



Annual Report 2018

Climate Resilient Agribusiness for Tomorrow

Submitted by SNV in collaboration with Wageningen University & Environmental Research, CGIAR's Climate Change, Agriculture and Food Security Programme, Agriterra and Rabo Partnership.



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List of abbreviations

BC	Business Case
CC	Climate Change
CCAFS	Climate Change, Agriculture and Food Security
CGIAR	Consortium of International Agricultural Research Centers
CIIF	Climate Innovation and Investment Facility
CIMGF	Climate Innovation and Matching Grant Facility
CRAFT	Climate Resilient Agribusiness for Tomorrow
CSA	Climate Smart Agriculture
CSA-EA	Climate Smart Agriculture East Africa [Project]
DGIS	Directorate General for International Cooperation
IAC	Investment Advisory Committee
Ke	Kenya
SNV	Netherlands Development Organisation
SME	Small and Medium sized Enterprises
PMC	Project Management Committee
POC	Proof of Concept
PPP	Public Private Partnership
ToC	Theory of Change
Tz	Tanzania
Ug	Uganda
VC	Value Chain
WUR	Wageningen University and Research
WenR	Wageningen Environment Research

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1. Introduction

1.1. Background

The Netherlands Ministry of Foreign Affairs/DGIS awarded SNV (Netherlands Development Organisation) the Climate Smart Agriculture East Africa (CSA-EA)¹ project (Activity #4000000819) to be implemented in Kenya, Tanzania and Uganda. This five year project, will be implemented by SNV in partnership with Wageningen University and Research (WUR) and Wageningen Environmental Research (WEnR), CGIAR's Climate Change Agriculture and Food Security Programme (CCAFS), Agriterra, and Rabo Partnerships.

The project was awarded to SNV on May 7, 2018, citing the official start date of the project to be January 1, 2018. However, SNV and DGIS agreed for the functional start date of the project to be June 1, 2018, hence the reason that this first Annual Report covers the period of June 1 through December 31, 2018. In addition, considering that the majority of this period was devoted to project start up, this report is a 'light' version of the Annual Analytical Narrative Progress Overview report type, as required under the Accountability section of the grant extended to SNV for implementation of this project.

As such, this Annual Report describes and emphasizes the key activities for project start up and implementation that have been undertaken during the period covering June through December 2018, which includes the initial seven (7) months of the project inception phase.

1.2. Importance of the Start-up Phase

The main objective of the initial months of the inception period was to put together a project team, including the partnership agreements, that provided the foundation of human resources needed to start the development and roll-out of project implementation. The development of a common understanding among all staff and partners of the project proposal, which represents the guidance for implementation, as well as the approaches and strategies to be applied is key to a successful project start-up.

In the context of a multi-country project, with a considerable number of consortium partners (5 in total), this process in itself is time consuming, yet important enough to not be rushed. Trying to get it "as right as possible from the start" is the basis for a solid foundation on which a project can be implemented for its duration. As such, the inception phase, and particularly the initial project start up months covering 2018 were used exactly for this purpose, thus allowing for staff and partners to maximize the time spent exchanging together on the approaches to be used, tools to be (re-) designed, manuals and guidelines to be refined and/or developed.

This report will thus describe the processes and outcomes of the overarching activities for this period, which are in line with the inception phase work plan (see summary in Annex II), and include the following:

- recruitment of staff for country teams and partner teams;
- development of partnership agreements with consortium partners;
- all staff/partner kick-off and planning meeting;
- value chain (VC) and business case (BC) scoping, as well as VC validation and BC identification;
- tool development necessary the development of inclusive climate smart business cases;
- drafting of the Climate Innovation and Investment Facility guidelines
- drafting of M&E plan

While this list is not exhaustive, these are considered the overarching activities for the reporting period.

¹ Please note that on April 24, 2019 DGIS provided approval for a project name change from Climate Smart Agriculture East Africa to Climate Resilient Agribusiness for Tomorrow (CRAFT), as such, this Annual Report will refer to the project by its newly approved name.

2. Project Start Up Achievements

2.1. Introduction

As with any new project, the initial start-up phase is time consuming as a series of operational tasks have to be implemented, including staff recruitment efforts, development of partnership agreements between the various consortium partners, the lay-out of a management/organizational structure, as well as project implementation guiding manuals and strategies. However, a project start-up and inception phase is generally also suggested for exactly that and thus allows for a number of project operational and management elements to be put in place, before field based activity implementation can actually start and an evidence base can be shaped for further roll out of the project.

2.2. SNV Country Team Staffing

SNV, as the lead implementing partner, invested much time and effort in the recruitment of the three country teams (Kenya, Tanzania, Uganda), as well as the project management unit (PMU) staff to be based in Uganda. With the recruitment and onboarding of regional project manager on June 11, 2018, the recruitment of all other SNV staff started. However, as the regional project manager preferred to be based in Kampala, Uganda, it was decided to have the entire PMU team also be based in Uganda as opposed to Nairobi, Kenya as initially suggested in the project proposal.

Each country team was budgeted and planned to have the same initial set up and expertise, including a Senior Agribusiness Expert, a Senior Agronomist/CSA Expert, a Junior Agronomist/CSA Expert, a part-time/shared M&E advisor, as well as a Project Admin/Finance Assistant, and two drivers. The country project manager would wear a double hat, by also taking on one of the senior technical expert positions. In addition to the Regional Project Manager, the PMU positions originally slotted included a Finance Manager, M&E Officer, Grants Manager, Communication Specialist (part-time) and Gender Specialist (part-time).

In addition, a number of support staff functions based at SNV head quarters were envisioned to provide specific expertise virtually to the country teams and consortium partners, as well as field based support through regional missions. These positions include Climate Change Expertise, Energy Expertise, M&E Expertise, as well as Scaling and Strategy Expertise.

