



联合国
粮食及
农业组织

FOOD AND
AGRICULTURE
ORGANIZATION
OF THE
UNITED NATIONS

ORGANISATION
DES NATIONS
UNIES POUR
L'ALIMENTATION
ET L'AGRICULTURE

ORGANIZACION
DE LAS NACIONES
UNIDAS PARA
LA AGRICULTURA
Y LA ALIMENTACION

منظمة
الاعذية
والزراعة
للأمم
المتحدة

技术合作计划

TECHNICAL COOPERATION
PROGRAMME

PROGRAMME DE
COOPÉRATION TECHNIQUE

PROGRAMA DE
COOPERACIÓN TÉCNICA

برنامج التعاون الفني

TECHNICAL COOPERATION PROGRAMME

Country/Institution, etc.: Kenya

Project title: Computerization of agricultural cooperatives and emerging producer associations in Kenya

Project symbol: TCP/KEN/2907 (A)

Starting date: November 2003

Completion date: April 2005

Government counterpart responsible for execution: Ministry of Co-operative Development

FAO contribution: US\$193 000

Signed:

(on behalf of the Government)

Signed:

Jacques Diouf
Director-General
(on behalf of FAO)

Date:

Date:

I. BACKGROUND AND JUSTIFICATION

Agricultural cooperatives play an important role in the Kenyan economy. A study on the status of Agricultural Marketing Cooperative Societies, launched by ICA towards the end of 2001 in 53 districts, covering 1 342 primary agricultural marketing cooperatives, indicates that 760 were active. The studied cooperative societies had a membership of 1.3 million members, of which 41percent are active, with a total share capital of K Sh 1.7 billion and generated an annual turnover of K Sh 14.4 billion. Major value adding occurs in coffee and dairy sectors where large vertically integrated cooperative structures predominate. While these statistics appear impressive, they hide the fact that most of these cooperatives are now undergoing a very difficult period of transition from a state-led and financed movement to a member-led and financed one.

Prior to June 1998, the Kenyan cooperative movement was regulated by the Cooperative Societies' Act, (Cap 490 of the Laws of Kenya) of 1966. This Act created the office of Commissioner for Cooperative Development who had the dual roles of registration and cooperative development. Under this Act, the Government acted as regulator, financier and manager of the movement. The majority of coffee, dairy and other producer cooperatives operated within protected and vertically-integrated markets under monopoly conditions, and although the system functioned, the inefficiencies and cost to Government of maintaining these marketing structures could not be sustained without considerable government and donor support.

With the introduction of market liberalization reforms in the early 1980s, the Government began to realize that primary agricultural cooperative societies would have to be given more business decision-making autonomy to compete in these markets. The Cooperative Societies Act of 1997 was an effort to create a more favourable legal environment that would accomplish this by reducing Government's role in regulating, financing and managing these cooperatives. But now, four years after these reforms, the majority of the coffee, dairy and other producer cooperatives remain poorly equipped to compete on an equal footing with private sector firms. As competition from private traders increases, many of the larger dairy and coffee cooperatives (with memberships ranging from 800 to 10 000 members) are encountering increased difficulties in maintaining profitability and in mobilizing enough capital to finance their marketing operations¹. The result had been growing member dissatisfaction, a decline in active agricultural cooperative membership and many agricultural cooperatives being forced to close down their operations.

Findings from a 1997 study on member capital formation in five large coffee and dairy cooperatives in Kenya confirm these trends. In the surveyed cooperatives neither managers nor members showed great interest in mobilizing additional member equity capital to finance business growth either through the accumulation of retained earnings or through additional member equity capital contributions². One reason cited was that both coop managers and members lack access to the kind of detailed and timely information on member transactions, coop financial position and profitability needed to implement such member capitalization schemes. Surprisingly, all the surveyed cooperatives still operated using manual bookkeeping systems. This led to long delays in member transaction and financial reporting, lack of information sharing and transparency between management and members as to the financial state and profitability of the cooperative, weak member participation, and consequently a low level of member capital contributions to finance cooperative business activities.

Additional evidence from the ICA study appears almost daily in Kenyan newspapers and confirms the gradual breakdown of these vertically-integrated cooperative structures due in large part to their inability to mobilize sufficient capital to finance their marketing activities. If these trends are allowed to continue, the majority of these farmer structures are likely to collapse which will represent a huge

¹ ICA report on status of Agricultural Marketing Cooperative Societies in Kenya. Unpublished report, PAS, May 2002

² Jamsen, P., Ikaheimo, S., and Malinen, P., "Capital Formation and Kenyan Farmer-owned Cooperatives," Saija/ Series A-8: 1999, Turku School of Economics and Business Administration, Turku Finland, 1999

loss of “rural social capital”, and lead to a further marginalization of the Kenya’s smallholder sector. Nevertheless, there are some signs of hope.

First of all, there is a growing awareness within the Ministry of Co-operative Development (MoCD) and the cooperative movement that if agricultural coops are to successfully compete in privatized markets they will have to change the way they do business and mobilize capital; and they will have to do so quickly. Secondly, new modes of *ad hoc* smallholder cooperation are beginning to emerge as dissatisfied producer members “vote with their feet” and invent new ways to add market value to their produce. The principal objective of these emerging producer associations is to add value to their products by developing more direct market links with private buyers and traders at national and international levels.

The main weakness of these groups is that they frequently lack the business skills, access market to information and links with private buyers and the financial capital to achieve their goals. In order to restore the competitiveness of cooperatives and provide additional assistance to emerging groups, urgent action is needed in four areas:

- primary cooperative society managers and members must be trained in how to profitably manage their member-owned and financed businesses under these new market conditions;
- the efficiency with which these organizations collect, process and use business information has to be significantly improved, if new methods of mobilizing *internal* member capital have to be introduced;
- similar assistance must be provided to strengthen the management capacities of emerging producer associations/groups.

Some progress has been made in this direction. For example, the Ministry of Co-operative Development (MoCD) has launched a new series of management education and training courses for cooperative managers at the Cooperative College of Kenya. This training supplements earlier capacity-building support provided by the Kenya/Nordic Cooperative Development Programme, DANIDA, SCC, World Bank, and FINNIDA that was aimed at improving the quality of agricultural cooperative business management training. However, it is unlikely to be effective if not complemented by a concurrent introduction of computerized business information systems. To be effective in their jobs, these newly trained managers and members will need much quicker access to quality decision-making data to improve cooperative profitability and attract more member capital under privatized market conditions. Especially for the larger agricultural cooperatives, computerization is considered essential.

In consultation with MoCD, FAO launched a study in 2001 to examine the feasibility of introducing such computerized systems in larger Kenyan agricultural cooperatives. The study reviewed existing local experience in the computerization of cooperative information systems and identified a number of strategy options for the development of a prototype system. The study noted that although some experience had been gained in the computerization of rural Savings and Credit Cooperative Societies (SACCOs), none of it had yet been applied to the computerization of agricultural marketing cooperatives³.

