finance new storage facility for this crop<sup>3</sup>; and (ii) the setup of certified farmer-owned storage facilities (mainly for maize and millet faced with significant price

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<sup>3</sup> Given the lack of price fluctuation for sorghum, there is little need to develop warehouse receipting for this grain; and storage costs would be high for small producers.

fluctuation) and access warehouse receipt financing. Farmer-owned facilities will be promoted in the form of Limited Liability Companies (LLCs) with shares held by farmers (as farmers' group members or individually). Each supported storage facility is expected to serve at least 1,000 cereals and pulses farmers, with a minimum percentage of Programme supported farmers under component 1 (set at 40% for KCEP).

19. To ensure efficiency and full cost recovery, the Programme will support running of the facilities by warehouse managers accountable to LLC Board and remunerated through storage fees; pre-certification training for warehouse managers; and contribute towards operating losses for each storage facilities likely to occur in the first year of operation (and residually in the second) as initial stored volumes might be insufficient to fully cover operation costs. Capacity building in post-harvest management will build on the training of farmer organizations in agricultural practices under Component 1.

20. Considering the limited financial capacity of smallholder farmers, the need to reduce post harvest losses for produce and enhancing access to profitable market outlets, the programme will provide grants to support the construction, rehabilitation, equipping and certification of post-harvest management facilities which will be identified during the Scoping Studies.

21. In addition to support for storage facilities, the Programme supports investment in farmer-owned and private investor-owned processing facilities which will be financed through owner contribution, a programme grant, and debt financing. Grant financing, capacity building and the high volume of produce from e-voucher supported farmers will entice private investors to embark on storage and processing interventions in the programme areas for the benefit of reducing post harvest losses. The support will target in priority private investors who have on-going post harvest facilities but not operating in the programme area.

22. Processing facilities will cover shelling equipment for maize, threshing equipment for sorghum and millet, milling equipment (and construction, when private sector ownership is envisaged), as well as cleaning/polishing and packing for pulses. The grant will also support investment in CA land preparation/planting equipment for services to farmers in ASAL areas under KCEP-CRAL. Farmer-owned equipment will be installed in a small number of the farmer-owned storage facilities developed under Component 2 (LLC).

23. Storage and processing facilities are crucial in realization of the Programme's developmental objectives. However, the requirements for investment are high and beneficiaries are incapable of raising the amounts from their own resources. Farmers' groups supported by the Programme are not able to quickly mobilize resources from financial institutions due to various reasons, including lack of reliable records, inadequate management skills, inability to demonstrate business profitability, no previous business relationship with financial institutions and lack of collateral among others. It is noted that farmers' groups' contribution is an eligibility criteria for a group to access grant financing. This will contribute significantly in ensuring ownership of the supported facilities and controls of the operations of the facilities. Although private investors can access financial resources from commercial banks, they need incentives to start operations in the programme areas, hence, the grant financing accorded to them for post-harvest management facilities.

24. To ensure adoption of best practices in business and financial management leading to a sustainable implementation and development of both storage and processing facilities, the Programme will finance the capacity building of LLCs managers and Board members, private investors, micro- and small entrepreneurs as well as key leading farmers for all storing and processing investments implemented under the project.

#### **IV. GRANT BENEFICIARIES AND AREAS OF SUPPORT: CRITERIA OF ELIGIBILITY**

25. Two types of beneficiaries will be supported under the Programme for funding of processing facilities, under cost sharing arrangements between the Programme and the Grant beneficiaries :

a) Farmer-owned facilities in areas where farmers demonstrate sufficient operational and organizational capacities. These are farmer-owned Limited Liability Companies (LLCs) owning storage facilities supported by the Programme.

b) Private-owned facilities when they fill a gap in terms of access to processing facilities and access to land preparation/planting equipment services by the farmers supported by the Programme and enter into contractual arrangements with farmer groups.

26. Cost sharing for Farmer-owned facilities are justified by fact that the supported Farmer owned facilities (LLC) are set up with support from the Programme and are therefore new organizations, which results in (i) a lack of financial capacities to finance by themselves the full cost of the investment, and (ii) an incapacity to show a positive track record to get finance from financial institutions.

27. As stated above, cost sharing for Private investors should be justified by the fact that they fill a gap in access to services for farmers supported by the Programme, and that they commit to ensure access to these services under contractual terms. Private investors will however benefit from less favorable cost sharing conditions than Farmer owned facilities.

28. Quantitative objectives for both KCEP and KCEP-CRAL are stated in the tables below (data extracted from the PDR respective documents).

**Table 1. KCEP Processing Facilities to be funded under the Value chain financing Grant scheme (with their cost sharing modalities)**

Type of facility		Grantee contribution (only in cash)	Grant (in percentage of the total cost of the investment)	Total	
				No.	Estimated unit cost (USD)
Shelling (maize)/ Threshing (sorghum and millet) Shelling/threshing mobile equipment and a tractor, which can also be used for land preparation and transport	Farmers owned facility	10% own contribution Debt financing > 70%	< 20%	15 <sup>4</sup>	36 250
	Private investor	90% (Own contribution or debt financing)	10%	25	
Milling	Farmers owned facility <sup>5</sup>	10% own contribution Debt financing > 70%	< 20%	2	100 000
	Private investor	90% (Own contribution or debt financing)	10%	5	160 000 (including construction)
Upgrading of existing milling facility <sup>6</sup>	Private investor	90% (Own contribution or debt financing)	10%	20	31 250
Cleaning/polishing/ packaging (pulses)	Farmers owned	10% own contribution Debt financing > 70%	< 20%	2 <sup>7</sup>	75 000
	Private investor	90% (Own contribution or debt financing)	10%	10	
<b>Total</b>				<b>79</b>	

<sup>4</sup> In newly constructed farmer-owned warehouses.

<sup>5</sup> Co-financing of two new milling facilities as a demonstration, to be implemented in the same location as new programme-financed storage facilities.

<sup>6</sup> In particular to enable the investors to comply with the Food Industry Fortification Law, June 2013.

<sup>7</sup> 2 demonstration farmers' owned facilities located in new storage facilities.

**Table 2. KCEP CRAL processing facilities to be funded under the Value chain financing Grant scheme (with their cost sharing modalities)**

Type of facility		Grantee contribution (only in cash)	Grant (in percentage of the total cost of the investment)	Total	
				No.	Estimated unit cost (USD)
Threshing/shelling and CA land preparation/planting equipment for provision of services	Farmers owned facility	10%	90%	NA	NA
	Private investor <sup>8</sup>	> 70% (Own contribution or debt financing)	< 30%	NA	
Milling	Farmers owned facility <sup>9</sup>	> 30% own contribution Debt financing to complement	< 40%	125	NA
	Private investor	> 70% (Own contribution or debt financing)	< 30%		
Upgrading of existing milling facility	Private investor	> 70% (Own contribution or debt financing)	< 30%	125	NA
Cleaning/polishing/packaging	Farmers owned facility	> 30% own contribution Debt financing to complement	< 40%	NA	NA
	Private investor	> 70% (Own contribution or debt financing)	< 30%	NA	

29. The Scoping Study will assist in mapping out the existing storage and processing facilities, and to update the number of storage facilities to be constructed and/or rehabilitated in the Programme counties and cost implication of the investment. It will also assist to determine where support for establishment of development of processing facilities is needed, and, in consultation with the PCU Rural Civil Engineer, to determine technical specifications and unit costs for the different types of processing facilities.

30. Figures provided in the tables are therefore indicative and will be updated or further specified based on the results and outcomes of the Scoping study, including technical

<sup>8</sup> In areas where a certain level of market stimulation has occurred for emergence of Private Sector-driven services.

<sup>9</sup> Co-financing of two new milling facilities as a demonstration, to be implemented in the same location as new programme-financed storage facilities.

specifications for each type of facility to be funded. Actual figures and budgets will be specified in AWPBs.

31. The tables highlight difference in the cost sharing modalities. Programme grant for farmers owned facilities is higher for KCEP-CRAL than for KCEP, which is justified by the assumed higher financial capacities of farmers and farmer groups in KCEP areas. It is also true for private investors, the rationale here being that Programme subsidy is an incentive to attract private investors in poorer areas. These modalities may however be revised based on actual experience.

32. The applicants are expected to be able to negotiate by themselves with financial institutions to access loans required to complement the facility financing in addition to their own contribution and Programme Grant. However, for the Farmers' owned facilities, the Programme may assist them to identify the potential financial institutions. Programme partner financial institutions for the e-vouchers management will be one of these institutions, but principle is that selection of the financing institution should be competitive based on analysis of the conditions offered.

**33. Criteria of eligibility for each type of beneficiary are defined below:**

Eligibility criteria specified below are assessed at the time of the grant application. Only if all the eligibility requirements are complied with is the grant application eligible for further processing (see detailed process for the grant management below).

**Table 3. Eligibility requirements for Farmers’ owned facilities (LLC set up with support of the Programme)**

<b>Criteria</b>	<b>Eligibility Requirements</b>	<b>Modalities of verification</b>
Registration status	To have a valid certificate of registration as LLC and evidence of annual renewal of certificates (as and when necessary).	Certificates to be attached to the application
Business licences/ permits /certificates	Having a valid local council business permit and Appropriate certificates for dealing in foodstuffs – health, other regulatory agencies licenses/certificates.	Documents to be attached to the application
Date of creation	The LLC must have been created since at least 1 year (to be able to have a convincing track record)	Information available in the legal documents attached to the application
Nature of the Facility proposed for funding	Should be in line with Programme objectives and conditions	Grant application from
Office and business premises	Business premises adequate and in good condition for the storage/processing activities – space, standards requirements, etc; Evidence of “ownership” (title deed, lease agreement, MoU, letters of allotment) of the business premises (in particular in case of storage facility owned by the Government / County and managed by the LLC, MoU guaranteeing usage of the storage facility required).	Visit of the business premises  Documents to be attached to the application
Shareholding	Having a shareholders’ register showing age and gender.	Visit of the business
	Minimum 400 farmers’ shareholders, directly or through farmers’ group shareholding, engaged in cereal production supported by the Programme, and having benefited from Programme support either under component 1 or 2. The LLC may have non supported farmers as members, but only supported farmers are counted here.	Programme records and reports On site visit if needed

<b>Criteria</b>	<b>Eligibility Requirements</b>	<b>Modalities of verification</b>
	Gender inclusion targeting: % of women and youth members in compliance with Programmes rules (at least 50% women and youth (18 – 35 years)).	Programme records and reports
Governance and accountability	Compliance with the provisions of LLC by-laws and articles of incorporation, especially regular regarding elections of office bearers, holding of General assemblies, payment of dividends or share of profits to shareholders, ...	Programme records and reports On site visit if needed
	Evidence of appointment of managers and members of the Board of Directors, with the minimum qualifications required.	Programme records and reports On site visit if needed
	Holding of meetings as per by laws and articles of incorporation, with signed minutes	Programme records and reports On site visit if needed
	Existence of an updated strategic and business plan (valid for the 3 next years)	Programme records and reports On site visit if needed
Core business / activity / management	The business operations are within the provisions of the relevant laws and the company's articles of association.	Programme records and reports On site visit if needed
	Successful experience in managing warehouse receipt mechanisms for at least one season, as per evaluation of the Programme.	Programme records and reports On site visit if needed
	Existence of qualified staff, and quality of management above minimum expected standards, as per evaluation of the Programme. Prompt payment of personnel	Programme records and reports On site visit if needed
	Existence of accurate records of operations and updated financial records and statements, as per legal requirements and Programme requirements.	Programme records and reports Financial statements for the last 2 years. External Audit report if available. On site visit if needed
Adherence to Programme policies and procedures	Full compliance with commitments taken with the Programme, including: - Participation in trainings focusing on issues of business development, record keeping, post-harvest management, marketing, partnerships, value addition, ... - Operational and financial reporting, in compliance with deadlines.	Programme records and reports On site visit if needed

<b>Criteria</b>	<b>Eligibility Requirements</b>	<b>Modalities of verification</b>
	- Compliance with internal control mechanisms	
	Willingness and capacity to provide the required contributions.	As stated in the Grant application. Financial records and statements analysis during on site visit
	Willingness and capacity to report on business funded by the Grant as per Programme guidelines.	On site visit
	Having a bank account with statements for at least the previous six months.	Programme records and reports.