SNV was successful in recruiting its staff according to the staffing plan for this project by the end of September, and finalizing the onboarding process for all project staff by late October/early November 2018 across the three countries. The exception to this was the part-time gender specialist position, which was part of a global agriculture sector recruitment effort. As onboarding of this staff was delayed until the first quarter of 2019, the project recruited an interim gender specialist consultant to support the country teams during the last quarter of 2018 on gender and youth related matters.

An updated project organogram included in Annex I provides an overview of direct SNV staff as well as partner staff assigned and contributing to the CRAFT project.

2.3. Partnership Agreements and Staffing

2.3.1. Partnership Agreement Development

While SNV is the lead implementing partner for the CRAFT project, the consortium of supporting partners makes for a full team of expertise necessary for project implementation. The consortium does not only offer a strong platform of experience, knowledge and expertise available to manage and coordinate all facets

of the project, but also provides targeted technical assistance, business facilitation and research. The partners will also leverage and create synergies where possible with other programmes and public and private sector partners, thereby creating the institutional environment that can eventually facilitate wide-scale adoption of CSA practices and technologies.

Different from other projects and programs led by SNV, for this project SNV chose to have one-on-one partnership agreements with each of the consortium partners as a form of contractual binding engagement and obligation for the contributions expected to be made and results to be delivered by each partner under this project. In addition to the general roles and responsibilities for each partner (see Table 1 below) these agreements also outline reporting requirements, as well as flow down conditions from the DGIS grant agreement for this project.

Table 1: Key Partner Roles and Responsibilities

Summary of Roles & Responsibilities of Key Partners	
SNV	<ul style="list-style-type: none"> • Overall lead partner & coordinator; • Key contact towards DGIS and sole contract partner with donor; • Planning & management; • Responsible for reporting & accountability; • Implementer of the inclusive business approach; • Capacity development of service providers; • Management of innovation facility; • Evidence based agronomic advice to field implementers (CCAFS quality controlled); • Facilitate innovation and multi-stakeholder platforms; • Value chain analysis, business case building on implementation of CS practices and technologies (with WUR and Rabobank).
WEnR	<ul style="list-style-type: none"> • Climate change risk mapping along the value chain, including the financial private sector (with Rabobank & SNV); • Innovation support & Policy support for CSA Spatial planning; • Urban-rural interactions analysis;
WUR	<ul style="list-style-type: none"> • Supervise 2 PhD students from the region, for impact assessment of: (1) Impact of interventions on climate resilience of the farming system, value chain and policies from a financial/economic perspective; (2) Impact of interventions on climate resilience of the farming system and value chain from an agricultural production and environmental perspective.
CCAFS	<ul style="list-style-type: none"> • Services to support the development of effective climate information and advisory services for farmers and climate-informed safety net interventions; • Support to climate modelling and scenarios, choice of CSA technologies; • Research on climate smart technology adoption barriers and enabling environment barriers; • Identification of advocacy strategies; • Creating an enabling policy environment, linkage and influencing of national climate plans and priority setting for targeted investments that support scaling of interventions under climate change scenarios; • Study on opportunities for mitigation (reduction of GHG and increase of carbon sequestration) within the business cases.
Agriterra	<ul style="list-style-type: none"> • Scoping, assessment and selection of entrepreneurial cooperatives; • Professionalising farmer groups, cooperatives that are part of the business cases; • Lobby support to Farmer Cooperatives: Policy influencing; • Provide cooperative training packages and coaching including agri-poolers where required on: governance, business development, internal capitalisation, farmer services, youth and gender.

**Rabo
Partnership**

- Provision of technical support inputs from a financial point of view (credit, insurance) in the value chain analyses, climate risk assessments, monitoring of business cases and capacity building of partner banks in East Africa on CSA-related issues
- Provide support on financial product development that will promote the uptake of CSA food production and supply improvements.
- Development of financing solutions and mobilisation of financial services from Rabobank itself as well as partner banks in the region (DFCU in Uganda, NMB in Tanzania and in potential partners in Kenya such as Coop bank, Equity bank and AFC bank) for the roll -out of CSA business cases.

In addition to this list of general roles & responsibilities, the specific tasks and responsibilities will be reviewed on an annual basis as part of the work plan development process in which activities are assigned to each partner and/or group of staff and partners together, as was done for the inception phase work plan. With the exception of the CCAFS partnership agreement², all other agreements were signed during the 2018 start up phase.

2.3.2. Partner Staffing

Similar to SNV, the implementing (consortium) partners also reviewed their staffing requirements based on the initial staffing plan as part of the agreed upon commitments in their partnership agreements.

Wageningen Environment Research (WEnR) has recruited a team consisting of 4 staff members, including a climate change adaptation expert in agri-food sector, a climate change impact assessment expert, an environmental economy expert, and a climate change adaptation/resilient cities expert. While 3 out of the 4 staff members were onboarded in 2018, their fourth team member joined early 2019. All WEnR staff is based in the Netherlands, and provide support on a part-time basis through virtual advice, as well as field mission-based support as needed in the targeted project countries.

Wageningen University and Research (WUR) did not recruit actual staff, however, was tasked with the identification and recruitment of the PhD candidates to be assigned to this project. This recruitment process was supported by WEnR, CCAFS and SNV, and yielded one final candidate from Uganda and one from Kenya. While the interviews and selection process of the candidates was done in the last quarter of 2018, the actual onboarding of these PhD students only started in 2019. The PhD students will be housed in the SNV office (as well as CGIAR office as needed for system access) during their field work assignments, and it was agreed that CCAFS staff provides co-supervisory support during field-based research work.