A second follow-up survey of 10 agricultural marketing cooperatives in the central highlands region confirmed that none of the agricultural cooperatives surveyed -even those operated alongside of computerized rural SACCOs- had yet computerized. This was largely because the information processing needs of agricultural marketing cooperatives, which involve upstream (input supply) and downstream (storage, processing and marketing) activities are different and more complex than the

³ Pipal, Limited, “Cooperative Business Information Needs and Capacities in the Tea and Dairy Sectors as Kenya,” prepared for FAO, October 2001. Two donor-funded programmes have been promoting the computerization of rural SACCOs in Kenya: one supported by the Swedish Cooperative Centre, DFID, ICA and the Cooperative Development Information Centre (CODIC), and the other: the FAO supported MicroBanker Programme.

largely single service (savings/credit) of rural SACCOs⁴. That being said, some of the SACCO experience in computerization, for example in hardware installation, software adaptation and staff training is relevant and will be tapped.

The MoCD fully supports this new focus on computerization and, in close consultation with FAO, has developed a technical assistance project to address this concern. The aim of the proposed assistance is the development of an appropriate, low-cost and marketable computerized information system to replace the existing manual ones. The expected benefits to agricultural cooperatives and emerging producer groups will derive from using this new system include:

- an increase in the speed, accuracy and frequency with which business information (on the profitability and financial position of the cooperative/group) is collected, processed and used by managers and members;
- better and timely information provided to members on their business transactions with the cooperative/group;
- improved management access to external (e.g., national and global market, supply/demand) information relating to the cooperative business;
- increased profitability due to more accurate and timely business reporting; and finally
- the capacity to introduce and effectively manage new patronage-based systems of member equity capital accumulation.

Several other development agencies have shown keen interest in supporting and/or follow-up to this MoCD-FAO project initiative. For example, the US Peace Corps has offered Peace Corps volunteer support to the project. Two other agencies with ongoing projects on strengthening primary agricultural cooperative society capacities: the Swedish Cooperative Centre (SCC) and the USAID-Land-of-Lakes project on smallholder dairy development have expressed interest in collaborating with the project during implementation and any planned follow up/replication⁵.

The project is also likely to produce other beneficial effects, including improved member access to information flows both within and outside the cooperative/group. This will promote greater transparency and improved accountability of cooperative management to members, increased member participation in cooperative decision-making and financing, and in their communities, thus indirectly contributing to complementing other government and donor-supported local governance and decentralization initiatives in the country.

Successful implementation of the project will be further ensured by:

- *adopting a small-scale pilot, market-oriented approach* to prototype system testing and development. The aim is to develop a low-cost and marketable PC-based system for handling the main information processing needs of major dairy, coffee and tea cooperatives and emerging producer groups;

⁴ Pipal, Limited, "Cooperative Information Needs Survey for the Tea, Dairy and Coffee Sub-Sectors," prepared for FAO, May 2002.

⁵ SCC and Land of Lakes interest in collaboration was confirmed in June 2003 during the SDAR Senior Officer's visit to Nairobi. SCC indicated that the focus of the MoCD-FAO project on computerization of business information systems at primary society level would nicely compliment its support to strengthening primary society business capacities in Central Province under its Community Empowerment and Enterprise Development through Cooperatives (CEEDCO) project and encouraged closer collaboration between the two projects during the implementation phase, via exchange field visits and showed interest in providing possible follow-up support to the project during any replication/expansion phase. The USAID-Land-of-Lakes project on smallholder dairy development also indicated interest in the initiative and promised closer technical collaboration at primary society level with the proposed MoCD-FAO project.

- *focusing on the primary society/group level.* Previous attempts at computerization have focused on the cooperative union level and have not been very successful. Due attention will be given to union level information requirements but assistance will be targeted at the primary society/group level where information processing requirements are simpler and easier to address;
- *building on existing experience* - one representative, i.e. typical primary agricultural cooperative society in the dairy sector will be selected for pilot testing. These will be located in areas *where computerized Savings and Credit Cooperatives (SACCOs) are successfully operating and where agricultural cooperative management and staff are motivated* to support the computerization testing effort. The objective will be to develop a flexible system that is competitive and can be easily marketed and sold to mid-sized dairy, coffee and tea societies and emerging producer groups;
- *ensuring easy access to technical support.* The pilot society is located within one-two hours' drive from Nairobi and has a reliable electrical supply and telecommunications system;
- *simultaneously maintaining a backup bookkeeping system* during the development and transition period;
- *adopting an incremental approach to core system development* team training. Initial emphasis during the first months will be on introducing basic computer skills to core team members beginning with mastering main off-the-shelf MS Office tools like MS Outlook, MS Word, Excel and Access and basic accounting software applications like QuickBooks, Solomon, Great Plains Dynamics, etc.; then proceeding to introduce broader programming and system development skills;
- *using multistakeholder, participatory methods.* To ensure more rapid adaptation of the prototype system developed, a process of broad stakeholder participation (including member, manager, private system developer and government perspectives) in identifying and prioritizing information processing needs, and in the Monitoring and Evaluation and development of the system will be adopted;
- *identifying the software licensing and maintenance requirements,* to establish how the product will be patented and who will own the intellectual property rights of the product.

II PROJECT IMPLEMENTATION ARRANGEMENTS

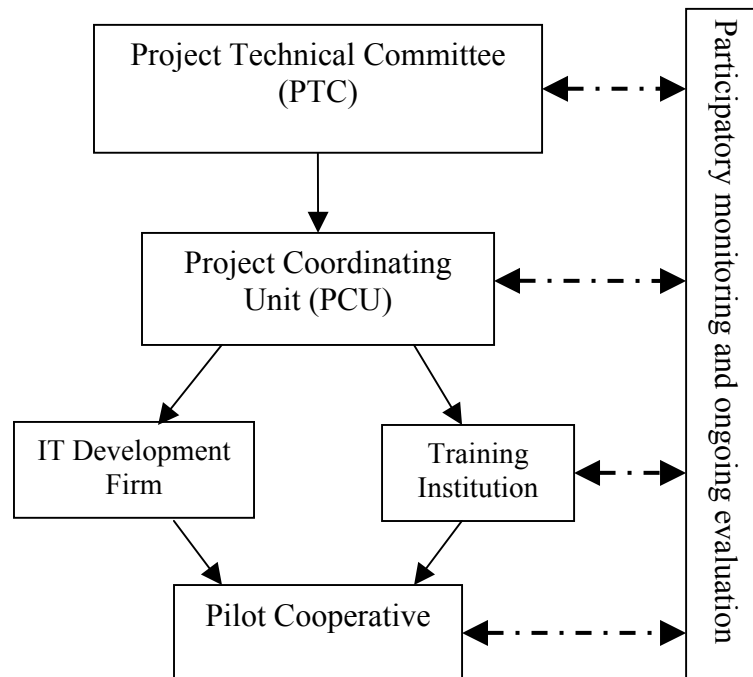
The implementing agency for the project will be the MoCD. A Project Technical Committee (PTC) of six members will be established to oversee and guide the implementation. PTC members will include: one representative from each of the following organizations: the MoCD, the Cooperative Development Information Centre (CODIC), the contracted IT firm, the participating society, the International Cooperative Alliance Subregional Office for Africa (ICA) and FAO. The PTC will be responsible for all policy matters relating to project implementation and monitoring.