### 34. Eligibility requirements for Private investors

Eligible Private investors may be any type of “for profit” enterprise, with successful experience in management of processing facility of the nature object of the grant application.

The support will target in priority private investors who have on-going post harvest facilities but not operating in the programme area. However private investors who have processing facilities in the programme area and have a plan to increase their processing capacity may also benefit for the grant in case no private investor from outside the Programme area applies or is eligible.

**Table 4. Eligibility requirements for Private investors**

<b>Criteria</b>	<b>Eligibility Requirements</b>	<b>Modalities of verification</b>
Registration status	Business registered under the appropriate government agency with a certificate of registration/incorporation. Annual renewal of certificates (if necessary).	Certificates to be attached to the application
Business licences/ permits /certificates	Having a valid local council business permit and Appropriate certificates for dealing in foodstuffs – health, other regulatory agencies licenses/certificates.	Documents to be attached to the application
Years in operation	The business must have been in operation since at least 2 years (to be able to have a convincing track record). For operations related to processing object of the Grant application	On site visit
Nature of the	Should be in line with Programme objectives and conditions	Grant application from

<b>Criteria</b>	<b>Eligibility Requirements</b>	<b>Modalities of verification</b>
facility proposed for funding		
Office and business premises	<p>In case the applicant intends to develop new facilities in the programme area, it should demonstrate that office and business premises to be set up are consistent with minimum requirements in terms of space and other standards requirements.</p> <p>In case the grant is applied for to fund expansion of the processing facility, it should demonstrate that existing office and business premises are adequate and in good condition for the storage/processing activities – space, standards requirements, etc;</p> <p>Evidence of “ownership” (title deed, lease agreement, letters of allotment...) of the business premises.</p>	<p>As stated in Grant application + Meeting with owner / manager if needed</p> <p>On site visit</p> <p>Documents to be attached to the application</p>
Governance and management	Compliance with the provisions of enterprise by-laws and articles of incorporation.	On site visit
	Existence of an updated strategic and business plan. (valid for the next 3 years)	To be attached to the application
	Compliance with the provisions of relevant regulatory agencies.	On site visit
Core business / activity / management	The business operations are within the provisions of the relevant laws and the company’s articles of association.	On site visit and/or annual report
	<p>Successful experience in managing processing facility object of the grant application.</p> <p>Applicant has the technical capacity and the required premises to manage the facility sustainably in compliance with the required quality standards.</p>	On site visit and/or annual report
	<p>Existence of qualified staff, and quality of management above minimum expected standards</p> <p>Prompt payment of personnel</p>	On site visit

<b>Criteria</b>	<b>Eligibility Requirements</b>	<b>Modalities of verification</b>
Adherence to Programme policies and procedures	<p>Existence of accurate records of operations and updated financial records and statements, as per legal requirements.</p> <p>Commitment to serve Programme beneficiaries under contractual. Minimum figures to be set up by the Programme based in particular on scoping study, including % of women and youth.</p> <p>Commitment to abide by other programme guidelines including engaging in warehouse receipting mechanisms, capacity building, demonstrations, allow learning visits by programme supported beneficiaries, participate in regular monitoring and evaluation of performance and provision of relevant data for reporting.</p>	<p>Financial statements attached to the application. External audit report if available. On site visit and/or annual report.</p> <p>As stated in the application. Meeting with the owner / manager if needed</p>
	Willingness and capacity to provide the required contributions	Analysis of the financial records. On site visit if needed.
	Willingness and capacity to report on business funded by the Grant as per Programme guidelines.	On site visit and/or annual report
	Having a bank account with statements for at least the previous 18 months.	On site visits. Copy of the last statements attached to the application

## **V. PRINCIPLES GOVERNING THE GRANT MANAGEMENT**

35. The Grant scheme will be managed using a competitive call for proposal modality. Proposal will be opened for Farmers owned facility (LLC) set up and supported by the Programme and any private investor showing interest. The PCU in consultation with the Counties will set for each year targets at Sub County level (in terms of numbers for each type of processing facility), with specific targets for Farmers owned facilities and Private investors' facilities. These targets will be determined based on the results of the initial scoping study and updated every year. A maximum of 3 rounds of call for proposals will be managed per year, with schedule determined taking into account seasonal factors linked to agricultural production and marketing calendars.

36. Grant management will be performance based, meaning that each grantee will commit to achieve minimum performance indicators that will be included in the grant agreement, with the rationale that in case on non achievement of these minimum performance indicators, the grant agreement could be terminated, with the Programme entitled to repossess the funded items. This clause will also apply in case the grantee does not comply fully with agreement clauses, including in terms of technical and financial management of the facility and compliance with reporting requirements. Performance indicators will be related to outreach (number of farmers served), volume of the business and profitability of the business.

37. Project feasibility and viability is a prerequisite for a proposal to qualify for funding. The proposals are assessed for technical, financial, market/economic, organizational as well as environmental feasibility. Sustainability of projects identified is an important aspect that will be emphasized. The projects funded are expected to offer services to and have positive impact on small scale farmers and other Programme beneficiaries long after the Programme closes, in consistency with Programme rationale, where structures must be in place so that the businesses can operate beyond the grant and support from the Programme.

38. Eligible costs for funding by the Grant

- The grant finances only investment cost and not operating costs. Investment cost may include equipment cost, transportation and installation cost, training on the technical use of the equipment funded, and other services as required for the operationalization of the facility.
- Costs must be included in the approved proposal and budget and incurred during implementation of the proposal.
- Costs must be identifiable and verifiable, recorded in the accounting records of the grantee and determined according to the applicable accounting standards of Kenya;
- Costs must be reasonable, justifiable and comply with requirements of sound financial management.

39. The grant will only be used for eligible items while farmers' group/private investor will meet the balance of investments through their own resources mobilized internally or externally for other requirements for the facilities to be fully operational. This includes operating costs linked to the management of the facility and not included in the total Project costs, which should be mobilized by the Grantee, either from its own resources and / or from other sources like debt financing, in particular from Programme partner financial institutions, as stated in Tables 1 and 2

above. To ensure sense of ownership and adequate management and oversight of the facility, own contribution is mandatory for the Farmers' owned facilities, and should be contributed only in cash (either from LLC own resources or from specific contributions from the shareholders).

40. The following costs are ineligible, in addition to operating costs mentioned above:

- Provisions for losses or debts.
- Payment of any interest owed by the grantee.
- Cost of items already financed through other sources.
- Purchase of land.
- Payment of credit to third parties.

41. A grantee can benefit only from one Grant over the Programme implementation period.

42. An official from a farmers' owned facility cannot be an official in another Farmers' owned facility benefiting from a grant.

43. The eligible items for grant support and the maximum amounts may be adjusted based on experience, lessons learnt and fluctuations of the prevailing market prices. The proposal for adjustments will be made by the PCU for approval by the PSC "No objection" obtained from IFAD prior to adoption of the adjustment.

44. The scope of work and the amount of the grants will be determined by the bill of quantities; and/or realistic cost estimates backed by the design and drawing of buildings; and specifications of storage and processing equipment

45. Disbursement of the grant will only be made after the grantee has raised their part of the contribution inclusive of the necessary permits/certificates/licenses, and other necessary items for operations as well as fulfilling other eligibility criteria. The grant cannot be disbursed if the grantee has not mobilized their own contribution as per the Programme guidelines. The farmers' group/private investors need to provide evidence of having mobilized their contribution in cash through a bank statement. The grantee is allowed a maximum of one month after approval of the grant to mobilize their part of the contribution. Thereafter, if the grantee has not raised their contribution, the approval is revoked.

46. Disbursement of grant funds will be made in tranches depending on achievement of specified milestones / minimum performance indicators as per the grant contracts between the grantee and PCU. The grantee will receive an initial advance of one tranche and further tranches will be disbursed on request as implementation progresses. Requests for disbursement will be accompanied with reports of progress (physical and financial). This output based disbursement system aims at strengthening accountability and transparency.

For the Private investors, the following modalities will be applied:

- 33% of the grant amount at the procurement of goods or services stage;
- 67% of the amount after 2 years of operation. This disbursement is subject to the facility effectively meeting the performance indicator especially regarding outreach to Programme supported farmers.

These percentages are indicative and may be adjusted based on effective response of the Private investors. Similar rules will apply to the Farmers' owned LLC, but will be adapted to the financial capacity of the LLC.

47. Grant agreement will be signed for 2 years. An evaluation will be conducted at the end of the agreement. Based on the results of this evaluation, ownership of the equipment may be officially transferred to the grantee, or repossessed in case of negative evaluation.

48. Farmers' owned LLC empowerment will be achieved through skills promotion as well as involvement in the procurement of the required equipment and the recruitment of staff for the business. The process is thus expected to build their capacity to operate sustainably the business on their own and to inculcate entrepreneurship and business skills.

49. The grantees will be required to put in place management and reporting systems that ensure transparency for their shareholder and for the Programme.