Based on the original staffing plan for **CCAFS** a number of consultancies were foreseen. However, after discussions between SNV and CCAFS it was decided to reformulate these consultancies into staff positions that could be supported on a percentage part-time basis with the CRAFT project budget extended to CCAFS, and CCAFS would cover the rest of the staff time cost through assignments under other projects in its portfolio. This provides a win-win situation for the staff involved, as well as for the CRAFT project as it was felt that having long term (part-time) staff assigned to project activities is more beneficial than ad hoc and short term consultant assignments. However, due to the delayed signing of the official partnership agreement (see footnote 2) there was also a delay in onboarding the CCAFS staff. While the CCAFS regional project leader, the project coordinator/climate smart agriculture and policy specialist and the climate information and agro-advisory specialist contributed to project efforts in 2018 already, the policy and scaling specialists have only come on board since 2019. The climate information and agro-advisory specialist is based in Ethiopia, but the other CCAFS staff will be working out of their Nairobi/Kenya based office, and all will provide regional support to the project.

² As ILRI officially 'houses' CCAFS as part of the CGIAR institution, the partnership agreement (as well as any staffing, admin and finance related matters) flows through ILRI, which unfortunately caused a delay in formalizing the agreement between CCAFS and SNV under this project.

Agriterra was successful in appointing 1 full time staff member/Agribusiness expert in each country to the project. This staff member is considered part of the overall country team in the three countries, and works closely on a day to day basis with the SNV staff present in the country offices. In addition and as needed, the Agriterra country coordinators or other Agriterra staff available have pitched in during the scoping and data collection missions, as well as certain meetings, training/webinar sessions.

While **Rabo Partnership** does not have full-time or field-based staff assigned to the project, it was decided at the end of 2018 that in addition the the contact person/project coordinator, additional country focal points would be assigned to support the country teams – particularly in the development of business cases, review of investment propositions and related value chain analysis, as well as exchanges and negotiations with financial institutions (FIs), and for the eventual support of technical assistance to business champions as well as FIs on climate financing matters. The three country focal points for Rabo were identified during the last quarter of 2018 and have become directly involved in country specific activities from 2019 onwards.

2.4. Project Kick-off and Planning Meeting

Once the majority of all SNV and partner staff were recruited, there was a need to have a project kick-off meeting so as to have the entire extended project team come together – given that the teams are spread out across four countries (Kenya, Tanzania, Uganda and The Netherlands). The objectives of the kick-off meeting, held during the week of October 8-12, 2018, were to:

- Have all staff/partners meet each other for the first time, and get a sense of team;
- Create a clear(-er) and common understanding of the goals of the CRAFT project, modalities for collaboration, and approaches for implementation;
- Plan and review activities for the initial start up phase months, particularly the various scoping and assessment (what do we know already, what tools should we use, etc...);
- Draft and develop the key elements (activities & budget) for the 2019 project work plan (incl. next steps post-workshop, roles & responsibilities).

For many staff and partners participating, being able to “put a face to the name”, connecting in person, and spending a bit of time to get to know each other has helped in having everyone feel comfortable to connect virtually to one another on a daily basis given that the team is stretched out across different countries.

The meeting focussed entirely on our internal capacities and efforts, so as to ensure that this rather diverse project team of 45+ people would be ready and equipped to move forward after this meeting on a number of regional as well as country specific efforts. It also provided an opportunity for each partner to share their experience and expertise in the context of the project with everyone so as to connect, clarify expectations and create an understanding of their potential contributions. A number of parallel meetings were held amongst the admin and finance staff, as well as the M&E team.

During the kick-off meeting, much emphasis was also put on the need to present the project as one team, and not as 6 different partner organizations. As such, the extended team brainstormed not only about a more appropriate name (as many initiatives in the region are now labelled ‘climate smart agriculture’) but also about a single logo for the project, which would do away with all the individual organization logos when referring to the project. While only officially approved in April 2019, the project will be known as CRAFT (Climate Resilient Agribusiness for Tomorrow), and is thus used as such for this report already.

As the kick-off meeting also provided a first opportunity for all contact persons for each of the consortium partners to physically be together, a project management committee (PMC) meeting was held. The PMC meeting allowed the members to discuss expectations, review questions/concerns relating to the elaboration of the partnership agreements for the consortium partners, review and develop a TOR for the

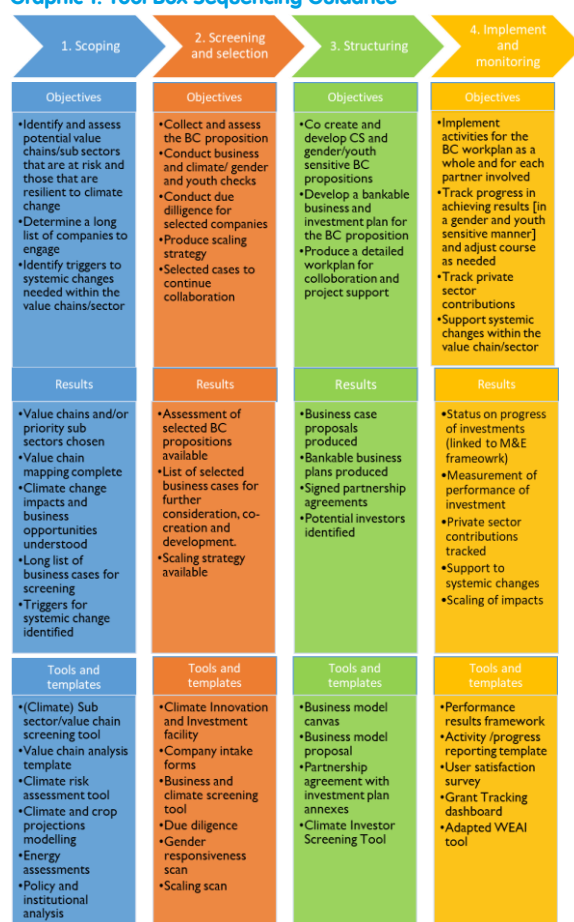
PMC, and agree on some of the key elements relating to communication, management and planning needed in moving the project forward. Having the consortium partner contact persons/PMC members located in different countries makes for there to not be too many opportunities to physically meet. As such, frequent email exchanges or skype calls between partners and/or between one or more partners and SNV management provides the mode for day-to-day information exchange, decision making and planning needs. However, it was agreed to have at least 1 physical meeting a year in East Africa preferably around a planning event when strategic decisions might have to be made together.