Day-to-day project operational responsibilities will be assumed by a Project Coordination Unit (PCU). The PCU will be established by the PTC and staffed by a fulltime National Project Coordinator (NPC) and three part-time staff from the Ministry. The PCU will liaise closely with all relevant inter agencies for the smooth implementation of the project.

FAO technical advisory support will be provided to the PCU via short-term technical backstopping visits during the inception, mid-term and final phases of implementation. Prototype development will be provided by a Kenya-based IT firm selected and contracted by FAO following standard FAO procurement procedures. A qualified national consultant will also be recruited to assist the PTC in implementing and supervising the IT firm contract. Training services will be provided by CODIC under a Letter of Agreement (LOA) arrangement with FAO. The PTC will be assigned local responsibility for supervising both of these contracts on behalf of FAO (see annexes 2-3 for proposed terms of reference).

Monitoring would be done via three multistakeholder workshops held at project inception, mid-term and end of the project, all organized by MoCD in consultation other PTC members (see section IV, project outputs). The national consultant, (selected by ICA and FAO) will serve as the key technical resource person at these workshops (see section VIII, FAO contribution and terms of reference for national consultant in annex 4).

An organizational chart illustrating the institutional setup for implementing the project is provided below:



The direct beneficiaries of the project will be: managers, committee members and members of the pilot cooperative. Indirect beneficiaries will include MoCD, CODIC personnel and managers, and those in emerging agricultural producer associations interested in utilizing the system.

The prototype system will be developed and tested by the **Tulaga Primary Dairy Marketing Cooperative Society**, a primary cooperative dairy serving an estimated 800 active members and situated in Kinangop Division, Nyandarea District.

III. PROJECT OBJECTIVES

The overall goal of the project is the development of a low-cost computerized information system for use by primary agricultural cooperative societies and emerging producer associations within Kenya (and potentially within the region) to help strengthen their capacity to compete and mobilize capital in liberalized markets and consequently, their capacity to improve the livelihood conditions of their members and communities.

Specifically, the project will:

- develop low-cost, marketable software/hardware prototype for the selected pilot primary agricultural marketing cooperative, which can serve as a model for adaptation and replication in other such societies;
- ensure multistakeholder participation in development of replicable prototype system;
- train staff, management and members in the operation and use of prototype system, utilizing participatory training methods and appropriate training materials;
- refine the prototype system to achieve a low-cost but flexible solution which can be replicated and adapted to meet a variety of cooperative or emerging producer association information processing requirements.

IV. PROJECT OUTPUTS

Objective 1: develop low-cost, marketable software/hardware prototype for the selected pilot cooperative.

Output 1.1: a ten page report specifying and prioritizing management and member agricultural information needs and data processing requirements.

Activities

- 1.1.1. Independent sample surveys to assess management and member information needs and priorities.
- 1.1.2. Identification of member data requirements, including information on member product delivery, product quality, payments, equity capital contributions and deferred payment retentions and bonuses.
- 1.1.3. Identification of other business information requirements, i.e. market pricing data, input supplier database, climate data, e-mail, etc.
- 1.1.4. Identification of data processing requirements to satisfy priority information needs.

Output 1.2: a 15-page report reviewing the strengths and weaknesses of the pilot cooperative's manual accounting system.

Activities

- 1.2.1 A survey of existing business data collected, estimated time and person hours involved, identification of critical information collection/processing bottlenecks.
- 1.2.2 Verification of audited accounts of the pilot cooperative.
- 1.2.3 Specification of actual accounting system requirements of the pilot cooperative.

Output 1.3: specification of prototype system hardware, software and human resource requirements.

Activities

- 1.3.1 Determination of the functional requirements and define the hardware architecture for the pilot society.
- 1.3.2 Determination of the basic and desirable functional requirements of the software application.
- 1.3.3 Specification of the human resource requirements for operating and maintaining the prototype computerized system.
- 1.3.4 Specification of environmental requirements of prototype system: network, operating system compatibility, electrical power reliability and telecommunications connectivity, file backup and security.
- 1.3.5 Determination of sustainability requirements: training and human resource backup, documentation, PC and network repairs and upgrades.

Output 1.4: selection of least-cost, most desirable off-the-shelf core software package for customization.

Activities

- 1.4.1 Shortlisting of suitable off-the-shelf accounting packages.
- 1.4.2 Bench-testing and/or gap analysis of shortlisted packages.
- 1.4.3 Determination of additional modules that need to be created and estimate cost.
- 1.4.4 Review of legal considerations.
- 1.4.5 Selection of software package for prototype trial and preparation of brief report justifying choice.

Output 1.5: delivery of complete customized software package, including system specifications on customization, for the pilot cooperative.

Activities

- 1.5.1 Maintenance of parallel manual bookkeeping system for transition period and cross-check of data between manual and computerized systems.
- 1.5.2 Installation of hardware and cabling.
- 1.5.3 Installation of core software selected.
- 1.5.4 Development of additional modules.
- 1.5.5 Testing of the customized software package under real work conditions.
- 1.5.6 On-the-job training of core team in the operation and maintenance of the customized prototype system developed.
- 1.5.7 Preparation of a users' manual and instructions for operation and maintenance of the customized prototype system.

Objective 2: ensure multistakeholder participation in development of replicable prototype system.

Output 2.1: multistakeholder mechanism established for participatory monitoring and evaluation (PMOE) of prototype system development in the pilot cooperatives.

Activities

- 2.1.1 One-day start-up workshop, organized by the MoCD and held in Kinangop to review and verify management and member information needs assessment report (output 1.1) and develop participatory mechanism, involving contributions from all concerned stakeholders (MoCD, IT firm, CODIC, the national consultant (serving as workshop technical resource person), management and members) for monitoring project implementation progress.
- 2.1.2 Prepare eight-page report to the PTC summarizing the outcome of workshop and defining a PMOE methodology and format for monitoring project implementation progress.

Output 2.2: one multistakeholder “feedback workshop” held on-site to assess project implementation progress and a 12-page report summarizing findings of each workshop.

Activities

- 2.2.1 A two-day mid-term feedback workshop on-site to review start-up and implementation, held six months after start of project. Participants will be members of PTC, PCU, national consultant and cooperative society representatives. The first day will be used to review progress in technical matters with the PCU and cooperative society staff. The second day will be to review overall progress particularly with regard to beneficiaries. Ordinary members and board members will participate in the second day along with participants of the first day.
- 2.2.2 Preparation of workshop report.

Output 2.3: final evaluation workshop report and eight-page draft replication strategy for computerization of agricultural cooperatives in Kenya.