50. All proposals must:

- a) Integrate environmental conservation and climate smart (green energy sources and rainwater harvesting management) activities;
- b) Show how it will contribute to improved incomes and food/nutrition security;
- c) Where relevant, show how the following cross-cutting issues have been integrated in the proposal, implementation and monitoring;
  - i. Gender equity: Men, women and youth participation in and benefit from the proposed facility;
  - ii. Good Governance: facilities are run in a transparent manner and that the management of the facilities are accountable and engage beneficiaries throughout the different stages of implementation;
  - iii. Participation and non-discrimination of vulnerable members.
- d) Show that the proposed facility was collectively identified by the potential beneficiaries/users and is a priority need for both farmers' and private investor owned facilities.
- e) Show how the beneficiaries/users will participate in monitoring of implementation;
- f) Show how the outputs will be sustained after completion of the funded proposal;
- g) Be in line with relevant sectoral development agenda and aligned to County Development Plans;
- h) Demonstrate that the proposed facility is not being currently supported by any other development programme or institution (including financial institution), unless it is complementary with the Programme Grant. However, stalled facilities as a result of lack of funding but meeting the eligibility criteria may qualify for support;

51. Capacity building support

Capacity building of grantees will be carried out to enhance adoption of the best practices in business and financial management as a sustainability mechanism of the supported processing facilities. The programme will support training and capacity building of LLCs managers and Board members and private investors in all storage and processing facilities implemented under the programme. The following modules will be covered:

1. Financial management (credit/debt management, elaboration of loan applications, etc);
2. Business management (elaboration of business plan);
3. Marketing and commercialization (use of marketing studies, marketing channels, market information);
4. Price determination;
5. Legal and tax environment;
6. Budgeting;
7. Reporting (financial and physical progress) and accounting (financial statements);
8. Operational and internal control procedures.
9. Role and responsibilities of governing bodies' members;
10. Internal controls and audit; and
11. Quality control and international/national standards.

Training and capacity building will be provided by Partners and Technical service providers (for instance Equity Group Foundation for KCEP). Initial training will be conducted during procurement period for goods and services. Other trainings will be identified during the scoping studies and in the course of implementation to address challenges/issues encountered by the Grantees.

## VI. IMPLEMENTATION MODALITIES

52. The Grant scheme will be managed and monitored by the Programme PCU, in collaboration with Counties and technical partners and service providers. Considering the relatively high numbers of Grants to manage and monitor, the high level of human resources to be involved in the scheme management, and specific expertise required in particular for the Proposal evaluation (as specified below), the relevance and feasibility of recruiting an oversight Technical Service Provider will be considered at midterm review planned by end of 2016.

53. The Grant oversight Technical Service Provider (TSP) would ensure quality of proposal appraisal, monitoring of the funded activities, technical advices to the groups during monitoring, and oversight on the Programme behalf to ensure that all parties involved in the process are complying with policies and procedures. The TSP should be an experienced service provider related to this mission, with a good knowledge of cereal value chains targeted by the Programme including specific knowledge on processing facilities set up and management.

54. Considering that the first round of calls for proposal is expected to be launched by February or March 2017, for a small number of grants considering state of advancement of the Programme, and assuming that procurement procedures for the recruitment of such a service provider may take a significant time, it has been proposed that the first round of call for proposals would be managed by the PCU through its regional units and in close collaboration with the County implementation framework, without support of an oversight TSP. The recruitment of the TSP would then been confirmed during mild term review based on evaluation of the management of the first round of call for proposals.

### **Roles and responsibilities of the actors involved in the grant management and monitoring**

The table below shows the role and responsibilities of various actors in the management and monitoring of the grant scheme.

Since it is likely that the Oversight TSP will be recruited, the table includes its roles and responsibilities. For the first round of call for proposals to be managed without this TSP, its roles and responsibilities will be assumed by the PCU and its regional units.

**Table 5. Roles of actors in the management and monitoring of the Grant scheme**

Actor	Roles/Responsibilities
<b>Programme Steering Committee (PSC)</b>	<ul style="list-style-type: none"> <li>- Review and approval of the Grants Manual and of its updates.</li> <li>- Validation of Grant scheme targets and budget for each AWPB.</li> <li>- Oversight of Grant scheme funds utilization/implementation during PSC meetings, based on consolidated reports by the PCU.</li> <li>- Recommendations for adjustments and improvement of the Scheme.</li> </ul> <p>Note: The PSC is not involved in approval of grant proposals since it would entail significant delays in the process. This responsibility is given to the</p>

	PCU, the PSC doing ex post control.
<b>Programme Coordination Unit (PCU)</b>	<ul style="list-style-type: none"> <li>- Overall management of grant funds – including timely disbursement of grant funds for payment of goods and services.</li> <li>- Design and revise if needed tools required for implementation of the Scheme and training of the parties involved.</li> <li>- Sensitization of County leadership, agricultural staff and the involved committees (County/Sub County Committees) about the grant scheme and investment opportunities in value chain financing sub component, in line with overall Programme objectives.</li> <li>- Preparation of the calls for proposals and advertising through County structure and at Regional / National level.</li> <li>- Support the technical evaluation committee at sub county level.</li> <li>- Development of design of civil/rehabilitation works, drawings, review of cost estimates as per bill of quantities and provide specifications of processing equipment (Rural Civil Engineer).</li> <li>- Conduct final evaluation and select eligible proposals qualifying for grant funding in line with targets and available financing.</li> <li>- Procurement of goods and services (including preparation of tender documents).</li> <li>- Notification to the CPCC and SCPC about the qualifying and disqualified applicants for the grant award.</li> <li>- Contract management (drafting of the contract, signature, monitoring of contract implementation).</li> <li>- Ensure that policy guidelines and procedures are complied with by all actors involved in the process, through distance and on site supervision.</li> <li>- Technical backstopping of SCPC, CPCC and qualifying applicants when justified.</li> <li>- Monitor utilization of grant funds, impacts realized and documentation of lessons learnt.</li> </ul> <p>Overall management of the Grant scheme will be the responsibility of the PCU Central Unit Financial Services Specialist, with involvement of the VCDS, FAM and M&amp;E officers, under overall supervision of the Senior Programme Coordinator and Programme Coordinator.</p> <p>Activities at Regional Unit level will be implemented under overall responsibility of the Agribusiness Officer.</p> <p>Monitoring of the scheme by Central unit will be carried out through distance / desktop review of the proposals and reports received from the Regional units, and during field supervision missions.</p>
<b>Grant Oversight Technical Service</b>	<ul style="list-style-type: none"> <li>- Ensure on behalf and under supervision of the PCU quality of proposal appraisal, monitoring of the funded activities, technical advices to the</li> </ul>

<b>Provider</b>	<p>groups during monitoring<sup>10</sup>, and oversight to ensure that all parties involved in the process are complying with policies and procedures.</p> <ul style="list-style-type: none"> <li>- Validate ranking of the proposals submitted by the CPCC to the PCU based on evaluation criteria.</li> <li>- NB) The TSP will work together with the County technical evaluation committee during appraisal to ensure that it is done appropriately and in compliance with the set guidelines.</li> </ul> <p>The TSP is not involved in support to the groups for proposal write ups, its role being to check quality of the proposals on behalf of the PCU.</p>
<b>County Programme Coordinating Committee (CPCC)</b>	<ul style="list-style-type: none"> <li>- Sensitization and information of target beneficiaries about investment opportunities under value chain financing Grant scheme.</li> <li>- Issue calls for proposals and ensure publicity of the calls at County level.</li> <li>- Receive the evaluated proposals from SCPC for verification of their consistency with Programme objectives and County Development Plan, analyse their overall feasibility and sustainability, and select a Technical Evaluation Committee comprising of relevant technical officers to evaluate the technical and managerial aspects of the proposals.</li> <li>- Submission of the proposals with ranking and recommendations for approval to the PCU using the technical committee’s evaluation report.</li> <li>- Inform the SCPC about the decisions made on the Proposals submitted by the Sub County.</li> <li>- Periodic monitoring and oversight of the financed projects; and</li> <li>- Report progress to the PCU, using a template provided by the PCU.</li> </ul>
<b>County Technical Evaluation Committee</b>	<ul style="list-style-type: none"> <li>- Evaluation of proposals together with the TSP and PCU through proposal review and on site evaluation.</li> <li>- Report on the evaluation exercise and make recommendations to the CPCC.</li> </ul> <p>The Committee will comprise relevant subject matter specialists, including from Agriculture, Trade and marketing, ... It will comprise of a maximum of 7 permanent members, with possibility to call additional experts if required by the nature of the proposal.</p> <p>Composition of the Committee will be approved by the PCU for each County.(maximum of 7 members selected by CPCC to be approved by the PCU)</p>
<b>Sub County Programme</b>	<ul style="list-style-type: none"> <li>- Sensitization and information of target beneficiaries about investment</li> </ul>

<sup>10</sup> Noting that County staff and other TSP will be in charge of training of the groups, in particular on technical aspects and entrepreneurship skills.

<p><b>Committee – SCPC</b></p>	<p>opportunities under value chain financing Grant scheme.</p> <ul style="list-style-type: none"> <li>- Issue calls for proposals and ensure publicity of the calls at Sub County level.</li> <li>- Receive proposals from the applicants and pre-screen them to ensure that they are in line with the Scheme objectives and eligibility criteria.</li> <li>- Submit pre-screened proposals to the CPCC.</li> <li>- Assist potential investor(s) to write grant financing proposals, with support if required of PCU and TSPs.</li> <li>- Participate in the CPCC appraisal committee for the applicants of the Sub County.</li> <li>- Participate in the monitoring of the grant use and impact.</li> <li>- Train beneficiary investors on various issues including management skills, record keeping, financial and technical reporting, with support of TSPs when required.</li> <li>- Compiling progress reports of performance of the Grant Scheme at Sub County level for submission to the CPCC.</li> </ul>
<p><b>Technical Services Providers</b></p>	<p><b>1) Eastern Africa Grain Council: TSP for Component 2</b>  EAGC will mainly be involved in training of the Farmers’ own LLC managing storage facilities and warehouse receipting mechanisms, who may be grantee under the Scheme for Processing facilities, through:</p> <ul style="list-style-type: none"> <li>- Capacity building of the management of warehouses/storage facilities for certification;</li> <li>- Demonstration of appropriate drying and processing technologies;</li> <li>- Capacity building of farmer groups and personnel managing collection centres and storage facilities to meet certification standards;</li> <li>- Carry out sensitization/awareness campaigns on post-harvest management issues;</li> <li>- Capacity building on market linkages and value addition for farmer organizations.</li> </ul> <p><b>2) Equity Bank and Equity Group Foundation for KCEP and other Partners yet to be identified for KCEP-CRAL</b></p> <ul style="list-style-type: none"> <li>- Set up warehouse receipt finance mechanisms and participate in awareness creation about warehouse receipt financing opportunities to potential beneficiaries;</li> <li>- Capacity building on warehouse receipt finance including criteria for participating (especially bank requirements), application, approval, disbursement and repayment processes;</li> <li>- Disbursement of warehouse receipt finance;</li> <li>- Monitoring and evaluation of warehouse receipt financing performance including report writing and documentation of lessons learnt.</li> </ul>

	<ul style="list-style-type: none"> <li>- EGF will be involved in capacity building of Farmers owned LLC and Private Investors on entrepreneurship and financial management skills, which will contribute to proper management and sustainability of the facilities financed by the Grant.</li> </ul> <p style="text-align: center;"><b>3) TSPs may be recruited to assist applicants to write up proposals if there is a gap in capacity at County level and Regional PCU level.</b></p> <p>All TSPs will work in close consultation with County and Sub County staff, under supervision of the PCU.</p>
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55. The implementation framework is designed to ensure:

- Adequate technical and financial management of the funded activities by the grantees.
- Development of profitable and sustainable activities with significant impact on the supported farmers and Farmers’ owned LLC for sustainability of the Programme outcomes.
- Compliance by all actors involved with the Grant policies and procedures as formalized in the Grant Manual.
- Timely disbursement of the Grants as per Grant manual procedures.
- Efficient monitoring system providing reliable indicators on the performance and impact of the activities funded, and allowing to identify timely any technical or financial management weaknesses or gaps, and diversion from objectives and modalities of implementation and reporting specified in the grant agreement. The Grant scheme oversight TSP will in particular monitor achievement of minimum performance indicators to be achieved by the grantees.