The key objective of working together on activity planning for the start up phase, as well as the development of the work plan was achieved, as an inception phase work plan covering the period October 2018 through May 2019 was developed by the team and submitted to DGIS for approval. The submission of the inception phase work plan was accompanied by a request for no-cost extension (NCE) of the project end date to May 31, 2023, so as to 'recover' the 5 months on the official grant agreement (Jan-May 2018) during which the project was not functional. This NCE was approved by DGIS on November 13, 2018, followed by the approval of the inception phase work plan on January 7, 2019.

The development and roll-out of the work plan for the inception phase guided the key activities for implementation during the last quarter of 2018 into the first half of 2019. The following sections of this report thus capture the outcomes of these key activities.

2.5. Tool Development

Graphic 1: Tool Box Sequencing Guidance



While every project partner brings its own experience and expertise into a project, this also came with a great number of tools and templates for agriculture project implementation. It was felt early on that there was a need to streamline not only the use of the different tools and templates the project would apply, but to harmonize the best elements of what each partner brought to the table, and especially review the sequencing of the application of tools in the process of (1) scoping for value chains and business cases, (2) screening and selecting the business cases, (3) structuring the business cases for project implementation and investment support, and (4) ensuring proper implementation and monitoring can be guaranteed for quality assurance and data collection/reporting purposes. In addition, there was also need to ensure that a few overarching key criteria would be integrated in the various tools and at various stages of their foreseen application – including climate smartness, inclusiveness (social, economic and environmental), viability of businesses, scalability of cases, as well as inclusion of any gender and youth related concerns.

Different team members were tasked in reviewing and refining the tools. The project organized a tool harmonization meeting during the first week of December in Nairobi to review and discuss the tools and templates and agreed on the logic for sequencing of application. While the process of finalization of the tool box, as well as the guidance document on the use and application of the various tools in the box would continue into the first half of 2019 and is considered a knowledge product flowing out of the inception phase, the graphic presented above provides an overview of the various stages, as well as the objectives and expected results at each stage, and the tools and templates available. While some tools were considered more or less final before the end of 2018, others required further development, tweaking or finalization during the first quarter of 2019.

As part of the tool development efforts, a series of webinars were organized on the use and application of the scaling scan tool. While this tool has been available within SNV for a while (and was developed under PPPLab efforts) the application of it has not been very consistent. The CRAFT project has taken this on as an opportunity to ensure that while certain activities and business cases might present pilots for new and innovative technologies, the project will only invest in interventions and business cases that are scalable, and will thus make scalability a key criteria, as well as the application of the scaling scan a priority. In an initial session the purpose of the tool was reviewed, after which the partners and country teams had an opportunity to apply it to a business case so as to review the opportunities, outcomes as well as challenges together. Moving forward, the scaling scan will be systematically applied as indicated in the sequencing graphic above.

Given the fact that staff and partners cannot always be physically together to work on tools together or have training and exchange sessions, the team will continue to make use of webinars moving forward as a way to virtually connect and exchange on key aspects for project implementation.

2.6. Scoping, Validating, Selection Value Chains and Business Cases

Based on the project proposal a number of value chains were pre-selected and a few potential business cases were highlighted for consideration and further development. However, there was a need to review the country specific dynamics in these value chains in more depth through desk research combined with scoping missions, which was further detailed out in value chain analysis and mapping. In particular the value chain screening tool was applied on the pre-selected value chains within the pulses, oilseeds, cereals and potato sub-sectors. This screening takes a number of key parameters into account allowing for different criteria such as social, environmental, food security/nutritional, as well as economic benefits to be rated in a weighed manner. Based on this, priority value chains were selected for the initial project efforts during the inception phase. An example of the screening tool applied to different pre-selected value chains in Kenya is presented below.

Table 2: Value Chain Screening Tool (Kenya application)

