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Independent Evaluation **KENYA**

UNIDO Integrated Programme



UNIDO EVALUATION GROUP

Independent Evaluation
KENYA
UNIDO Integrated Programme

Growth through Market Access and Regional Integration:
With Special Reference to Leather and Leather Goods, Apiculture Products,
Fish and Dairy



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
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List of acronyms and abbreviations

COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development
D-G	Director-General
EPZ	Export Processing Zones
ERS	Economic Recovery Strategy
EU	European Union
FDI	Foreign Direct Investment
FM	Fund Mobilization
FOREX	Foreign exchange
FRM	Financial Resource Mobilization
FTCs	Farmer Training Centers
ESALIA	Eastern and Southern Africa Leather Industries Association
GDP	Gross Domestic Product
HQ	Headquarters
IPA	Investment Promotion Agency
IP	Integrated Programme
IPC	Investment Promotion Centre
KEBS	Kenya Bureau of Standards
KEPHIS	Kenya Plant Health Inspectorate Service
KIP	Kenya Integrated Programme
LDC	Leather Development Centre Institute
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MTI	Ministry of Trade and Industry
NEPAD	New Partnership for Africa's Development
NPC	National Programme Coordinator
NGO	Non governmental organization
PRSP	Poverty Reduction Strategy Paper
SC	Steering Committee
SME	Small and Medium Enterprise
TA	Technical Assistance
TL	Team Leader
TM	Task Manager
TOR	Terms of reference
TPCSI	Training and Production Centre for the Shoe Industry
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UR	UNIDO Representative
US	United States
\$	United States Dollar
WED	Women Entrepreneurship Development

Executive Summary

Background

This independent evaluation examines the activities of the Kenya Integrated Programme (KIP) over the period from January 2004 to June 2006. Based on a combination of deskwork and interviews with relevant project personnel, stakeholders, beneficiaries and senior government officials over the period May 15 to June 30, 2006.

The evaluation had two objectives:

- To provide an account of the performance of the program so far, and
- To derive lessons for future operations.

The preparation of KIP was completed in 2002, signed in 2003 and implemented over the period 2004 – 2006 against the background of a widely held view that *“Kenya’s overall human development may well be shaped by the path of industrialization that the country pursues”*.¹ Industry has been an important source of employment, the micro and small-scale sector providing over half of the total employment. The new Government has recognized the sector’s importance in its newly developed Economic Recovery Strategy.

The objective of the KIP was to help increase productivity, develop productive capacities in sectors with high export potential, mobilize resources and developing an enabling environment at the domestic level, facilitating trade and promoting private sector investment as well as technology flows.² To attain this objective the program incorporated a diverse and broad range of activities covering leather, honey, fisheries, dairy and women entrepreneurship development activities. It has sector specific studies, industry benchmarking and profiling activities. It also has a modest institution-building component to strengthen standards and quality control laboratories. Significant focus was given to pilot projects and entrepreneurship training to promote enterprise creation and value addition in rural communities. The integration of these diverse activities presented a special challenge.

As at end of June 2006, the program components were not implemented in full. The original program budget was about \$4 million out of which only about 34% was available. The dairy component did not attract any funding while the honey got only 10% of the planned budget. As a result, the implementation of the program was severely constrained. United Nations Industrial Development Organization (UNIDO) and the Government of Kenya have now decided to step back and draw lessons from the activities undertaken so far and formulate a new program that would draw lessons from the experience gained so far. The timing of this evaluation was decided with this in mind. The evaluation is part of a series of independent evaluations of integrated programs in selected countries and would have not been possible without the active cooperation of the Government of Kenya and UNIDO.

¹ Linking Industrialization with Human Development, UNDP, 2005

² Integrated Industrial Development Program, Kenya, June 2002

The first section of this Executive Summary presents the main findings of the evaluation and the second section summarizes the major recommendations.

Main Findings

Formulation and preparation of KIP moderately consultative

The design of integrated programs inevitably involves the resolution of tensions between country requirements and country ownership on the one hand, and resource constraints and donor priorities on the other. There were two views on how KIP resolved these issues. National counterparts held the view that their involvement in the decision making on the design and implementation modality of the program was not adequate. Donors, on the other hand, felt that they had been adequately consulted.