**Description of the Grant management process**

56. The table below summarizes the steps involved in the management of the Grant scheme, including roles of actors, time frame, and tools used (for one round of call for proposals):

**Table 6. Grant Management Process**

No	Step	Responsible Institutions	Role of Oversight TSP	Time frame	Specifications	Tools
1	Determination of targets in terms of number of projected grantees per category of grantee and maximum budgets, per County and Sub County	PCU designs the draft AWPB AWPB approved by PSC and IFAD Targets determined in consultation with the Counties		Once a year at the time of AWPB design	Number of round of calls for proposals for the year specified (maximum 3)	AWPB
2	Preparation and issue of Call for Proposal	PCU prepares call for proposals in consultation with Regional sub units and CPCC	The TSP verifies that steps are implemented in the set deadlines by relevant actors and according to policies and procedures. This is done through desk review of the proposals and other documents produced, and through field visits on a sample basis.	N0	PCU issues Calls for Proposals with application guidelines to the CPCC and information on the grants to be funded in the counties and estimated grant amounts planned in the AWPB (with break down by categories of beneficiaries). CPCC forwards to the SCPC for information Date of issue of the Call for Proposal is determined taking into account seasonal factors, to ensure that the process leading to the Grant disbursements will be terminated a- the appropriate time	Model of Call For Proposal

3	Publicization of the Calls for Proposals through notices in strategic places for information to potential beneficiaries Publicization in national newspapers to reach private investors not operating in the Programme area	CPCC and SCPC PCU for Publicization at Regional and National level (for Private investors located out of the Programme area)	As above	N + 5	Other fora like farmers training, stakeholder meetings, field days, among other fora should be used to create awareness of the investment opportunity In the Notices Private investors are informed in the notice published in the newspapers that they may contact PCU and Counties for information	Publicizing tools
4	Information to potential applications about the objectives of the Grant scheme, types of grantees and investments financed, and eligibility criteria	CPCC and SCPC supported by PCU	As above		Use of sensitization fora/meetings at Sub County and County level to inform potential applicants about the Grant scheme objectives, policies and procedures for grant approval and disbursement, including commitments required of the applicant in case their proposal is approved, and main clauses of the Grant agreement. Interested applicants should apply in writing to access support for proposal writing (if require), latest 5 days after the sensitization meeting	Guidelines for information and sensitization of potential applicants
5	Application and submission of proposals to the SCPC	Applicants with support of Sub County agriculture staff and Regional PCU	As above	N + 30	Applicants are supported to write proposals for submission to the SCPC. This support is only provided to Farmers' owned LLC. Exceptions may be	Proposal format (per category)  Guidelines for

					made for Private investors if they can justify the support. TSP may be used if there is a gap in capacity at County level and Regional PCU level. Applicant may be reminded at this stage of information provided in step 4. Applicant may also be assisted at this stage for identification of the potential financial institutions for complementary financing in addition to owner contribution and Programme Grant.	support for write up the proposal
6	Pre-screening of proposals by the SCPC. The results are forwarded to the CPCC	SPCC	As above	N + 35	Forwarding of successfully pre-screened proposals with minutes of the SPC pre-screening meeting. If necessary, the SCPC may visit the applicants' sites to collect or verify information. Minutes of the meeting must include list of all applicants, with justification of rejection of applications.	Guidelines for pre-screening
7	Appraisal/evaluation of applications by CPCC using the evaluation criteria. Approved proposal are submitted to the Regional PCU	CPCC and CPCC technical committee	TSP and / or Regional PCU participates to all CPCC and CPCC technical committee Involvement of the PCU Rural Engineer if required for evaluation of proposed	N + 55	The proposals are forwarded to the PCU with minutes of the SCPC and CPCC meetings analysing and ranking the proposals (approved, pending, rejected and reasons for rejection).	Evaluation grid  Guidelines for evaluation (including on-site visits) and

			equipment		<p>The CPCC / CPCC Technical committee analyses the proposal through desk review and on site visit of the Group. Visits to prospective suppliers of equipment and services may be conducted.</p> <p>The Technical Committee is in particular expected to verify that equipment and services requested by the group are of the appropriate specifications and in line with the capacity of the applicant and of capacity of absorption of the market</p> <p>The committee is also expected to verify financial projections provided with the business plan. Based on the technical committee report, the CPCC may request from the applicant additional information or revision of the proposal, with a set deadline.</p> <p>The proposals are selected based on their ranking by category. The CPCC will select the first ranked proposal to reach the targeted numbers of proposals as determined in Step 1).</p>	ranking by category Models of minutes
8	Review of the Submitted	Regional PCU	TSP analyses the CPCC	N + 70	Review is done through desk	Proposal

	proposals by the Regional PCU Submitted to the PCU Central Unit		report and proposals and submit conclusions and recommendations to the Regional PCU, with copy to the Central unit PCU		review and mandatory on site visits by the Regional PCU with TSP. Evaluation may result in request for additional information from the CPCC, with a set deadline.	review guidelines TSP report format Regional PCU report format
9	Review of submitted proposals by the PCU Central Unit Final decision by the PCU	PCU – to verify that the proposals comply with guidelines and moderate in line with available funding The PCU establish the final list of the proposals to be funded fir this round by category of grantee	TSP may be mobilized by PCU to provide information and clarifications on the proposals		The PCU verification is done through desk review and communication with Regional PCU and TSP. The PCU (Rural Civil Engineer) should in particular verify the proposed works, specifications for equipment and that the cost estimate is reasonable. In case the cumulated numbers of approved grants for all Counties is below the target for the round, the PCU may decide, in consultation with the Regional PCU and Counties, to add in the list grants that have been paced on the waiting list at County level (if they comply with all eligibility criteria).	Guidelines for review  List of approved grants. The list also specifies pending grants for further rounds, and rejected grants.
10	Submission of the list to IFAD for comments and no objection to proceed	IFAD	IFAD may request information from TSP	N + 75		

11	Preparation of grant agreement	Regional PCU prepares the Grant agreement for validation by PCU Central unit		N + 85	To include important information such as expected contributions by programme and grantees, disbursement modalities, roles and obligations, performance indicators, clause of termination of the contract and repossession of funded equipment, ... Quantitative targets and minimum performance indicators are determined at this stage in consultation with the applicant based on the business plan.	Model of contract (by category of beneficiary)
12	Communication to the applicant of the results of the process	Regional PCU	Verifies that procedures are properly applied	N + 80	Use of official written notification outlining the next steps for successful proposals; reasons for rejection and necessary improvements for application during subsequent calls for proposal; and schedule of next round for proposals for the applications put on the pending list. Notification for successful proposals includes projected date of disbursement and reminder of the procedures for disbursement, including conditions to be met by the grantee for the disbursement to	Model of written notification

					<p>be effective.</p> <p>The draft contract is sent to the Grantee, who is required to indicate acceptance of the grant by agreeing to abide by the terms and conditions. Only after the applicant and the PCU reach an agreement, can the contract be signed and grant disbursement processed.</p> <p>The grantee is given a maximum of one month to mobilize its contributions. Signature of the agreement can be done only once contribution is fully mobilized. If this delay is not complied with, the approval is revoked and the Grantee informed.</p>	
13	Signature of the grant agreement	<p>PCU + Regional PCU Agreement is signed by the PCU and the Grantees, with County signatory as Programme partner</p> <p>Signature may be object of an official ceremony organized by the County (with participation of the Sub Counties, Programme Partners / TSPs and other relevant County</p>		N + 90	<p>The authorized signatories of the grant agreement signs the agreement before disbursements can commence. Disbursement to be made in compliance with the agreed upon procedures.</p> <p>Main clauses of the Grant agreement reminded at the time of signature.</p>	Finalized contract

		stakeholders).				
14	Capacity building of the Grantees	Equity Group Foundation EAGC PCU Other Partners and TSPs		After Agreement Signature	Training on business skills development by Equity Group Foundation and other Partners / TSPs Training on processing facility use and management by EAGC Training on reporting system by the Grantee by PCU	Training modules developed by the Partners / TSPs and PCU
15	Mobilization of Grantee contribution. Grant disbursements in tranches. Procurement of the goods and services (see details below)	PCU through Regional units, as per disbursement procedures	Verifies that procedures are properly applied	As per Business planning	The grant will only be disbursed on condition that the applicant has fulfilled the contract terms and conditions.	Procurement procedures and tools. Disbursement / payment procedures and tools Format to follow up on disbursements
16	Continuous and regular monitoring of the activities implemented through grant funding and compliance with Grant agreement (see details below)	PCU through Regional units, CPCC, SCPC	Regular monitoring of the grantee, based on an action plan agreed upon with PCU (at least quarterly visit per grantee) Verifies that other parties implement monitoring as planned	After Agreement Signature Until end of agreement	Regional PCU to monitor once per quarter through TSP reports and on-site visits. CPCC monitors twice annually through on site visits. SCPC monitors once per quarter through on site visits. All actors to provide monitoring reports. The PCU shall provide the PSC with quarterly progress reports on the grants approved including number and location of groups	Supervision guidelines and reporting formats. Models of technical and financial reports for the grantees. Models of bookkeeping formats for the farmers

					funded, purpose, amounts, and highlights of any problems encountered. PSC might issue recommendations to PCU based on these reports.	groups (expenditures record, assets register, ...).
17	Reporting – utilization of grant funds, impacts of the grant funding and lessons learning	PCU through Regional units M&E officers, under supervision of Central Units M&E officers	May provide information as requested by PCU	End of grant agreement	Report based on feedback from the SCPC, CPCC, review meetings with grantees and reports of CPCC to PCU and SCPC to CPCC. The report should include recommendations for improvement of grant policies and procedures for management. Upon positive completion of the facilities, completion certificate(s) is awarded to the Grantee.	Reporting format

**NB:** The PCU Regional units will keep a record of signed minutes and other documents relating to the Grant scheme, with copies kept at PCU Central Unit.

57. The SCPC will maintain a record of signed minutes and all other documentation relating to grant funding with copies to the CPCC and the Regional PCU. All applicants must provide comprehensive information as this will be the basis of evaluation. Unauthorized variation of the proposal, falsification of information and canvassing will lead to disqualification.

#### 58. Appeals by Unsuccessful Applicants

Following notification, unsuccessful applicants can appeal the decision to the Regional PCU within two weeks from the date of notification. The PCU shall take into account the issues raised in the appeal and deliberate on the same, with possible advice from the Grant oversight TSP. The outcomes of these deliberations will be forwarded to the SCPC (copied to the CPCC) for information to the applicants.