Value Chain Selection Tool													
Criteria	Weight	Green Grams		Pigeon Peas		Cow Peas		Sorghum		Potatoes		Canola	
		Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
SOCIAL BENEFITS													
Inclusiveness													
Potential to engage small holder farmers (number of farmers, acreage under climate smart production).	2	5	10	5	10	5	10	4	8	5	10	1	2
Potential for income generation by women (as employees or self-employed)	2	3	6	2	4	3	6	3	6	4	8	2	4
Women's control over equipment, assets and sales income	2	3	6	2	4	3	6	2	4	3	6	1	2
Potential for income generation by youth (as employees or self-employed)	2	4	8	3	6	2	4	3	6	4	8	1	2
Potential for employment/ new job creation	2	5	10	3	6	3	6	4	8	3	6	4	8
ENVIRONMENTAL BENEFITS													
Impact of Climate Change													
Vulnerability of the VC to impacts of climate change	3	3	9	2	6	3	9	3	9	5	15	4	12
Potential for products and/or services that enhance resilience of natural ecosystem	3	4	12	5	15	4	12	3	9	3	9	2	6
Potential for products and/or services that enhance resilience to agricultural production	3	5	15	2	6	5	15	4	12	4	12	4	12
Potential for innovative CSA practices and technologies	3	5	15	3	9	4	12	2	6	4	12	4	12
Impact on the environment													
Absence/Low negative impact on the environment or ecosystem	3	5	15	5	15	5	15	4	12	2	6	2	6
Potential for products and/or services that reduce greenhouse gas emissions	3	3	9	3	9	3	9	2	6	2	6	2	6
FOOD SECURITY/NUTRITIONAL BENEFITS													
Potential to access nutritious food													
Produced/Processed for only export	1	2	2	1	1	1	1	1	1	1	1	1	1
Produced/Processed for only domestic market	1	2	2	3	3	5	5	4	4	5	5	3	3
Produced/Processed for both domestic market and export	1	5	5	2	2	1	1	2	2	2	2	2	2
ECONOMIC BENEFITS													
Sector Growth Potential													
Unmet demand (local or export market)	2	4	8	1	2	1	2	3	6	4	8	4	8
Prospects for growth in demand in local or export market	2	4	8	2	4	1	2	2	4	4	8	4	8
Prospect for value addition	2	5	10	2	4	3	6	2	4	4	8	2	4
Potential to increase agricultural productivity	2	4	8	3	6	3	6	2	4	4	8	5	10
Competitiveness													
Comparative advantage (product differentiation, low cost of production, low price etc. relative to competitors) with a special focus on SMEs to serve the	1	4	4	2	2	2	2	4	4	3	3	2	2
Comparative advantage of SMEs to serve the export market	1	3	3	1	1	1	1	2	2	2	2	0	0
Profitability													
Potential for increased revenues/net profits by SMEs in the value chain	2	5	10	2	4	1	2	3	6	4	8	1	2
Potential for engaging a large number of private sector enterprises at different stages of the value chain	2	4	8	1	2	1	2	2	4	4	8	1	2
Outreach/Scalability													
country	2	3	6	2	4	2	4	3	6	4	8	2	4
Potential for scaling/replicating the interventions across EA countries	2	3	6	1	2	1	2	2	4	2	4	1	2
Potential for a critical mass of smallholder farmers adopting intervention	2	5	10	1	2	2	4	4	8	5	10	0	0
Potential for scaling interventions from one business champion to another	2	4	8	1	2	1	2	3	6	4	8	0	0
Potential for scaling/replicating interventions from one value chain to another	2	4	8	2	4	1	2	2	4	4	8	1	2
ENABLING ENVIRONMENT													
Policies & Regulations													
sector	2	3	6	3	6	3	6	2	4	4	8	2	4
Presence of government regulatory bodies	2	3	6	3	6	3	6	3	6	4	8	1	2
Presence of sub-sector platforms /institutional networks	2	2	4	2	4	2	4	2	4	4	8	2	4
Financial & Information services													
Sufficient access to financial services (includes index based insurance services)	3	3	9	1	3	2	6	2	6	4	12	2	6
Sufficient access to agricultural advisories and market information services	2	3	6	3	6	3	6	4	8	4	8	2	4
Evidence of real time weather information services	3	3	9	3	9	3	9	3	9	3	9	3	9
chains	3	4	12	2	6	2	6	2	6	4	12	2	6
Business/Investment environment													
Evidence of private sector having plans/willing to invest in the value chain	2	4	8	1	2	1	2	4	8	4	8	4	8
Sufficient access to business development services for quality improvement of the business processes	2	3	6	2	4	2	4	3	6	3	6	3	6
Access to qualified labor force, raw material, and land resources	2	3	6	3	6	2	4	3	6	3	6	1	2
Presence of infrastructure (collection centres, markets, roads)	2	1	2	1	2	1	2	1	2	1	2	1	2
Tangible government support is provided or expected (e.g tax incentives)	2	2	4	1	2	1	2	1	2	1	2	1	2
Total			296		191		205		222		286		177

Once the value chain selection was validated the teams continued with further mapping and analysis of the value chains, as per the prescribed tool. This process started in 2018 but was completed in 2019, along with the identification and validation of initial fast-track business cases to be developed during the inception phase, using templates designed for that phase of business case screening, analysis and development. Kenya ended up selecting Green Grams and Potato; Tanzania selected Sunflower and Common Beans, and Uganda chose Soya Beans and Sesame as a result of the application of the VC screening tool.

In order to undertake a climate risk assessment (CRA) for each of the selected value chains, the climate risk assessment tool had to be developed, as well as the tools and protocols for climate projections and modelling. This process is based on a number of climate variables that were identified by the field teams based on the outcomes of the scoping missions and value chain analysis. Again, these processes started in 2018, and were further rolled out in 2019, including the data collection on climate related perceptions of various stakeholders operating within the chosen value chains for the CRA process.

Different from the normal sequencing as presented in the tool box sequencing guidance graphic in section 2.6, the activities prescribed for the inception phase pushed the teams to move forward with the development of a few fast track business cases in the chosen value chains so as to be able to review and

document these as 'proof of concept' (POC) cases from which the project team could learn by applying the different tools, understanding the climate specific opportunities and challenges, as well as the interest and appetite of SMEs/agribusinesses to collaborate with the project on the concept of climate proofing value chains through the development of climate interventions as part of the application of an inclusive business case project approach. Normally, the CRA process would be done before identifying and developing business cases, which will also be the sequence the project will apply moving forward, however, during this inception phase, this sequence was somewhat distorted, allowing the project country teams to learn from various processes at the same time, hereby emphasizing the "learning as we go" objective during the inception phase that should result in a more solid strategic foundation for implementation of the program beyond the inception phase. However, during the last quarter of 2018, the country teams each identified 2 fast track business cases, but further business case analysis, stakeholder meetings, linking with financial institutions on potential climate investments, etc. were scheduled for deepening during the first half of 2019.