Activities

- 2.3.1 Preparatory interviews carried out by national consultant with society members, board and staff, IT contractor and project staff on implementation, performance and completion of project and estimation of marketability of final product.
- 2.3.2 One and a half-day final evaluation workshop held in Nairobi with participation of members, management, PTC, PCU, IT firm, national consultant, FAO and training unit to review project implementation results and draft strategy for computer.
- 2.3.3 Preparation of draft replication strategy for computerization.

Objective 3: train staff, management and members in the operation and use of prototype system.

Output 3.1: four core system development team members trained in basic computer/ programming skills and use of off-the-shelf software for prototype development.

Activities

- 3.1.1 Selection of four-person “core development team” within the pilot cooperative.
- 3.1.2 Training of core team in use of key off-the-shelf application tools: MS Outlook, MS Word, Excel, Access, QuickBooks, etc. within first four months of project.
- 3.1.3 Training in basics of PC programming needed for prototype development.
- 3.1.4 Assessment of training results.

Output 3.2: trained cadre of two management and all board members in computerized cooperative business information management and an eight-page report on results of that training.

Activities

- 3.2.1 Conduct of functional skills analysis of a sample of the pilot cooperative’s management staff, board and members in cooperative business and information management.
- 3.2.2 Identification of skill and training requirements for operating and maintaining the prototype system.
- 3.2.3 Conduct of two one-day training workshops for above participants.
- 3.2.4 Assessment of proficiency levels achieved by participants and preparation of eight-page report on findings and recommendations for follow-up.

Output 3.3: training of 8 member area representatives in main features of prototype system and how to access and interpret cooperative business reports generated, and a report on assessment of results of that training.

Activities

- 3.3.1 Division of cooperative membership into 8 areas according to membership location distribution.
- 3.3.2 Election of one member area representative from each of the 8 areas.
- 3.3.3 Assessment of educational level and skill level of elected area representatives.
- 3.3.4 Development of training programme and training modules for area representatives on how to access, read and interpret reports generated by the system.
- 3.3.5 Conduct of two half-day workshops for member area representatives of the pilot cooperative.
- 3.3.6 Assessment of results of two training workshops.

Output 3.4: draft training guidelines for training cooperative management staff, board members and members in the introduction and use of computerized information systems.

Activities

- 3.4.1 Review of computerization and customizing experience in pilot cooperative.
- 3.4.2 Review of effectiveness of training modules prepared for training of management and staff, board members, and member area representatives during project.
- 3.4.3 Preparation of draft training guidelines (15 pages) based on this experience following a detailed outline to be provided by FAO.

V. WORK PLAN

Project implementation can be divided into three distinct activity phases:

Preparatory phase (months 1 to 4)

- | | |
|---|---------|
| 1. Project Technical Committee and Project Coordination Unit established and National Project Coordinator designated. | month 1 |
| 2. Signing of service contracts with CODIC. | month 1 |
| 3. Ordering of equipment and vehicle. | month 1 |
| 4. First one-week supervisory visit of national consultant to prepare for and participate in start-up workshop. | month 2 |
| 5. Specification of management and member information needs and specification of Tulaga Dairy cooperative existing manual accounting system requirements by national consultant; <i>output, a written report.</i> | month 2 |
| 6. Inception mission by SDAR officer. | month 2 |
| 7. One-day start-up stakeholder workshop in Kinangop, prioritization of management/member information needs and identification of participatory methodology for monitoring implementation progress, organized by MoCD; <i>output: a written report prepared by national consultant.</i> | month 2 |
| 8. Second one-week supervisory visit of national consultant to supervise assessment of off-the-shelf software, to referee selection of hardware/software package and prepare specifications for tender bids. | |
| 9. Assessment of suitable off-the-shelf core accounting software products by national consultant and IT firm; <i>output: report of bench test results prepared by IT firm.</i> | month 4 |
| 10. Selection of hardware and core software by PTC. | month 4 |
| 11. Specification of computerized information, hardware, software and human resource requirements and preparation of contract tender request by national consultant; <i>output: a written report and contract tender request submitted to FAO.</i> | month 4 |

Implementation phase (months 5 to 14)

- | | | |
|-----|---|----------|
| 12. | Basic computer skills training for core development team staff by CODIC begins (four months). | month 5 |
| 13. | Approval of best tender offer by FAO and signature of contract with selected IT firm. | month 7 |
| 14. | Begin customization and field testing of system by contracted IT firm. | month 8 |
| 15. | Third two-week visit of national consultant to prepare for and participate in mid-term workshop. | month 9 |
| 16. | Two-day mid-term stakeholder workshop in Kinangop; <i>output: workshop report prepared by the national consultant in collaboration with MoCD.</i> | month 9 |
| 17. | Training of key managers, board members and members in main features and use of prototype system by CODIC. | month 10 |
| 18. | Preparation of draft training guidelines for replication following FAO outline: <i>output draft guidelines on computerization of agricultural cooperatives prepared by CODIC.</i> | month 13 |
| 19. | Completion of prototype testing by IT firm; <i>output a written report prepared by IT firm.</i> | month 14 |

Replication strategy development stage (months 15 to 16)

- | | | |
|-----|---|----------|
| 20. | Completion of training guidelines by CODIC. | month 15 |
| 21. | Final one-week visit of national consultant to prepare for and participate in final evaluation workshop. | month 15 |
| 22. | Visit of Retired FAO SDAR expert. | month 16 |
| 23. | Final one-day evaluation workshop of training and prototype performance; <i>output: a draft workshop report prepared by National Project Coordinator in consultation with FAO, the national consultant and PTC.</i> | month 16 |
| 24. | Preparation of recommendations for government and donors for replication and expansion, prepared by FAO in consultation with PTC. | month 16 |
| 25. | Preparation of draft terminal report by National Project Coordinator; <i>output: terminal report</i> | month 16 |

VI. CAPACITY BUILDING

Training activities will be aimed at building capacities in three areas:

- Developing basic core staff skills in computer operations and programming and the use of existing off-the-shelf MS Office tools like MS Outlook, Excel, Access and QuickBooks which will be used to support further development and refinement of the prototype system during the post-project period.

- Strengthening cooperative management capacities to use computerized information systems to more efficiently manage the cooperative enterprise, to improve member services and to introduce new and improved mechanisms for mobilizing member capital to finance cooperative investment and growth.
- Building core staff capacities to operate the prototype computerized system that has been developed.

Finally, the contracted IT firm will be responsible for the on-the-job training of the core team within the pilot cooperative in the operation and use of prototype system developed and the preparation of supporting user manuals and instructions (see annex 1).

VII. INPUTS TO BE PROVIDED BY FAO

1. Personnel services (see terms of reference in annex 4)

FAO advisory technical services (ATS)

- Agricultural cooperative development specialist (SDAR): one ten-day visit of an SDAR Senior Officer to assist in information needs assessment and prioritization and project startup, plus ten working days of technical advisory support, at FAO headquarters, in support of project implementation (reviewing training materials developed and commenting on reports, monitoring project progress, etc.).
- Regional Marketing and Credit Officer (AGSF): one seven-day visit in month eight to review computerization of marketing operations and assist in the definition of the computerization requirements and feasibility of introducing new mechanisms for mobilizing member equity capital to finance the cooperative's marketing services.
- Retired FAO Expert in cooperative development (SDAR): one ten-day visit in month 16 to participate and assist in write-up of final evaluation report.