59. The minimum performance indicators to be achieved by the Grantee and specified in the agreement are:

- i. Number of farmers benefiting from the facility, with a minimum number of Programme supported farmers, and minimum percentage for women and youth,
- ii. Volume of cereals to be processed by the facility, with a minimum quantity collected from Programme supported farmers.
- iii. Profitability of the facility, which should be reached by the end of the Grant agreement.

The contract should specify measures to be taken if the minimum performance indicators are not met.

## **VII. GRANT PROCUREMENT AND DISBURSEMENT / PAYMENT PROCEDURES<sup>11</sup>**

### **60. Procurement of Goods and Services**

The PCU will participate in the procurement of goods and services and for all types of processing facilities in support to the Grantees. The PCU procurement officer will have the responsibility for this task, under supervision of the PCU Finance and Administrative Manager, in support to the PCU Regional units, and in consultation with the PCU Financial Service Specialist.

- Procurement method will be quotations from at least three suppliers of items to be financed where value of the items is less than Ksh.500,000 and at least five if the items value is Ksh 500,000 or more.
- The PCU will conduct procurement for farmer-owned facilities on behalf of the LLCs Boards and Managers. Tender documents for procurement of equipment for processing facilities and services will be developed by the PCU for LLCs using the Government's procurement procedures, after approval from IFAD.

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<sup>11</sup> See details in the Programme financial manual.

- Procurement for Private investors will be done by the Grantee, with support and supervision from the PCU.
- For farmers' owned facilities investments, the PCU rural civil engineer will draft tender documents for the proposed goods and services with participation of the facility owners and managers.
- For non-farmers' owned investments, the private investor will draft their own tender documents using a pre-determined format and submit to the PCU rural civil engineer and procurement officer for approval.
- Tender evaluation committees for farmers-owned facilities will be constituted in accordance with GOK procurement regulations. For private investors, selection of the evaluation committees and the actual evaluation will be conducted in consultation between PCU and the Grantee. The goods or service providers awarded contracts for farmers-owned facilities will sign contract(s) with the PCU. For private investors, the contract will be signed between the goods or service provider, the investor and the PCU. This condition will be stipulated in the tender documents.

#### **61. Mobilization of Grantees' Financial Contributions**

Financial contribution from the Grantees will be deposited in the Sub account opened by the PCU to manage the Grant (see below). No disbursement or payment by the Programme will be done until this condition is fulfilled.

The financial contribution by private investors will be materialized through a bank statement indicating the capacity of the private investor(s)/operator(s) to co-finance the facility. The bank statement will be forwarded to the Regional PCU as a condition for Grant disbursement.

#### **62. Payment and delivery of the goods and services**

The Programme will open a Sub Account for the Programme Grant Funds within the Programme Operational Account at Equity Bank. The amount of funds to be deposited in the 'KCEP Grant Funds Account' will be determined by the estimated Programme's contribution towards the estimated total costs of investing in the processing facilities as determined during in the Annual Work Plan and Budget (AWPB). Disbursement will be made in tranches upon satisfactory progress of implementation as per specified in the Grant agreements.

Payment and delivery of the contracted goods and service provider for the Farmers' owned facilities will be made directly by the PCU to the supplier on conclusion of the procurement process, including grant amount and contribution of the Grantee. Delivery will be made with the presence of the PCU and designated representatives of the farmers' owned facility.

Payment and delivery of the contracted goods and service provider for the Private investors will be made by the PCU to the supplier on conclusion of the procurement process and once the Grantee

has paid its contribution to the supplier. Delivery will be made with the presence of the PCU and designated representatives of the Private investor.

The contract signed with the Grantees will stipulate the process of funds disbursement in tranches, percentage of funding, length of implementation period and the eligible activities for financing. Disbursement percentages and indicative amounts will be stated in the approved grant proposals and contracts. Payments will be based on periodical progress reports and verified achievements.

The Grantees will be committed to put in place sound accounting systems to allow tracking transactions related to the Grant, including assets register.

## **VIII. MONITORING AND EVALUATION**

63. The PCU will develop SMART M&E indicators to be validated by PSC and IFAD. The indicators will measure technical, financial management and outreach including number of people accessing processing services, volumes of crops processed, employment opportunities created and profitability of the facility. The monitoring reports will highlight the level of achievement of M&E indicators.

### **Ongoing monitoring**

64. The Grantees are required to put in place, with the support of the Programme partners / TSPs and Regional PCU, management and reporting systems that ensure transparency and accountability in the management of the facilities funded with the Grant. The Grant agreement must specify commitment of the Grantee to provide quarterly reports with the following indicative contents:

- Description of operations of the facility for the last quarter, including number of farmers served by category of farmers (Programme supported or not), volume of cereals processed, turn over during the quarter, financial statements, marketing channels, staff employed and job creation, customers of the facility, profit margin, technical functioning of the facility, modalities of financing of the facility, ...
- Level of achievement of targets specified in the agreement and minimum performance indicators.
- Activities related to the Governance of the facility (board meetings, Annual General Meetings (AGM)), with main decisions taken.
- Challenges faced, solutions implemented or recommended to address the challenges, request for support from the Programme.
- Main perspectives for the next quarter.

65. Monitoring of the facilities financed through the Grant will be done by various actors involved in the Grant management as follows.

**Table 7. Actors in Grant Monitoring**

<b>Actor</b>	<b>Modalities of monitoring</b>	<b>Reports</b>
Grant oversight TSP	- Desk review of Grantee quarterly reports. - Quarterly on site visit of the facility.	Quarterly monitoring report for each Grantee submitted to the Regional PCU with copy to the CPCC and SCPC
Regional PCU	- Desk review of Grant oversight TSP - On site visit on a sample basis based on TSP reports analysis	Quarterly monitoring report for the Grant scheme submitted to the PCU Central unit
PCU Central unit	- Desk review of Regional PCU reports - On site visits on sample basis during field supervision missions	Quarterly monitoring report on the Grant scheme submitted to the PSC
CPCC	- On site visit twice a year for each Grantee	Monitoring report for each Grantee with copy to the SCPC and Regional PCU
SCPC	- On site visit quarterly for each Grantee	Monitoring report for each Grantee with copy to the CPCC and Regional PCU

66. Monitoring reports should address the following items:

- Functionality of the items financed by the Grant.
- Effectiveness of the services financed by the Grant if any.
- Description of the operations of the facility: staffing, supply modalities, and marketing channels, financing of the operations, ...
- Effectiveness of the Governance and management of the supported facilities.
- Volume of operations and profitability of the facility:
  - Turnover.
  - Volumes of cereal or pulses processed.
  - Profit margin (based on financial records and statements).
  - Number of jobs created (permanent and temporary).
- Number of farmers served, by category of farmers (Programme supported or not), and by type of crop.
- Level of achievement of quantitative targets and minimum performance indicators (M&E indicators).

- Compliance with Grant agreement commitments, including financial recording, reporting, ...
- Challenges faced by the facility, solutions implemented or recommendations to address the challenge.
- Assessment of needs for management and technical support.
- Conclusions and recommendations for each actor involved in the Grant management.

### **Final evaluation**

67. Upon termination of the Grant agreement, a final evaluation will be carried out for each Grantee by the PCU, the CPCC and the SPCC, with participation of the Grant oversight TSP.

This evaluation will be done through desk review of the Grantee reports and monitoring reports, and through on site visit of the facility and meeting with the Grantee owners, managers and staff.

It will address grant utilization, outreach and impact of the grant, sustainability of the funded investment and lessons learnt for improvement of the grant policies and procedures. Specific analysis will be provided for the Grantees for which agreement has been terminated before its contractual termination date.

These reports will inform an overall Grant monitoring report to be prepared by the PCU M&E officers at the end of the Programme.

## **ANNEXES**

- Annex 1 KCEP and CRAL Window Grant Application Form for Farmers' owned facility
- Annex 2 KCEP and CRAL Window Grant Application Form for Private investor
- Annex 3 Evaluation Form for Farmers' owned facility
- Annex 4 Evaluation Form for Private investor
- Annex 5 Model of Grant agreement

**Annex 1. KCEP and CRAL Window Grant Application Form for Farmers' owned facility (LLC)**

*Font to be used: Times New Roman 12*

**Note:** Information provided in this application should be comprehensive. It might be rejected if some parts are not properly filled up and if all required attachments are not provided. Unauthorized variation of the proposal, Provision of false information and canvassing will lead to further disqualification of the application process.

<b>SUMMARY OF THE PROPOSAL</b>	
Company / Business name of the applicant	
Legal status of the applicant	
Number of applicant shareholders	
Of which KCEP and CRAL supported farmers	
Type of facility proposed for funding	
Items proposed for funding by KCEP and CRAL (equipment and services)	
Estimated value of the items proposed for funding	
Total Investment costs	
% contributed by the Applicant Of which from own resources Of which from debt financing	
Number of farmers expected to benefit from the facility of which KCEP and CRAL supported farmers	
Projected Turn over in Year 2	
Projected Profit in year 2	
Projected number of job created in 2 years	
Required technical assistance from the Programme	

## I. BACKGROUND INFORMATION

### A. General Information

Name of Farmers' Group LLC: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 County: \_\_\_\_\_ Sub County: \_\_\_\_\_  
 Ward: \_\_\_\_\_ Village: \_\_\_\_\_  
 Contact person (position): \_\_\_\_\_ (\_\_\_\_\_)  
 Telephone number of contact person: \_\_\_\_\_  
 E Mail: \_\_\_\_\_  
 Date of registration: \_\_\_\_\_  
 Registration number \_\_\_\_\_ (*Attach copy of registration certificate*)  
 Local Council business permit number \_\_\_\_\_ (*Attach copy of permit*)  
 Certificates for dealing in foodstuffs (health other regulatory agencies licenses/certificates)  
 - \_\_\_\_\_ (*Attach copy of certificate*)  
 - \_\_\_\_\_ (*Attach copy of certificate*)  
 - \_\_\_\_\_ (*Attach copy of certificate*)

Date of starting activities/operations \_\_\_\_\_  
 Evidence of ownership of business premises or leasing agreement:  
 \_\_\_\_\_ (*Attach relevant documents*)

Existence of strategic / Business plan: \_\_\_\_\_ (*Attach copy*)

Bank details: branch, accounts and numbers (Attach Bank statement for the last 6 months)  
 - \_\_\_\_\_  
 - \_\_\_\_\_  
 - \_\_\_\_\_

### B. LLC Shareholding

Number of shareholders (individuals): Total: \_\_\_ Male: \_\_\_ Female: \_\_\_ Of which Youth: \_\_\_  
 Number of farmers groups' shareholders: \_\_\_ (Male \_\_\_ Female \_\_\_ Of which Youths \_\_\_)  
 Number of Programme supported farmers: Total: \_\_\_ Male \_\_\_ Female \_\_\_ Of which Youths \_\_\_  
 Number of non Programme supported farmers: Total: \_\_\_ Male: \_\_\_ Female: \_\_\_ of which Youths \_\_\_

### C. Crops Model Covered by shareholder farmers and marketing information

Crop model	Number of acres	Average bags / acre / season	Total production / season
Maize / Beans		Maize:	
		Beans:	
Sorghum / Pigeon		Sorghum:	

peas		Pigeon peas:	
Millet / Green grams		Millet:	
		Green grams:	

**Marketing Information for shareholders farmers**

<b>Crop model</b>	<b>Number of farmers selling produce</b>	<b>Nb of bags sold / season</b>	<b>Total sales per season</b>
Maize / Beans		Maize:	
		Beans:	
Sorghum / Pigeon peas		Sorghum:	
		Pigeon peas:	
Millet / Green grams		Millet:	
		Green grams:	

**D. Description of activities of the LLC (Max 1/2 page)**

Activities since creation of the LLC, including for Warehouse receipt financing management.