2.7. Climate Innovation and Investment Facility

While the project proposal refers to the grant mechanism as the Climate Innovation and Matching Grant Facility, the project team felt the need to adjust the labeling of this facility to 'Climate Innovation and Investment Facility' (CIIF). The reason for this is to de-emphasize the 'matching grant' terminology, as this often gives the impression to investees that it will require only a 50/50% match, and no additional effort has to be made from the side of the investee. Yet the project hopes to stimulate business champions/investees to contribute well above 50%. In addition, the word 'grant' tends to indicate that there is only a granting link between the investee and the project, which can lead to a situation whereby investments are disconnected from reality and a link with the financial sector is lost. Based on internal exchanges, but particularly on the advice of Rabo Partnership, the project will ensure that any investment supported by the project is triangulated with and linked to a financial institution so as to ensure that the business case is found to be credit worthy, and can continue to receive loans through the financial sector after the project ends – this thus forms a 'build in' exit and sustainability strategy.

Exchanges with Rabo Partnership, financial institutions as well as potential business case champions/SMEs have led the team to refine the objectives and criteria for use of the CIIF, which are now laid out in greater detail the CIIF Criteria and Procedures Manual for approval by DGIS, but they are summarized below.

The objectives of the CIIF instrument are (i) to reduce the financial risks of business initiatives including those of smallholder (women) farmers and of cooperatives, thereby contributing to an increase of the level of investment and private sector engagement in the climate resilient food systems in East Africa; and (ii) to upscale structural investments by leveraging these with existing financial instruments and relevant institutions. The project will apply the principle of 'additionality'. It should therefore be evident that businesses would not have ventured (or would have done so with more uncertainty and risk) in the CSA investment without the co-contribution from the CIIF. Successful business cases that receive CIIF support and technical assistance in the inception phase will be able to gain experience and provide 'proof of concept' allowing these cases to become 'investment ready' and unlock access to commercial finance for further scaling.

Financial support under this facility will be used as a grant to:

1. Provide technical assistance in the acquisition/negotiation of financing from financial institutions, with the possibility of buying down interest rates and/or de-risking the suggested investment. This is generally aimed at mitigating limited cash flows;
2. Extend specific technical assistance (TA)/expertise for investors to optimise implementation and impact;
3. Matching or technical assistance grants. Potential investees can propose to co-invest in innovative climate smart solutions;

4. One-off co-investments for equipment procurement that have a well-defined climate smart impact on the productivity of the business, as well as a positive effect on improving smallholder livelihoods;
5. Provide specific TA for the financial institutions to support CSA services and access agribusinesses at lower cost, develop tailored lending models and products which can mitigate the risks of lending to agribusinesses. These institutions include banks, microfinance institutions (including those which take deposits) and savings and credit cooperatives (SACCOs).

The CIIF shall support selected SMEs, cooperatives and smallholder farmers for innovation and testing with a maximum project contribution of 50%. Specific selection criteria for start-up agribusinesses, women-led or managed businesses and young entrepreneurs will be considered, in addition to the main essential climate smart criteria geared to gender and youth inclusiveness, related outreach strategies, and systemic change and learning resulting from this. The CIIF contribution will not be an end but rather a means for attracting commercial funding for follow-up investments and scaling. Coordination and complementarity with none project funds (grants, equity, loans, etc.) will be sourced from investees to leverage this investment even further.

The procedures for use and application of the investment facility will be continuously reviewed and adjusted as needed as the project team gains more insight in the specific types of climate investments and potential need for financial product development.

2.8. Monitoring and Evaluation Plan

Similar to the Investment Facility, the development of the Monitoring and Evaluation (M&E) plan has been a work in progress, which has gone through multiple internal reviews and adjustments as we learn about the potential interventions that will be rolled out under the business cases, as well as opportunities and challenges in measuring climate smartness, agribusiness business performance, as well as improvement of productive, application of potential practices and technologies, inclusivity of interventions, and factors that influence the enabling environment.

The overall purpose of the M&E plan is to guide collection, analysis, use and dissemination of information collected from the field that enables the tracking of progress made in response to climate change adaptation and mitigation efforts implemented by the project. It thus serves as a planning and management tool that illustrates how the project will measure progress towards achievements of project goal and objectives. Integration of performance monitoring in the overall project management system will assist the project team in planning and focusing activities and resources to achieve project objectives and targeted results. It will also use data for evidence based decisions, and thus informs the project team as to whether planned activities are on track or require corrective actions.

The M&E plan will articulate the linkages, reporting relationships and clearly formulated indicators used to measure inputs, outputs, outcomes and impacts. This indicators will become an integral part of and are thus included in the business case agreements so as to ensure that each business case is reviewed against the same (sub-set of) indicators that feeds into the overarching project results framework. The CIIF tracking systems and business case dashboard will thus be directly linked to the M&E plan and indicator reporting system.

While the project proposal had a draft results framework and indicators, the project team has thoroughly reviewed and adjusted this against a detailed theory of change (ToC) to ensure the logical flow between the activities to be implemented, climate smart investments to be made, and the outcomes and impacts sought after. In addition, much effort was made to align the M&E plan not only with requirements and guidelines of SNV and the East African governments, but also with those of DGIS so as to ensure a direct linkage and 'feed in' to the DGIS results frameworks where possible. The full M&E plan is up for approval by DGIS, with the understanding that annual reviews and adjustments are likely needed as the project evolves over time.