National consultant

Business management information system design specialist: for ten weeks (70 days) total, on a When-Actually Employed (WAE) basis. The national consultant will assist the PTC in monitoring IT firm performance in developing and testing the prototype system through quarterly visits to the project site.

Support staff (driver, secretarial support, etc.)

2. Contracts (up to US\$56 000) (see BL 5014, annexes 1 and 2)

In close consultation with the PTC, the project will issue two contracts for:

Prototype system development

A service provider contract issued by FAO to a Kenya-based IT firm (to-be determined by competitive bid) for the development of the prototype system (US\$38 000) (see annex 1).

Computerized management information system skills training

A Letter of Agreement (LOA) issued to a local training institution (CODIC) for computer skills training for pilot cooperative managers, committee members and members (US\$18 000) (see annex 2)

3. Duty Travel (up to US\$7 000, includes BL 5661 and 5685)

To cover travels by FAO international and national experts and staff related to the project within the country.

4. General Operating Expenses (up to US\$8 000) (see BL5028)

To cover miscellaneous expenses required in the field for the operation of the project.

5. Materials and supplies (up to US\$1 500) (see BL 5025)

FAO will fund all computer stationery and user training materials for use directly on the project.

6. Equipment (up to US\$55 900) (see BL 5025)

This will include the purchase of computers, other hardware, software and all the accessories to be used in the pilot cooperative for information management after assessment of requirements of the society has been completed. It also includes the project vehicle (see annex 5 for an itemized list of equipment and costs, plus justification).

7. Training (up to US\$1 500) (see BL 5023)

A small amount of funds (US\$1 500) has been set aside to address unanticipated training needs related to project implementation and replication, including the use of farmer field days and exchange visits with other nearby cooperative development projects interested in computerization, like the SCC-supported Community Empowerment and Enterprise Development through Cooperatives (CEEDCO) project and the USAID/Land-of-Lakes supported smallholder cooperative development (see footnote 5).

All other non-PMOE training costs related to skill training of the pilot cooperative core team, management staff and regular members will be covered under the IT firm contract and the training institution contract (see annexes 1 and 2).

8. Direct operating costs (up to US\$12 300) (see BL 6118).

To cover miscellaneous expenses at FAO headquarters related to the implementation of the project.

VIII. INPUTS FROM GOVERNMENT OF KENYA

The total GOK contribution to the project be US\$60 100, which represents 31 percent of the FAO contribution and 21 percent of the combined total project budget of US\$253 100. The Government of Kenya (GOK) through the MoCD will provide and cover the expenses for the services of a full-time National Project Coordinator (NPC), two part-time staff, secretarial support services and a driver, in addition to the office space and telephone/e-mail facilities. In addition, the Government will cover all project vehicle maintenance, repair and petrol costs, all PCU monitoring and evaluation costs, including PCU internal travel and subsistence allowance costs and the local costs of organizing the start-up, mid-term and final evaluation workshops, as shown below:

Project activity/ Budget line	US\$ amount
1. Monitoring workshops: Local participation costs for organization of 3 stakeholder workshops (start-up, mid-term evaluation and final evaluation).	12 400
2. Operating expenses: project vehicle maintenance/repair and petrol costs for 15 months.	15 300
3. Office expenses: Office facilities, telephone, e-mail, furniture, stationery, etc.	12 900
4. Supervisory functions: PTC and PCU staff and meeting costs	19 500
Total estimated GOK contribution	60 100

IX. REPORTING

The PCU will submit a quarterly project implementation report to the FAO representative, with information copies sent to the PTC, the FAO Regional Office (RAF), SDAR and TCOM.

A mid-term evaluation will be carried out by the PTC in collaboration with the national consultant, and a mid-term evaluation report on the findings and recommendations submitted to FAO not later than 15 days after completion of the mid-term evaluation workshop.

The national consultant and FAO personnel providing Advisory Technical Services will prepare Mission Reports containing the main results, conclusions and recommendations of each of his/her intervention visits.

A final evaluation report will be prepared by FAO, using inputs provided by the national consultant, the NPC and other members of the PTC, within one month after the final evaluation workshop.

The NPC will prepare a draft terminal statement, presenting the main results and conclusions of the project and FAO recommendations to the Government, for finalization and submission by the Lead Technical Unit (SDAR) to TCOM.

X. PROJECT BUDGET

Country: Kenya

Project title: Computerization of agricultural cooperatives and emerging producer associations in Kenya

Project symbol: TCP/KEN/2907 (A)

Accts	Input Description	Sub/Child Account	Main/Parent Account
5013	Consultants		8,000
5542	Consultants – International	-	
5543	Consultants – National	7,000	
5544	Consultants - TCDC/TCCT	-	
5545	Consultants - Retired Experts	1,000	
5014	Contracts		56,000
5650	Contracts Budget	56,000	
5020	Overtime		5,000
5652	Casual Labour – Temporary Assistance	5,000	
5021	Travel		20,935
5661	Duty travel others	5,000	
5684	Consultants – International	-	
5685	Consultants – National	1,000	
5686	Consultants - TCDC/TCCT	-	
5687	Consultants - Retired Experts	4,750	
5694	Travel – Training	-	
5692	Travel ATS	10,185	
5693	Travel STS	-	
5023	Training		1,500
5920	Training Budget	1,500	
5024	Expendable Equipment		1,500
6000	Expendable Equipment Budget	1,500	
5025	Non Expendable Equipment		55,900
6100	Non Expendable Equipment Budget	55,900	
5027	Technical Support Services		22,850
6111	Report costs	1,000	
6116	Evaluation	1,000	
6120	ATS (Honorarium)	15,134	
6121	STS (Honorarium)	-	
6122	Standard Supervisory Technical Services	4,400	
6123	Supervisory Functions of LTU	1,316	
5028	General Operating Expenses		8,689
6300	General Operating Expenses Budget	8,689	
5029	Support Cost		12,626
6118	Direct Operating Costs	12,626	
	Grand Total		193,000

**TERMS OF REFERENCE
for software systems development firm**

(Please note: the private IT firm will be contracted in accordance with standard FAO-AFSP procurement procedures)

Qualifications

The software development firm must have technical qualification and capacity to do systems development within the stipulated period and must have necessary experience of doing similar assignment in cooperative environment.

Objective

The software developer is expected to develop an appropriate low-cost and marketable computerized information system for agricultural marketing societies in Kenya to replace existing manual system. Development of the prototype system will be made and tested in the pilot society of the project.