For each activity, description of the way the activity is implemented, volume of operation, number of farmers served, storage facility used, equipment, supply base, marketing channel, financial partnerships, challenges faced, opportunities and perspectives for next year.

**E. Governance of the LLC**

<b>Board members name</b>	<b>Position</b>	<b>Qualifications</b>	<b>Professional activities</b>

- Number of General assemblies per year: \_\_\_\_\_
- Number of board meetings per year: \_\_\_\_\_

**F. Employees of the LLC**

<b>Staff category</b>	<b>Number of employees</b>		<b>Qualifications</b>
	<b>Permanent</b>	<b>Temporary</b>	

**G. Financial management and record keeping (Max 1/3 Page)**

Description of the LLC financial management process, including record keeping and production of financial statements (*Attach financial statements for the last 3 years*).

**II. PROPOSAL FOR FUNDING**

**A. General description of proposed facility (*Max 1/2 page*)**

**B. Problems/needs of the LLC to be addressed through the proposed facility (*Max 1/2 page*)**

**C. Justification of the proposed facility**

Give reasons why the facility is required and how it fits into the Programme's objectives. *Max 1/2 page.*

**D. Description of the facility's organization and management**

(Including the personnel needs and projected job creation, type of skills necessary, how the staff will be recruited, and division of work into various sections/ departments). *Max 1/2 Page*

**E. Description of the supply base. *Max 1/2 Page.***

How will the raw material for the facility be supplied. Characteristics and geographical location of the suppliers. Number of suppliers by categories. What strategy will be implemented to secure supply?

**F. Targeted markets. *Max 1/2 Page.***

Customers with their characteristics including geographical location. What strategy will be developed to secure markets?

**G. Competition analysis. *Max 1/2 Page.***

What is the competition in the projected area of operations for similar activity / service? What are the comparative advantages of the proposed facility?

**H. Operations**

Describe how the facility will be managed on a day to day basis. *Max 1/2 Page.*

**I. Financing plan and financial analysis**

**a) Financing plan**

<b>Item</b>	<b>Specifications</b>	<b>Year 1 Amount</b>	<b>Year 2 Amount</b>	<b>Year 3 Amount</b>	<b>Total Amount</b>	<b>Proposed / Expected source of funding</b>

Specify investment schedule by Month or Quarter.

For each item specify technical specifications.

Specify how the internal resources will be mobilized. Specify how debt financing will be mobilized if included in the financing plan. Specify how cost estimates have been done.

**b) Summary of the projected financial statements (*Attach detailed financial statements*).**

**Projected income statement**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Incomes</b>			
-			
-			
-			
<b>Total incomes</b>			
<b>Expenses</b>			
-			
-			
-			
<b>Total expenses</b>			
<b>Profit / Loss</b>			

**Projected balance sheet**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Assets</b>			
-			
-			
-			
<b>Total Assets</b>			
<b>Liabilities</b>			
-			
-			
-			
<b>Total Liabilities</b>			
<b>Total assets and liabilities</b>			

**Projected cash flow**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Initial cash balance</b>			
<b>Cash inflows</b>			
-			
-			
-			
<b>Total inflows</b>			
<b>Cash outflows</b>			
-			
-			
-			
<b>Total outflows</b>			
<b>Cash Balance</b>			

**Comments**

**J. SWOT analysis of the Project. Max 1 Page**

<b>Strengths</b>	<b>Weaknesses</b>
- - - - - - -	- - - - - - -
<b>Opportunity</b>	<b>Threats</b>
- - - - - - -	- - - - - - -

- How will weaknesses be addressed?

- How will opportunities be taken?

- How will threats be mitigated?

**K. Risk analysis. *Max 1/2 Page.***

Type or risk	Level of risk (Small, Medium, High)	Proposed mitigation measures

**L. Technical assistance required from the Programme. *Max 1/2 Page***

Specify what technical assistance is requested, with justifications.

**M. Assumptions about the proposed facility. *Max 1/3Page***

Things that must hold true for the facility to work as planned

**N. Contingency measures. *Max 1/3 Page***

Other options in case things do not work as planned. How will you avoid that funded items are diverted for other uses than planned.

**O. Sustainability plan. *Max 1/3 Page***

How will you ensure that the business continues after the end of Programme support?

**On behalf of the Applicant**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Stamp of the Applicant

## **Check list of documents to be attached to the grant funding proposal**

The following documents are mandatory i.e. must be attached to the application form:

- Copy of a valid registration certificate and evidence of annual renewal.
- Copy of local council business permit/ license, appropriate certificates/license for handling foodstuffs;
- Copy of the applicant certified and signed constitution and / or bylaws.
- Signed minutes of meetings by LLC relevant governance body making a resolution for investment in the proposed processing facilities, modalities of management of the facility, and modalities of mobilization of the resources required for the investment (including internal resources and authorization given to LLC managers to apply for a KCEP and/or CRAL Window Grant).
- Evidence of “ownership” (title deed, lease agreement, MoU, letters of allotment) of the business premises.
- Sketch map showing the site/location of the investment.
- Strategic and business plan (valid for the three next years).
- Bank statements for the last six (6) months;
- Copy of the last 3 years financial statements (if possible certified) and external audit report if available.

## Annex 2. KCEP and CRAL Window Grant Application Form for Private investor

*Font to be used: Times New Roman 12*

**Note:** Information provided in this application should be comprehensive. It might be rejected if some parts are not properly filled up and if all required attachments are not provided.

Unauthorized variation of the proposal, Provision of false information and canvassing will lead to further disqualification of the application process.

### SUMMARY OF THE PROPOSAL

Company / Business name of the applicant	
Legal status of the applicant	
Type of facility proposed for funding	
Items proposed for funding by KCEP and CRAL (equipment and services)	
Estimated value of the items proposed for funding	
Total Investment costs	
% contributed by the Applicant Of which from own resources Of which from debt financing	
Number of farmers expected to benefit from the facility of which KCEP and CRAL supported farmers	
Projected Turn over in Year 2	
Projected Profit in year 2	
Projected number of job created in 2 years	
Required technical assistance from the Programme	

## I. BACKGROUND INFORMATION

### A. General Information

Company / Business name: \_\_\_\_\_

Address: \_\_\_\_\_

County: \_\_\_\_\_ Sub County: \_\_\_\_\_

Ward: \_\_\_\_\_ Village: \_\_\_\_\_

Contact person (position): \_\_\_\_\_ (\_\_\_\_\_)

Telephone number: \_\_\_\_\_

E Mail: \_\_\_\_\_

Date of registration: \_\_\_\_\_

Registration number \_\_\_\_\_ (*Attach copy of registration certificate*)

Local Council business permit number \_\_\_\_\_ (*Attach copy of permit*)

Certificates for dealing in foodstuffs (health other regulatory agencies licenses/certificates)

- \_\_\_\_\_ (*Attach copy of certificate*)

- \_\_\_\_\_ (*Attach copy of certificate*)

- \_\_\_\_\_ (*Attach copy of certificate*)

Date of starting activities/operations \_\_\_\_\_

Evidence of ownership of business premises or leasing agreement:

\_\_\_\_\_ (*Attach relevant documents*)

Existence of strategic / Business plan: \_\_\_\_\_ (*Attach copy*)

Bank details: branch, accounts and numbers (Attach Bank statement for the last 6 months)

- \_\_\_\_\_

- \_\_\_\_\_

- \_\_\_\_\_

### B. Shareholding

Number of shareholders: Total: \_\_\_\_\_ Male: \_\_\_\_\_ Female: \_\_\_\_\_ Youth: \_\_\_\_\_

Description of the profile of the shareholders:

**C. Description of activities (Max 1/2 page)**

Activities of the applicant. For each activity, describe the way the activity is implemented, volume of operation, number of farmers served, storage facility used, equipment, supply base, marketing channel, financial partnerships, challenges faced, opportunities and perspectives for next year.

**D. Governance**

Board members name	Position	Qualifications	Professional activities

- Number of General assemblies per year: \_\_\_\_\_

- Number of board meetings per year: \_\_\_\_\_

**E. Employees of the Applicant**

Staff category	Number of employees		Qualifications
	Permanent	Temporary	

**F. Financial management and record keeping (*Max 1/2 Page*)**

Description of the investor’s financial management, including record keeping and production of financial statements (*Attach financial statements for the last 3 years*).

**II. PROPOSAL FOR FUNDING**

**A. General description of proposed facility (*Max 1/2 page*)**

**B. Problems/needs of the applicant to be addressed through the proposed facility (*Max 1/2 page*)**

**C. Justification of the proposed facility**

Give reasons why the facility is required and how it fits into the Programme objectives. *Max 1/2 page.*

**D. Description of the facility’s organization and management**

(Including the personnel needs and projected job creation, type of skills necessary, how the staff will be recruited, and division of work into various sections/ departments). *Max 1/2 Page*

**E. Description of the supply base. *Max 1/2 Page.***

How will the raw material for the facility be supplied. Characteristics and geographical location of the suppliers. Number of suppliers by categories. What strategy will be implemented to secure supply?

**F. Targeted markets. *Max 1/2 Page.***

Customers with their characteristics including geographical location. What strategy will be developed to secure markets?

**G. Competition analysis. *Max 1/2 Page.***

What is the competition in the projected area of operations for similar activity / service? What are the comparative advantages of the proposed facility?

**H. Operations**

Describe how the facility will be managed on a day to day basis. *Max 1/2 Page.*

**I. Financing plan and financial analysis**

**a) Financing plan**

Item	Specifications	Year 1 Amount	Year 2 Amount	Year 3 Amount	Total Amount	Proposed / Expected source of funding

Specify investment schedule by Month or Quarter.

For each item specify technical specifications.

Specify how the internal resources will be mobilized. Specify how debt financing will be mobilized if included in the financing plan.

Specify how cost estimates have been done.