3. Outlook

3.1. Inductive Planning Approach

As stated in the inception phase work plan, the CRAFT project will use an inductive approach to planning. This means that project interventions beyond the inception phase (from June 2019 onward) will be based on lessons learned and insights developed during the implementation of the inception phase. At that point the activities will be linked to indicators from the M&E plan, and indicator specific target setting will be done for the coming period.

The internal project-based planning logic will be determined by not only the overarching project targets to be achieved, but also by the level of interest, ambitions, commitment and investments of those targeted by the project – cooperatives and their farmer members, SMEs and agri-businesses, agricultural services providers, financial institutions, as well as public sector entities and government agencies. During rest of the inception phase, the value chain and business case analysis, combined with various stakeholder meetings, and the climate risk assessment process should provide the necessary insights to develop a much more targeted plan for interventions not only within the current chosen value chains, but also for eventual opportunities in other value chains.

The needs expressed by project stakeholders along and across different agricultural value chains, can be translated into opportunities that will address the impact of climate change on their enterprises. The project team has already noted that the opportunities for businesses operating within value chains (such as VC specific producers, cooperatives, processors, traders, etc.) are different from those businesses that operate across value chains, and offer non-VC specific services such as weather information, insurance packages, inputs (seed, fertilizer, crop protection products), climate financing/mobile money solutions, and post-harvest storage technologies to name a few. A mix of these different types of business cases will be reviewed for further development in an effort to not only reach projected targets, but also develop scalable climate smart business solutions and address systemic issues in targeted value chains.

Reviewing lessons learned, results and impacts that form the outcomes of project interventions, developing a knowledge base for internal project planning and external sharing will drive quality of implementation.

3.2. Human Resources

At the end of the year 2018 SNV did an internal budget and staffing review, which is further detailed out in the first quarter of 2019. The initial indicator is however that additional technical and support staff will have to be brought on board to fill some human resources gaps, however, these adjustments will stay within the overall budget envelope set aside for personnel. Staffing adjustment will likely include the recruitment of the following:

- Energy and Agriculture Expert (as initially envisioned) at PMU level;
- Country Project Manager for Uganda as the Regional Project Manager can not sufficiently support the regional as well as country management.
- Management Assistant at PMU level to support the management team in administrative, secretarial and logistical efforts;
- Jr. Agribusiness/Agronomist staff for the country teams to ensure close technical follow-up and technical assistance to business cases;
- Interns/Jr. M&E staff to support the field-based data collection, monitoring and reporting of the M&E unit.

Partners were asked to do a similar review of their staffing and TA support functions to the project. Agriterra has been requested to propose concrete opportunities to tap into their “Agripool know-how” for the provision of specific technical support, and the need for ad-hoc or longer-trajectory consultancy to support specific facets of technical assistance needs will be reviewed on a continuous basis as well.

3.3. Implementation Beyond Inception Phase

Once the M&E plan is finalized and approved, and all indicators are clearly defined, then output and outcome targets linked to each of the proposed interventions can be set for performance achievement tracking. As such, a more clearly defined indicators results framework with activity related targets will become part of the next work plan covering June – December 2019.

The value chain and business case analysis, combined with various stakeholder meetings as well as the climate risk assessment process (as indicated for implementation during the first months of 2019), should provide the initial basis from where future activities can be designed and planned. The fast track business cases developed during the inception phase should convey the evidence, deriving the ‘proof of concept’ experience, which demonstrates the climate smart business model and approach are indeed economically viable and operationally feasible for further roll-out and scaling.

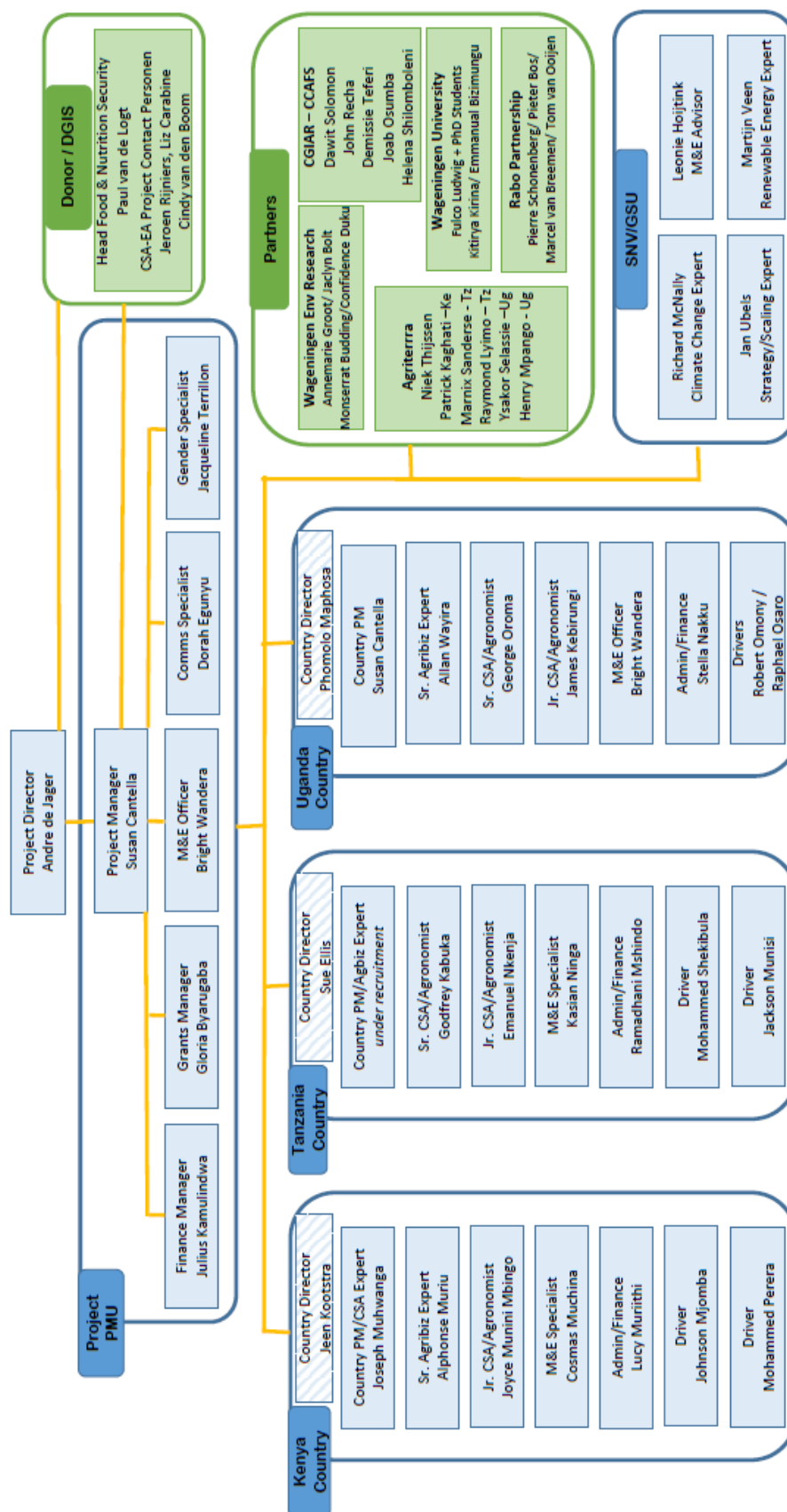
As foreseen in the proposed inception phase work plan, the team will hold a internal learning and planning event in May 2019, on which basis a work plan covering the rest of the year can be developed for submission to the DGIS. The lessons learned and validation of tools, approaches and proof of concept applied during the inception phase should not only provide input for the work plan development for the second half of 2019, but provide the strategic foundation for what is to follow in 2020 and beyond as well. Learning, knowledge sharing and documentation of successes as well as pitfalls is a reiterative process that will inform future project interventions and potential adjustments in project planning and target setting.