Specific outputs and activities

The main output will be the delivery of the complete customized software package for the pilot cooperative, which involves the completion of the following activities:

- establishment of a parallel bookkeeping system during development and testing period with cross-checks of data;
- installation of hardware and cabling;
- installation of core software;
- specification of additional modules to be developed;
- development and testing of additional modules;
- testing of the customized software package under real work conditions;
- on-the-job training of core team in pilot cooperative on operation and maintenance of customized software package;
- preparation of users manual and instructions for customized software package;
- preparation of a report showing the results of the performance testing of the complete customized prototype software system, estimated acquisition and maintenance costs.

Proposed work plan

- | | |
|--|----------|
| 1. Signature of contract. | month 7 |
| 2. Identification of staff. | month 7 |
| 3. Review of background documents on: prioritized management/ member information needs; requirements of existing manual system; and detailed specifications for the computerized system. | month 7 |
| 4. Initial site visit to pilot cooperative. | month 7 |
| 5. Establishment of a parallel bookkeeping system during development and testing period. | month 8 |
| 6. Installation of hardware and cabling. | month 8 |
| 7. Installation of core software. | month 9 |
| 8. Specification of additional modules to be developed. | month 10 |

- | | |
|---|----------|
| 9. Development and testing of additional modules. | month 11 |
| 10. Testing of customized software package under real work conditions. | month 12 |
| 11. On-the-job training of core staff in use and maintenance of customized software packages. | month 13 |
| 12. Preparation of users manual and instructions for operation and maintenance of customized software package. | month 14 |
| 13. Preparation of a final report showing the results of the performance testing and recommendations for replication and follow-up. | month 15 |

Staff and facilities

Under this contract, the recipient organization will recruit and cover the costs of all personnel needed to satisfactorily complete the above specified outputs. The recipient organization will also be responsible for making the necessary arrangements for office accommodation, secretarial services, office supplies, communications, equipment and project transport. FAO, on the other hand, will cover the cost of purchase of all off-the-shelf software and hardware associated with the pilot testing.

Terms of payment

The total FAO contribution to this Contract will be US\$38 000 paid in Kenya Shillings calculated at the UN rate of exchange prevailing on the date of payment. The payments will be made as follows:

- i) US\$12 000 upon signature of the present Agreement and submission of detailed revised plan of work;
- ii) US\$10 000 upon installation of hardware and core software;
- iii) US\$8 000 upon completion and testing of additional modules;
- iv) US\$8 000 upon receipt of Output 4 and acceptance by FAO of the statement of expenditures and the final report.

DRAFT LETTER OF AGREEMENT

Provision of funds from the Food and Agriculture Organization of the United Nations to the
Cooperative Development Information Centre (CODIC)

1. Introduction

The Food and Agriculture Organizations of the United Nations (hereinafter referred to as “FAO”) will make available to (insert name of private firm) (hereinafter referred to as the “Recipient organization”) a financial contribution in the amount of US\$18 000 (eighteen thousand US Dollars) for the preparation of training materials and guidelines and provision of training services in support of the Computerization of Agricultural Cooperatives and Emerging Producer Associations in Kenya (herein after referred to as the “project”).

2. Purpose

Under the overall guidance of the FAO Representative in Kenya and direct supervision of the Project Steering Committee (PSC) and in consultation with the PCU, the Recipient organization will organize and provide the training in the following topics.

Computer skills training

This will involve all those involved in the day-to-day operations of the societies including staff members and management committee. The training will include basic computer handling and information processing using off-the-shelf MS Office tools like: MS Outlook, Excel, Access and QuickBooks, plus basics in PC computer programming. The core software development team will also be trained in the use of the core accounting software system, once it is selected by the PTC. This training will be provided by the local training institution involved and will not be the responsibility of the contracted IT firm.

Accessing, interpreting and using computerized business information

Managers, committee members and members will be taught the basics on how to access, interpret and use computerized information to improve cooperative business profitability, member capitalization and member service performance.

3. Outputs and activities

Upon signature of the contract, the recipient organization will identify and designate a fulltime project coordinator and will prepare a detailed work plan for the full period of the project. The work plan, which will be revised as required by the implementation experience, will take into account the project objectives given in the plan of operations. After approval by FAO, the recipient organization will be responsible for implementation of the work plan until completion of the project.

The work plan should record and set target dates for the production of the following outputs, which are essential for the achievement of the project outputs.

1. Four core system development team members trained in basic computer/ programming skills and use of off-the-shelf software for prototype development

Activities

- selection of four-person “core development team” within the pilot cooperative;
- training of core team in use of key off-the-shelf application tools: MS Outlook, MSWord, Excel, Access, QuickBooks, etc. within first four months of project;
- training in basics of PC programming needed for prototype development;

- assessment of training results and preparation of report on outcome.
2. Trained cadre of two management and all board members in use of computerized business information for: (1) cooperative business information analysis and report generation; (2) use of new methods for mobilizing member capital via deferred payment revolving funds and/or base capital plans and (3) increasing member participation in cooperative-decision making through more transparent and more frequent member reporting.

Activities

- conduct of functional skills analysis of a sample of the pilot cooperative's management staff, board and members in cooperative business and information management;
- Identification of skill and training requirements for operating and maintaining the prototype system;
- holding of four training workshops on the above three topics for management staff, board members and members in the pilot cooperative;
- assessment of training results and preparation of report on outcome.

3. Training of 8 member representatives in main features of prototype system and how to access and interpret business reports generated

Activities

- division of cooperative membership into eight areas according to membership location distribution;
- election of one member area representative from each of the eight areas;
- assessment of educational level and skill level of elected area representatives;
- development of training programme and modules for area representatives on how to access, read and interpret reports generated by the system;
- conduct of two half-day workshops for member area representatives of the pilot cooperative;
- assessment of results of two training workshops and preparation of a ten-page report on outcome of the two workshops.

4. Draft guidelines on training cooperative management staff, board members and members in the use of computerized information systems

Activities

- review of computerization and customizing experience in pilot cooperative;
- review of effectiveness of training approach used;
- preparation of draft training guidelines based on this experience (15 pages), in consultation with Cooperative College.

4. Work plan

Output 1 *Core development team of four in the cooperative trained in basic computer/ programming skills.* **months 5-9**

Selection of four-person core development team within the cooperative

Training of core team in computer fundamentals (operating systems (Unix, Winserver 2000, Novell), MS Outlook, Internet and computer security

Training in basic software packages (Excel, Access, Words, QuickBooks and Oracle)

Basics of programming

Assessment of training results

- Output 2** *Trained cadre of two management and all board members in use of computerized business information and a report on the outcome.* **month 10**
 Preparation of training modules on: (1) basic double-entry accounting; and (2) how to access, read and interpret business reports (balance sheets, income statements, member receipts and payment vouchers and other member records to be generated
- Conduct of two half-day workshops for area representatives at pilot cooperative
- Assessment of results of the two training workshops, and preparation of an eight-page report on the outcome
- Output 3** *Eight member representatives trained in main features of prototype system and how to access and interpret business reports generated.* **months 10-13**
 Development of training programme on how to access, read and interpret reports generated by the system
- Conduct of two half-day workshops for member area representatives of the pilot cooperative
- Assessment of results of two training workshops and preparation of a ten-page report
- Output 4** *Guidelines for training management, staff, board members and members in use of computerized information systems for agricultural cooperatives* **months 10-15**
 Review of computerization and customizing experience in the pilot cooperative
- Review of effectiveness of training modules prepared for training of management and staff, board members, and member area representatives during the project
- Preparation of draft training guidelines on the introduction and development of computerized information systems for agricultural cooperatives for validation
- Finalization of draft guidelines (15 pages) in consultation with Cooperative College

5. Staff and facilities

Under this contract, the recipient organization will recruit and cover the costs of all personnel needed to satisfactorily complete the above specified outputs. The recipient organization will also be responsible for making the necessary arrangements for office accommodation, secretarial services, office supplies, communications, equipment and project transport.