**b) Summary of the projected financial statements (*Attach detailed financial statements*).**

**Projected income statement**

	Year 1	Year 2	Year 3
<b>Incomes</b>			
-			
-			
-			
<b>Total incomes</b>			
<b>Expenses</b>			
-			
-			
-			
<b>Total expenses</b>			
<b>Profit / Loss</b>			

**Projected balance sheet**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Assets</b>			
-			
-			
-			
<b>Total Assets</b>			
<b>Liabilities</b>			
-			
-			
-			
<b>Total Liabilities</b>			
<b>Total assets and liabilities</b>			

**Projected cash flow**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Initial cash balance</b>			
<b>Cash inflows</b>			
-			
-			
-			
<b>Total inflows</b>			
<b>Cash outflows</b>			
-			
-			
-			
<b>Total outflows</b>			
<b>Cash Balance</b>			

**Comments**

**J. SWOT analysis of the Project. Max 1 Page**

<b>Strengths</b>	<b>Weaknesses</b>
- - - - - - -	- - - - - - -
<b>Opportunity</b>	<b>Threats</b>
- - - - - - -	- - - - - - -

- How will weaknesses be addressed?

- How will opportunities be taken?

- How will threats be mitigated?

**K. Risk analysis. *Max 1/2 Page.***

<b>Type or risk</b>	<b>Level of risk (Small, Medium, High)</b>	<b>Proposed mitigation measures</b>

**L. Technical assistance required from the Programme. *Max 1/2 Page***

Specify what technical assistance is requested, with justifications.

**M. Assumptions about the proposed facility. *Max 1/3 Page***

Things that must hold true for the facility to work as planned

**N. Contingency measures. *Max 1/3 Page***

Other options in case things do not work as planned. How will you avoid that funded items are diverted for other uses than planned.

**O. Sustainability plan. *Max 1/3 Page***

How will you ensure that the business continues after the end Programme support?

**On behalf of the Applicant**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Stamp of the Applicant

## **Check list of documents to be attached to the grant funding proposal**

The following documents are mandatory i.e. must be attached to the application form:

- Copy of a valid registration certificate and evidence of annual renewal.
- Copy of local council business permit/ license, appropriate certificates/license for handling foodstuffs;
- Copy of the applicant certified and signed constitution and / or bylaws.
- Signed minutes of meetings by applicant relevant governance body making a resolution for investment in the proposed processing facilities, modalities of management of the facility, and modalities of mobilization of the resources required for the investment (including internal resources and authorization given to managers to apply for a KCEP and CRAL Window Grant).
- Evidence of “ownership” (title deed, lease agreement, MoU, letter of allotment) of the business premises.
- Sketch map showing the site/location of the investment.
- Strategic and business plan (valid for the three next years).
- Bank statements for the last 18 months;
- Copy of the last 3 years financial statements (if possible certified) and external audit report if available.

### Annex 3. Evaluation Form for Farmers' owned facility

Applicant Company / Business name: .....

Ward:.....Village .....

Sub County:..... County:.....

#### Verification of the Applicant Eligibility

Requirement	Yes	No	Comment
Nature of the Facility proposed consistent with Programme objectives and conditions			
Registration with the appropriate government agency as LLC			
Availability of relevant business permit/licenses/certificates			
Date of creation more than one year ago			
Business premises adequate and in good condition			
Evidence of "ownership" (title deed, lease agreement, MoU, letter of allotment) of the business premises			
Minimum of 400 farmers' shareholders, directly or through farmers' group shareholding, engaged in cereal production supported by the Programme, and having benefited from Programme support			
% of Women and youth of the farmers' shareholders (Min 50%)			
Compliance with the provisions of LLC by-laws and articles of incorporation			
Evidence of appointment of managers and members of the Board of Directors, with the minimum qualifications required.			
Holding of meetings as per by laws and articles of incorporation, with signed minutes			
Existence of an updated strategic and business			

<b>Requirement</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
plan (valid for the 3 next years)			
The business operations are within the provisions of the relevant laws and the company's articles of association.			
Successful experience in managing warehouse receipt mechanisms for at least one season.			
Existence of qualified staff, and quality of management above minimum expected standards			
Prompt payment of personnel			
Existence of accurate records of operations and updated financial records and statements			
Full compliance with commitments taken with the Programme			
Willingness and capacity to provide the required contributions.			
Willingness and capacity to report on business funded by the Grant as per Programme guidelines			
Having a bank account with statements for at least the previous six months.			
Attachment of required supporting documentation			
Others criteria e.g. application form is properly and comprehensively filled with relevant information			

***Compliance with all eligibility requirements is necessary for further evaluation of the proposal.***

A note may be attached to the form for further explanations on the assessment.

## Evaluation grid scoring

Evaluation criteria	Scoring	Max score	Score	Remarks
<b>1) Number of Programme supported farmers who will benefit from the investment directly in 2 years</b>		<b>60</b>		
If investment benefits over 1,000 people	60			
If 400 to 1,000 people benefit	30			
If less than 400 benefit from the investment	Investment disqualified			
<b>2) Projected volume of cereal or pulses object of Programme support processed in 2 years (a)</b>		<b>40</b>		
If more than xx MT processed	40			
If between yy and xx MT processed	20			
If below yy MT processed	0			
<b>3) Women and youth targeting</b>		<b>40</b>		
Women and youth shareholding over 70%	40			
Women and youth shareholding between 50 and 70%	20			
Women and youth shareholding below 50%	Investment disqualified			
<b>4) Technical viability</b>		<b>60</b>		
Applicant has the technical capacity and the required premises to manage the facility sustainably in compliance with the required quality standards	60			
Applicant has the minimal technical capacity and the required premises to manage the facility sustainably in compliance with the required quality standards. Technical capacity should be further strengthened through additional technical training to be provided	20			
Investor/operator does not have technical capacity and the required premises to manage the facility sustainably in compliance with the required quality	Investment disqualified			

standards, even with additional training				
<b>5) Projected profitability of the activity</b>		<b>60</b>		
Achieved in year 1 of the activity	60			
Achieved at the latest in year 2 of the activity	30			
Not achieved by year 2 of the activity	Investment disqualified			
<b>6) Number of jobs to be created (b)</b>		<b>40</b>		
Number of jobs created > xx	40			
Number of jobs created between yy and xx	20			
Number of jobs created below yy	0			
<b>7) Governance and management of the facility</b>		<b>50</b>		
Meetings and elections held as per internal regulations and with signed minutes	10			
Clear management structure with skilled staff	10			
Reliable book/record keeping and financial statement	10			
% of women Board members > 30%	10			
% of women in management position > 30%	10			
<b>TOTAL MAXIMUM</b>		<b>350</b>		

(a) xx and yy to be determined by PCU with approval by PSC and IFAD.

(b) xx and yy to be determined by PCU with approval by PSC and IFAD. Are considered here permanent and temporary jobs. Formula may however be designed to give more weight to permanent job.

**Note:** For criteria 4, 5 and 7, a note justifying the ranking should be attached to the form, together with detailed financial projections.

**Date, Name, Signature and comments of the Evaluators**

--

**Date, Final decision of PCU with comments**

--

## Annex 4. Evaluation Form for Private investor facility

Applicant Company / Business name: .....

Ward:..... Village .....

Sub County:..... County:.....

### Verification of the Applicant Eligibility

Requirement	Yes	No	Comment
Nature of the Facility proposed consistent with Programme objectives and conditions			
Legal status consistent Programme policies (“For profit” enterprise)			
Registration with the appropriate government agency			
Availability of relevant business permit/licenses/certificates			
The business must have been in operation since at least 2 years for operations related to processing object of the Grant application			
Business premises adequate and in good condition (In case the applicant intends to develop new facilities in the programme area, it should demonstrate that office and business premises to be set up are consistent with minimum requirements in terms of space and other standards requirements)			
Evidence of “ownership” (title deed, lease agreement, MoU, letters of allotment) of the business premises			
Compliance with the provisions of enterprise by-laws and articles of incorporation			

Compliance with the provisions of relevant regulatory agencies.			
Existence of an updated strategic and business plan (valid for the 3 next years)			
The business operations are within the provisions of the relevant laws and the company's articles of association.			
Successful experience in managing a processing facility object of the grant application. Applicant has the technical capacity and the required premises to manage the facility sustainably in compliance with the required quality standards.			
Existence of qualified staff, and quality of management above minimum expected standards			
Prompt payment of personnel			
Existence of accurate records of operations and updated financial records and statements			
Adherence to Programme policies and procedures			
Willingness and capacity to provide the required contributions.			
Willingness and capacity to report on business funded by the Grant as per Programme guidelines.			
Having a bank account with statements for at least the previous 18 months.			
Attachment of required supporting documentation			
Others criteria e.g. application form is properly and comprehensively filled with relevant information			

***Compliance with all eligibility requirements is necessary for further evaluation of the proposal.***

A note may be attached to the form for further explanations on the assessment.

## Evaluation grid scoring

Evaluation criteria	Scoring	Max score	Score	Remarks
<b>1) Number of Programme supported farmers who will benefit from the investment directly in 2 years</b>		<b>60</b>		
If investment benefits over 1,000 people	60			
If 400 to 1,000 people benefit	30			
If less than 400 benefit from the investment	Investment disqualified			
<b>2) Projected volume of cereal or pulses object of Programme support processed in 2 years (a)</b>		<b>40</b>		
If more than xx MT processed	40			
If between yy and xx MT processed	20			
If below yy MT processed	0			
<b>3) Projected profitability of the activity</b>		<b>60</b>		
Achieved in year 2 of the activity	60			
Achieved at the latest year 2 of the activity	30			
Not achieved in year 1 of the activity	Investment disqualified			
<b>4) Number of jobs to be created (b)</b>		<b>40</b>		
Number of jobs created > xx	40			
Number of jobs created between yy and xx	20			
Number of jobs created below yy	0			
<b>5) Governance and management of the facility</b>		<b>50</b>		
Meetings and elections held as per internal regulations and with signed minutes	10			
Clear management structure with skilled staff	10			
Reliable book/record keeping and financial statement	10			
% of women Board members > 30%	10			
% of women in management position >	10			

30%				
<b>TOTAL MAXIMUM</b>		<b>250</b>		

*(a) xx and yy to be determined by PCU with approval by PSC and IFAD.*

*(b) xx and yy to be determined by PCU with approval by PSC and IFAD. Are considered here permanent and temporary jobs. Formula may however be designed to give more weight to permanent job.*

**Note:** For criteria 4, 5 and 7, a note justifying the ranking should be attached to the form, together with detailed financial projections.

**Date, Name, Signature and comments of the Evaluators**

**Date, Final decision of PCU with comments**

**Annex 5: Model of Grant Agreement**

**AGREEMENT**

**BETWEEN**

**MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES  
KENYA CEREAL ENHANCEMENT PROGRAMME (KCEP)/ CLIMATE  
RESILIENT AGRICULTURAL LIVELIHOODS (CRAL) WINDOW**

**AND**

**..... GRANTEE/INVESTOR**

## AGREEMENT

**THIS AGREEMENT** is made between the **MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES, STATE DEPARTMENT OF AGRICULTURE, REPRESENTED BY KENYA CEREAL ENHANCEMENT PROGRAMME** of P.O. Box 30028, 00100, NAIROBI (hereinafter referred to as the “Programme”) on the one part

And

..... a xxxx (*Farmer owned LLC or Private investor*) duly registered under the Companies Act 2015 (*specify legal status*) of P.O. Box ..... (hereinafter referred to as “the Grantee”) on the other part which expression shall include its successors and assignees. Referred to singularly as “Party” and collectively as “Parties”.