Annexes

A decorative graphic consisting of several overlapping, wavy blue bands that originate from the left side of the page and curve upwards towards the right, creating a sense of movement and depth.

Annex I Project Organogram

CRAFT Project Organogram



Annex II Summary of Inception Phase Work Plan

WORK PLAN OCT 2018 - MAY 2019	2018	2019		Partner
Activities	Qrt 4	Qrt 1	Qrt 2	(lead)
Workstreams: CSA Practices & Technologies / Investments in Inclusive Value Chains				
Selection of VCs and initial BCs				
harmonized selection criteria for selection of initial VCs				SNV
Review initial pre-selected VCs (6 in total; 2 per country) against harmonized selection criteria				SNV
validate and justify the selected 6 VCs				SNV
Scoping, data collection and desk review on initial selected VCs and 'fast track' BCs, including 15 cooperatives				SNV
Identification of and data collection on additional VCs and BCs (desk review for building background documentation for validation and justification)				SNV
Tool Development - inclusive business & finance				
Business Screening Tool (for more detailed analysis)				SNV
Scaling Tool (for initial assessment of scalability of BCs)				SNV
Busines Model Canvas (harmonization of different canvasses)				SNV
Business Plan (template/check list for different types of SMEs/businesses)				Agriterra
Investment Plan (harmonization of different existing plan templates)				SNV
Eligibility criteria for Grants (review against types financing and/or recipients)				SNV
Climate Risk Assessment Tool (harmonization of existing tools)				WE nR
Gender and youth assessment elements (for intergration in other VC & BC tools)				SVN
Deepening of VC Analyses				
Deepening of VCs (Data collection, risk assessments, field work, visualization, stakeholder workshops) - (application of different tools as appropriate)				WE nR/SNV
Climate risk projections for 6 selected value chains				CCAFS
Deepening of Proof of Concept (BCs)				
Develop at least 6 cases - based on initially selected 'fast track' - (application of different tools in integrated manner as appropriate)				SNV
Proof of Concept/Deepening Business Cases & plan with partners				SNV/Agriterra
Gradual Work on 15 additional BCs - Continuous development of BCs (application of different tools in integrated manner as appropriate)				SNV/Agriterra
Training Needs Assessments Financial Institutions				
Needs of 3 - 6 financial institutions and other engagements aspects identified				RABO
Design Innovation and Matching Grants Facility				
Initial draft version				SNV
Innovative Financial Approaches, Products and Tools formulated/included				SNV
Improved and expanded grants manual				SNV
Grant Evaluation Criteria Finalised				SNV
Initial Matching Grant public tender				SNV
Workstream: Enabling Environment for Development and Scaling				
Scoping & Gap Analysis- Enabling Environment				
Study on index based insurance & climate (weather) info services				CCAFS
Study on potential for adaptation and mitigation in selected value chains/crops				CCAFS
Research proposal for impact studies by 2 PhD students (initial data review)				WU
Cross-Cutting Workstreams: Learning & Knowledge Sharing / Gender & Youth Inclusion				
Program Strategy Gender and Youth development				
Recruit initial short term personnel				SNV
Recruitment of long term personnel				SNV
Develop strategy (emphasize incorporation into key project manuals/guides)				SNV
Design Knowledge and learning Workstream				
Internal Learning Events				
Internal learning on assessment & analysis tools				ALL
Team Learning Event (post assessment)				ALL
Establishment of Project Advisory Committee (PAC)				
External Lanching Events (by country)				
Monitoring, Evaluation and Learning Plan (MELP)				
Communication Strategy				
Inception Report				
Draft Report (June 2018-May 2019)				SNV
Final report				SNV
June/July - Dec 2019 Work plan Development				