5. General conditions

- a) Funds provided by FAO under this agreement are to be used by the recipient organization exclusively in support of the project.

- b) The recipient organization will be responsible for the organization and conduct of the project. FAO will not be held responsible for any accident, illness, loss or damage which may occur during the implementation of the project.
- c) The use of the official emblem and name of FAO on any publication, document or paper is specifically prohibited without prior written approval from FAO.
- d) All intellectual property rights (including copyright) in the work to be performed under this agreement shall be vested in FAO, including, without any limitations, the right to use, publish, translate, sell or distribute, privately or publicly, any item or part thereof. Neither the recipient organization nor its personnel shall communicate to any other person or entity any confidential information made known to it by FAO in the course of the performance of its obligations under the terms of this agreement nor shall it use this information to private or company advantage. This provision shall survive the expiration or termination of this agreement.
- e) The personnel assigned by the recipient organization to the organization and running of the project shall not be considered as staff members of FAO and shall not be entitled to any privilege, immunity, compensation or reimbursement by FAO. Neither the recipient organization nor its personnel shall be allowed to incur any commitment or expense on behalf of FAO. Nothing in this agreement or in any document relating thereto, shall be construed as constituting a waiver of privileges or immunities of FAO, nor as conferring any privileges or immunities of FAO on the recipient organization or its personnel.
- f) The present agreement shall be governed by general principles of law, to the exclusion of any single national system of law.
- g) If, after meeting the costs of the project, there are unexpended funds under this agreement, the recipient organization shall return such unexpended funds to FAO.
- h) FAO shall have the right to terminate this agreement, by written notice to this effect, if it considers that the continued implementation of the agreement is impossible or impractical:
 - i) for unforeseen causes beyond the control of FAO;
 - ii) in the event of a default or delay on the part of the recipient organization.
- i) In the event of the recipient organization's non-compliance or partial compliance with the terms of this agreement, it will refund to FAO any payment already received in respect of activities that have not been performed by the recipient organization to a standard considered acceptable to FAO.
- j) In the event of termination by FAO for unforeseen causes beyond its control, FAO shall complete all payments which may be due up to the effective date of termination.

6. Reporting

- a) The recipient organization shall in addition to any technical documentation prepared during the course of the project, submit quarterly progress reports to the PCU with copies to the FAO Representative in Kenya. The progress reports shall be submitted at the end of each bi-monthly period.
- b) The recipient organization shall on completion of the project, submit a draft final report in a form which, after approval/amendment, can be submitted both to the Government and FAO. This report shall summarize the work carried out, the results obtained, the conclusions drawn from the results and based on the conclusions presented, recommendations for improving and replicating the approach.

- c) The recipient organization shall submit to the FAO Representative in Kenya a final audited statement of accounts showing the utilization of funds as determined under this contract, within one month following the completion of the project. If the legal status of the recipient organization precludes the provision of audited financial statements, a statement certified as to its correctness by the officer responsible for maintaining them will be provided. In such cases FAO shall have the right to review the relevant records.

7. Terms of payment

- a) The execution of the project under the Letter of Agreement (LOA), FAO will make a financial contribution in local currency not exceeding the equivalent of US\$18 000 The paid in Kenya Shillings calculated at the UN rate of exchange prevailing on the date of payment. The payments will be made as follows:
 - i) US\$7 000 upon signature of the present agreement and submission of detailed revised plan of work;
 - ii) US\$6 000 upon receipt of output 3 (Training of member representatives in main features of prototype system and how to access and interpret business reports generated.)
 - iii) US\$5 000 upon receipt of output 4 (draft training guidelines) and acceptance by FAO of the statement of expenditures and the final report and the report mentioned under paragraphs 4b) and 4c) above.
- b) The sum stipulated in paragraph 5a) above represents the full amount to be paid by FAO for all services and activities to be provided by the recipient organization under this agreement.
- c) FAO will make the above-mentioned payments in accordance with the banking instructions provided by the recipient organization.

8. Settlement of disputes

Any dispute between FAO and the recipient organization arising out of the interpretation or execution of this agreement shall be settled by mutual agreement. If FAO and the recipient organization are unable to reach agreement on any question in dispute or on a mode of settlement other than arbitration, either party shall have the right to request arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as at present in force. FAO and the recipient organization agree to be bound by any arbitration award rendered in accordance with the above, as the final adjudication of any such dispute.

9. Amendments

Any amendment to this contract shall be effected only on the basis of written mutual consent by the Parties.

10. Entry into force

- a) The present contract will enter into force upon signature by both parties.
- b) The recipient organization must sign three copies of this contract and return one copy to The FAO Representative in Kenya and another copy to the Commissioner of Cooperatives Development, Department of Cooperatives, Ministry of Agriculture.

Signed on behalf of the Food and Agriculture Organization of the United Nations

Signature:
(insert name of FAO Representative)

Date:

Signed on behalf of (insert name of the training institution)

Signature:
(insert name of person authorized to sign on behalf of
the training institution)

Date:

Witnessed by

Signature:
Commissioner of Cooperatives, Department
of Cooperatives, Ministry of Agriculture)

Date:

Address and communication with recipient organization

Name:

Address:

Telephone:

Fax:

Email:

Detailed Banking Instructions

Name of Bank:

Address of Bank:

Telephone

Fax:

Email:

Name of Account:

Account Number:

Signatories:

	<u>Name</u>	<u>Title</u>
1.
2.
3.

ACCOUNTING, FINANCIAL REPORTING AND AUDITING PROCEDURES**1. PAYMENT OF SUBVENTION**

The (insert name of training institution) will open a Project Account in its own name and will provide FAO with the name and address of the bank, the number of the account and the names of authorized signatories.

Payment will be made in advance by FAO into this account through the office of the FAO Representative in Nairobi. Payment will be made in local currency using the United Nations rate of exchange ruling on the day of payment.

Within the limitations imposed by the budget in the plan of operations, the subvention will be made in respect of the following budget lines:

Personnel services: (up to **US\$10 000**)

Two trainers paid at an individual rate of US\$100 per day for an aggregate total of 180 days (total of six person months).