The exploratory mission that influenced the general direction and focus of KIP was undertaken in 2002 and was led by the Director-General of UNIDO. It involved a high level discussion on priority areas of engagement with Government officials and resulted in the identification of agro-industry as the preferred area of support because of its export, value addition and employment generation potential. The detailed program formulation was subsequently left to a team comprising UNIDO sector specialists. This resulted in a program proposal that encompassed interventions at two levels; policy support to diagnose and inform sector policy issues, and program support activities geared towards value addition and job creation at community levels. The program support activities appear to be module driven, conforming to donor priorities as well as meeting expressed priorities of the Government.

Programme implementation could have benefited from stronger coordination at the country and headquarters levels

The five components of the program came under the responsibility of different counterpart organizations with the Ministry of Trade and Industry assuming the role of national coordination. The officer(s) given this specific assignment combined their coordination roles with several other responsibilities and hence could not dedicate enough resources to the demanding tasks of day-to-day coordination. The National Steering Committee comprising representatives from the different counterpart agencies did not meet regularly. Experiences with local steering committees were mixed. In some cases meetings were infrequent and ineffective. Providing “*sitting allowances*” to participate in committee meetings was impossible under the terms of the project and not perceived adequate. Overall, coordination at the national and local levels was relatively weak.

On UNIDO’s side, coordination was also not effective. The absence of a UNIDO Representative in Kenya was a difficult framework condition because, in principle, an integrated programme (IP) team leader should be field based to ensure effective leadership. The second-best solution of appointing a headquarter (HQ) based team leader was not very satisfactory. High turnover of HQ based team leaders - three in a span of three years - absence of traveling funds and heavy workloads put serious limits to their ability of becoming effective KIP leaders. The remaining

administrative staff in the field did their best but UNIDO should at least have appointed a full-time local IP manager.

The limited resource mobilization effort did not bring about expected results

Partnership building for resource mobilization is important for UNIDO. However the efforts made on this front, assessed against UNIDO's own guidelines, leaves room for improvement. The resource mobilization effort was limited to one country-level meeting with donor representatives in Nairobi. There was little follow up on promises and agreements reached at this meeting and no pledging missions fielded to donor countries.

Mixed implementation results of individual components

Depending on the funding level accomplished the implementation stages of the individual components vary. The investment promotion and quality components are completed; honey and fish are considered completed because the available funding is exhausted; leather and WED are still ongoing.

The monitoring and evaluation of the program was weak. Progress reports did not have key information on costs and benefits or on intermediate outcome results. Based on available information, however, the conclusion of the evaluation team is that, so far, the implementation results are mixed.

The studies³ carried out under the program were relevant and timely. The capacity building activities for quality and standards – though small in size and scope- were appropriate and strategically linked to more than one sector. The pilot activities were found to be activities from which the country can draw widely applicable lessons.

However, this evaluation observes that much effort and time was put on community level activities without due emphasis at facilitating synergies among activities and how these grass root level activities would contribute to macro level results. Overall, the community level activities have been spread thin and problems with selecting the most appropriate technologies have lead to mixed results with regard to actually upgrading the traditional production processes at stake. Inadequate monitoring and evaluation of piloted activities may have jeopardized the possibility of attaining the requisite knowledge necessary to demonstrate replicable and sustainable development results.

National counterpart agencies have complained that there was too much micro managing of project activities from Vienna that constrained project implementation. This evaluation tends to agree with this assessment. UNIDO was at its best when it is engaged in upstream activities to support national policy, strategy and program formulation and less so in the implementation of cottage level interventions.

³ Two sub-sector studies on leather and honey, a review of fisheries regulations, one benchmarking exercise and 13 investment profiles.

Key to sustainability is the degree of commitment and ownership of program activities. The evaluation has observed attempts to encourage participation and dialogue with different stakeholders. This however has not necessarily led to the full ownership of the program at the local authorities or cooperating ministries level. While individuals within a community may have actively participated in discourse about what to do and how to do it, there must be more to this process than simple discourse. *First*, for participation to be fully meaningful it should be based on knowledge, hence the need for capacity building. For example, the widowers group at Kibwezi has in the demonstration centre an expensive honey extraction unit that is not being used because of lack of knowledge and capacity to use honey produced from beehives from the locality. *Second*, merely calling for participation (groups of individuals or organizations) is not enough. They need to be motivated to be involved. This was clearly not the case for representatives from various beneficiary groups in national and local steering committees; attendance was poor.