### **WHEREAS:**

A. Kenya Cereal Enhancement Programme/Climate Resilient Agricultural Livelihood Window is a joint development Programme funded by the Government of Kenya, the International Fund for Agricultural Development (IFAD), the European Union and Partner Financial institutions running from 3<sup>rd</sup> April 2014 to 20<sup>th</sup> December 2017 for KCEP and 26<sup>th</sup> August 2015 to 30<sup>th</sup> September 2022 for KCEP CRAL.

B. The overall goal of the Programme is to contribute to the national food security by increasing production of cereal staples (maize, sorghum, millet, and associated pulses), increasing income of smallholders in medium and high potential production areas, and reducing rural poverty and food insecurity of smallholders in the ASALs by developing their economic potential while improving their natural resources management capacity and resilience to climate change in an increasingly fragile ecosystem. In pursuance of this goal, the Programme supports smallholder farmers in graduating from subsistence to commercially-oriented, climate-resilient agricultural practices through improvements in productivity, post-production management practices and market linkages for targeted value chains.

C. To achieve this objective, the Programme has in particular set up a Value chain financing Grant scheme, under which this agreement has been established, to support investment in farmer-owned and private investor-owned processing facilities and in land preparation/planting equipment for services to farmers. The Programme Grant is designed to complement owner contribution and debt financing.

D. XXXX has been awarded by the Programme a Grant object of this agreement to xxxxxxxxxxxxxxxx, (*title of the grant financed Project*), referred to as the Project in this Agreement.

**The parties hereby agree as follows:**

## ARTICLE 1

### OBJECTIVES OF THE AGREEMENT

1. The following are the specific objectives of this Agreement:
  - a. To stipulate the roles and responsibilities of the Parties.
  - b. To specify the contribution of the Parties.
  - c. To specify the terms and conditions of the engagement.

## ARTICLE 2

### TERMS AND CONDITIONS

1. This Agreement is based on the Proposal for funding submitted to the Programme by the Grantee, which has been approved by the Programme after amendments which have been specified in a notification by the Programme to inform the Grantee about recommendations and approval of its proposal including the terms and conditions for funding. This notification is assumed to have been accepted by the Grantee prior to the signature of this agreement.
2. Detailed description of the Project funded under this agreement is provided in Annex 1 (including qualitative and quantitative objectives, linkages with the Programme targets, detailed implementation modalities, commitments regarding governance and management, modalities of collaboration with the Programme among others), which is fully part of this agreement.
3. The Programme shall provide funds for the items specified below, for a maximum amount of (in words) Ksh. \_\_\_\_\_ (Ksh \_\_\_\_\_ in figures) and under conditions specified in this agreement and as per schedule provided in Annex 2, which is fully part of this agreement. The Grantee shall contribute to the cost of the items financed as specified below. The Programme is not bound to provide any other support to the Group beyond what is specified below.

<b>Item</b>	<b>Description and Technical Specificities (if relevant)</b>	<b>Maximum amount financed by the Programme Grant</b>	<b>Amount financed by the Grantee</b>	<b>Total indicative amount</b>

In addition to contributing to the financing of the items listed above, the Grantee shall meet other investment and operating costs necessary for the implementation of the Project as specified below and as per schedule provided in Annex 2:

Item	Description

4. Signature of the Agreement is subject to prior provision by the Grantee of the following information and documents *(to be specified based on the type of Grantee and nature of the Project)*:

- 
- 
- 
- 
- 
- 

5. Any assets purchased by the Grantee shall be the property of the Grantee and shall remain in the official business premises and be operated as per Project description in Annex 1.

6. The Grantee is bound to carry on the business for which it obtained the grant even after the Programme is completed.

### ARTICLE 3

#### ROLES AND OBLIGATIONS OF THE PARTIES

**It is agreed that the Programme shall:**

1. Provide the required support to the Grantee within the scope of its mandate, provisions of the annual work plan and budget and as specified in this Agreement. Areas of potential support are specified below *(to be specified based on the proposal)*:

Area of support	Modality of implementation

2. Process the payments based on agreed upon procedures including presentation of all supporting documentation as stated in Article 5 and in Annex 5.

3. Monitor the activities and performance of the Grantee as specified in Annex 3 and provide advice where need arises.

4. Evaluate status and performance of the Project financed by the Grant during the last month covered by this Agreement, and make recommendations for further support and monitoring by xxxx County relevant department or other relevant institution.

**It is agreed that the Grantee shall:**

1. Carry out the activities as per detailed Project description in Annex 1. Any change in Project implementation modalities proposed by the Grantee should be subject to prior written approval by the Programme based on written justifications by the Grantee. Changes may also be proposed by the Programme and will in this case be approved by the Grantee in writing.
2. Mobilize resources timely to meet its contribution towards the cost of the project as per Article 2.3 above and schedule in Annex 2.
3. Purchase equipment and materials of good quality and working condition as per procurement procedures specified in this agreement.
4. Ensure that the assets purchased with the Programme grant are kept in a secure place and are well maintained.
5. Insure the assets purchased with the Programme grant, risks covered being determined in consultation with the Programme.
6. Ensure that the assets purchased with the grant funds remain the property of the Grantee and are used as per Project description in Annex 1.
7. Employ skilled personnel to ensure that the business is well run and managed.
8. Maintain and replace the assets as necessary so that the business continues with its operations in a profitable and sustainable way.
9. Provide timely narrative and financial reports to the Programme on the implementation and performance of the Project financed by the Programme grant as specified in Annex 4.
10. Ensure that the business continues as a going concern to ensure sustainability of the Project objectives.

#### **ARTICLE 4**

##### **COMMENCEMENT AND DURATION OF THE AGREEMENT**

1. This Agreement shall commence on the date of signing by the authorized representatives of the Parties.
2. The Agreement shall remain in force until xx/xx/xx, unless terminated before this term under conditions specified in this agreement.

## **ARTICLE 5**

### **PROCUREMENT AND PAYMENT OF THE ITEMS FINANCED BY THE GRANT**

*Insert here procurement and payment procedures. Details may be attached in Annex 5.*

## **ARTICLE 6**

### **MINIMUM PERFORMANCE INDICATORS**

1. In case the minimum performance indicators specified below are not achieved by the Grantee, the Programme may request repayment by the Grantee of the amounts financed by the Programme Grant:

Performance indicators	Quarter 1	Quarter 2	Quarter 3	....		

2. If such a situation occurs, the Programme will organize a meeting with the Grantee representatives with minimal delays to assess the causes of non achievement of the indicators. Based on the outcomes of this evaluation, the Programme may decide to request repayment of the cumulated amounts disbursed by the Programme, or set up with the Grantee an action plan aiming at addressing the identified causes of non achievement, with revised minimum performance indicators targets.

3. In case the Programme decides to request repayment of the grant, a written notification will be addressed to the Grantee with modalities and deadlines for payment. If the Grantee does not comply with the payment schedule, the Programme may undertake legal action to recover the amount due.

## **ARTICLE 7**

### **PENALTIES**

1. The Parties shall act in utmost good faith to ensure the successful implementation of activities funded by the Grant and to conform to the terms of this Agreement.

2. In case the Grantee is in breach of the terms and obligations of this Agreement, the Programme shall discuss the issues of concern with the Grantee representatives and design an action plan aiming at addressing the identified issues, with an implementation schedule and measurable indicators.

3. Where it is evident that the Grantee is not willing to address the issues of concern and comply with the action plan design by the Programme, the Programme may request immediate repayment of the amounts financed with the Programme Grant.

4. However, in case it is evident that the Grantee has not effectively started or has ceased to pursue the Project for which the grant funds were provided, has used the equipment funded for another purpose other than the purpose specified in Annex 1, has mismanaged the equipment funded, or has sold the equipment funded without prior approval from the Programme, the Programme will immediately request repayment by the Grantee of the cumulated amounts disbursed by the Programme grant.

5. In case the Programme decides to request repayment of the grant, a written notification will be addressed to the Grantee with modalities and deadlines for payment. If the Grantee does not comply with the payment schedule, the Programme may undertake legal action to recover the amount due.

## **ARTICLE 8**

### **TERMINATION**

1. Either party may terminate this Agreement provided that a three months' prior written notice is served upon the other Party:

- a. Upon de-registration of the Grantee.
- b. Through mutual consent by the Parties.

In this case, the Programme may decide to recover the equipment funded or the amount disbursed by the grant.

2. The Programme may terminate this Agreement without prior notice:

- a. If minimum performance indicators are not achieved as specified in Article 7.
- b. In case of breach of the agreement as specified in Article 8.

In this case conditions specified in Articles 7 and 8 apply.

3. The Grantee may terminate this Agreement provided that a three months' prior written notice is served upon the Programme if it is proven that the Programme has not complied with its obligations under this Agreement. In this case, the Programme may recover the equipment funded by the grant.

## **ARTICLE 9**

### **AMENDMENT**

1. This Agreement shall not be altered, amended, supplemented or otherwise modified except by an instrument in writing agreed to and signed by both Parties.

**ARTICLE 10**

**DISPUTE SETTLEMENT**

1. Any dispute between the Parties arising out of this Agreement shall be settled amicably through consultation and negotiation between the Parties. In the event that consultation and negotiation fails, the decision of the Programme shall prevail.

**ARTICLE 11**

**NOTICES**

1. Any notice or request to be given or made pursuant to this Agreement shall be in writing. Such notice or request shall be deemed to have been given or made when it is delivered by hand, fax, email or registered mail to the Party to which it is required to be given or made at the address specified below:

**FOR KENYA CEREAL ENHANCEMENT PROGRAMME/CLIMATE RESILIENT  
AGRICULTURAL LIVELIHOODS:**

The Programme Coordinator  
P.O. Box 30028, 00100  
Nairobi  
Email: kcep.programme15@gmail.com

**FOR THE GRANTEE:**

XXXXXXXXXXXX

P.O. Box .....

.....

Email: .....

**IN WITNESS WHEREOF** this Agreement has been executed by the duly authorized representatives of the Parties as set out below:

**On behalf of the Programme**

Name: .....

Signed:..... Date:.....

Title: .....

**On behalf of the Grantee**

Name: .....

Sign:..... Date:.....

Title: .....

**Witnessed by:**

Name: .....

Sign: ..... Date:.....

Title: .....

**List of Annexes to be attached**

**Annex 1:** Detailed description of the Project financed. Should include Qualitative and quantitative Objectives, Linkages with the Programme targets, Detailed implementation modalities, Commitments regarding Governance and management, Modalities of collaboration with the Programme.

**Annex 2:** Indicative schedule for Grant disbursement.

**Annex 3:** Modalities of monitoring of the activities and performance by the Programme

Modality of monitoring	Frequency	Institution / Person in charge	Comments

**Annex 4 Reporting requirements**

Type of report or document to provide	Frequency and deadline for submission	Recipient of the report	Contents of the report	List of annexes / documents to be attached

**Annex 5:** Detailed Procurement and payment procedures.