Official travel: (up to **US\$2 000**)

Official travel costs of project staff, including travel allowances at the ruling rate for staff.

General operating expenses: (up to **US\$2 000**)

Operation of vehicles and equipment as well as other facilities, e-mail, etc. required to operate the project.

Supplies and materials: (up to **US\$1 500**)

Purchase of stationery and office supplies and expendable items required for the work programme of the project.

Training: (up to **US\$2 500**)

Four 1-day on-site workshops for 10 management and board members at US\$300 per workshop, plus two half-day workshops for 10 area representatives and 10 management and board members at US\$400 per workshop.

2. MAINTAINING OF RECORDS

The recipient of the subvention will maintain records to support the receipt and disbursements received under this agreement. These records will include bank statements, receipts, payment vouchers and any other documents relating to the receipt and disbursement of FAO funds. These records will be retained by the recipient for two years after the end of the project and will be available to FAO for the purpose of verification when requested by FAO.

TERMS OF REFERENCE

1. National consultant on computerization of agricultural cooperative business information systems

Duration : 10 weeks WAEB, for visit for project start-up; for development of tender specifications for IT contract (both in month 2), visits in month 9 to prepare for and participate as FAO resource person in mid-term evaluation, and visits in month 16 to participate in final evaluation workshop)

Under the overall supervision of the FAOR-Kenya, and in close consultation with other PTC members, project staff, CODIC and the contracted IT firm, the national consultant will:

- review of the survey of management and member information needs and participate as FAO resource person at start-up workshop;
- review the requirements of existing manual accounting system and identification of gaps and results of the assessment of off-the-shelf software products to be used as core application;
- review specifications of the core software application and customization requirements (including the expected hardware and human resource requirements) for a low-cost prototype system, with high potential for adaptation and use within Kenya and the region;
- based on that review, prepare complete contract tender documentation in accordance with standard FAO contracting procedures for submission to AFSP for approval. Assess project implementation results and provide technical recommendations for follow-up replication;
- in preparation for the mid-term evaluation workshop, review IT firm performance to-date and provide recommendations for follow-up action;
- participate in the mid-term evaluation workshop as FAO resource person;
- prior to the final evaluation workshop prepare a 20-page final report summarizing the main conclusions and recommendations for follow-up action, including recommendations for dissemination of the prototype system within Kenya, and the region;
- participate as FAO resource person at the final evaluation workshop.

Qualifications:

MBA, or equivalent degree with broad experience in computerized business information system (hardware and software) development and support in Kenya and the Africa region. At least 5 years of experience in computerization of individually-owned or group-owned rural enterprises.

2. FAO Rural Institutions and Participation Service officer (SDAR)

(one ten-day visit at inception and ten days technical advisory support at FAO headquarters)

Under the overall supervision of the FAOR-Kenya, the technical supervision of the Chief of the Rural Institutions and Participation Service (SDAR) and in close collaboration with (PCU), project staff and the national consultant, the senior officer will:

- provide backstopping support to PCU during the project implementation period;
- assist in information needs assessment prioritization of project activities and project start-up;
- assist in preparation and approval of the tender specifications for the IT contract and assist AFST, as required, in the technical review of all tender offers;
- review, comment on and technically clear all training materials developed, consultant reports, project outputs, etc.;

- in consultation with the national consultant and the FAOR, closely review the contract performance of CODIC and the selected IT firm;
- provide linkages between the FAO, project and Kenyan stakeholders;
- participate in the Participatory Monitoring and Evaluation (PMOE) cycle.

3. Regional Agricultural Credit and Marketing officer (AGSF)

(seven-day visit in month eight, prior to the mid-term evaluation workshop)

Under the overall supervision of the FAOR-Kenya, the technical supervision of the Chief of the Rural Institutions and Participation Service (SDAR) and in close collaboration with other members of the PTC, project staff and the national consultant, the Regional Marketing and Rural Finance officer (AGSF) will:

- review progress made to-date in computerization of the marketing operations of the pilot cooperative at collection point and primary society levels;
- review the computerization requirements and feasibility of introducing new mechanisms (deferred payment revolving funds or base capital schemes) for mobilizing member equity capital to finance the cooperative's marketing operations;
- prepare a ten-page report highlighting the main findings and recommendations regarding items 1 and 2.

4. FAO Retired Expert in Cooperative Development (SDAR)

(one ten-day visit to prepare for and participate in final evaluation workshop event)

Under the overall supervision of the FAOR-Kenya, the technical supervision of the Chief of the Rural Institutions and Participation Service (SDAR) and in close collaboration with other members of the PTC, project staff and the national consultant, the retired expert will:

- review mid-term evaluation and other relevant reports and documents in preparation for the final evaluation workshop;
- in consultation with the national consultant and the FAOR, closely review the contract performance of CODIC and the selected IT Firm;
- interview pilot cooperative staff and members regarding the suitability, cost-effectiveness and marketability of the prototype software package developed and tested;
- participate in the final evaluation workshop as the principal FAO resource person;
- prepare a final report highlighting the main conclusions and recommendations of the workshop and provide suggestions for replication and dissemination of the prototype system within Kenya and the subregion.

List of equipment to be purchased
(in Kenya Shillings)

Equipment item	Qty	Unit cost	Total
FOR PILOT COOP:			
Computer hardware			
Scanner	1	72530	72530
Teller printers	1	24000	24000
Statement printers	1	68000	68000
Computers, including monitors	2	140000	280000
Server	1	200000	200000
UPS voltage stabilizers	3	35920	107760
Subtotal			752,290
Networking hardware			
3 com 8 port	1	16000	16000
8 port patch	1	9000	9000
8 data points	8	2188	17504
Cabinet	1	21600	21600
Network accessories	1	8000	8000
UTP cables	1	21600	21600
Trucking	1	10000	10000
Labour		75000	75000
Sub-total			180,207
Off-the-shelf software			
QuickBooks, including 4 user licences	2	16520	33040
MS Office Suite	1	34800	34800
MS Office Suite user licences	2	27200	54400
Norton Utilities	1	6400	6400
Norton user licences	3	3200	9600
Windows 2000 server	1	112000	112000
Windows 2000 Server User licences	3	3200	9600
MS Access database	1	400	400
Cost of prototype accounting software selected, plus user licenses	1	1200	1200
Sub-total			261,400
PROJECT COORD UNIT:			
Hardware			
Computers (1pc and 1 laptop)	2	375000	375000
Telephone /fax	1	55000	55000
Scanner	1	72530	72530
Photocopier	1	200000	200000
Laserjet office printer			
Accessories	1	50000	50000
UPS, Voltage stabilizer	2	35920	71840
Software			
MS Office Suite	1	34800	34800
MS Office user licenses	1	27200	27200
Norton utilities	1	6400	6400
Norton licenses	2	3200	3200
E-mail	1	25000	25000
Subtotal			920,970
Project Vehicle (2-wheel drive)	1	1800000	<u>1800000</u>
Total (in Kenya Shillings)			3,915,364
Total (in US dollars)			55,900