No strong evidence of KIP adherence to IP principles

The evaluation finds that the objectives of KIP are relevant and consistent with Government strategies and policies. The industrial sector is seen as a sector with good potential for value addition and employment generation. The activities of KIP are directed to value addition and employment generation and therefore consistent with Government strategies.

However, this evaluation did not find adequate evidence to suggest that the concept of IPs and the underlying principle of ‘integration of mutually supportive service modules’ have been adhered to. The synergies among the different interventions and the linkage of community level activities with macro level results were not apparent. Clearly, the IP concept is sound and has a potential as a planning and programming tool to sharpen the strategic focus and increase the efficiency and effectiveness of UNIDO programs at the country level. However, we recognize that there was no sufficient body of knowledge of good practices available to guide the Kenya IP design and implementation. This, together with the need to satisfy donor priorities, may have been the reason for the program’s deficiency in focus, integration, monitoring, evaluation and unrealized assumption of resource availability. The absence of a UR was not helpful.

There was also no systematic approach to track and measure progress of activities. This evaluation concludes that there is a lot of room for improvement in ensuring the evaluability and monitoring of UNIDO operations, at program level as well as project level. UNIDO must make progress in this area if it is to address adequately the issue of the development effectiveness of its overall operations.

Recommendations

Recommendations to UNIDO

Finalization of the ongoing phase of KIP

In order to ensure sustainability of the results achieved it will be essential to finalize the activities under the different components. In most cases these activities were labeled as ‘pilot activities’. The principal success criterion of such activities is their potential for up-scaling. This potential should therefore be assessed and demonstrated, also with a view to the next phase of the KIP. The team makes the following recommendations with regard to the different components

Leather component:

- Justify and further substantiate the envisaged shift in focus to the informal sector (Jua Kali). Carry out a market survey of shoes and other leather-finished goods produced by the informal sector.
- Prepare a business plan for the proposed Jua Kali leather cluster. Determine the services the TPCSI could provide to the informal sector and establish that these services are indeed compatible with the needs and priorities of the beneficiaries in the informal sector.
- Provide additional training and exposure to the technicians of the TPCSI in order to better utilize the CAD/CAM equipment purchased under the IP.
- Develop a business plan addressing the core issues and in particular the governance of the TPCSI. A business plan accepted by all parties is a precondition for sustainability.

Fish component:

- Make the solar fish dryer in Bondo operational by solving the electricity supply problem and give training to target beneficiaries on all aspects of the operation of the dryer including its maintenance.
- Assess the economic viability of the dryer. Once the dryer is operational and the users properly trained, carry out sufficient test runs, compare data on post harvest losses from solar drying with that of open sun drying method and quantify the costs and benefits of the solar drying method.
- Undertake a study on how to introduce the solar dryer method to the other beach sites. The study should among other things recommend an appropriate institutional arrangement that would clearly define the roles and responsibilities of all stakeholders.

Apiculture component:

- Complete project activities at Kibwezi. Carry out additional training and technology adaptation in order to further improve the quality and yield of honey extraction and assist in setting up market outlets for the produces of the community.

- Carry out a cost/benefit analysis of the pilot and prepare a detailed proposal to replicate the pilot in other areas of the country.

Women Entrepreneurship Development component:

- The Kilifi experience appears to be replicable and should be strengthened.
- The equipment provided to the centre does not seem to be appropriate for a pilot production centre. There is a need for additional equipments of higher capacity.
- The demonstration centers should focus on their core business of providing extension services. Marketing and other types of commercial assistance should be undertaken through subcontracting.
- Make effort and if necessary prepare special programs to get the buy-in of spouses in this initiative.
- Draw up a proposal how this pilot initiative could be scaled up to other regions of the country.

Next phase of the KIP

For UNIDO, to continue to be a trusted partner to the Government of Kenya, it has to leverage the lessons learnt from KIP and bring its organizational assets to the fore in order to enhance its development effectiveness.

UNIDO should focus on its catalytic role and give priority to upstream policy support

- Given the high transaction cost and risks of dispersal involved in grassroots support, this evaluation recommends narrowing the future focus of the KIP and adopting a judicious mix of micro- and macro-level interventions that draw on the comparative advantage of UNIDO.
- The recent request by the Ministry of Industry and Trade for assistance to update Kenya's industrialization strategy should be taken as an entry point to make contributions to policy and agenda setting at the macro-level.

Future pilot activities at the micro-level must have clear objectives and replication strategies

- For future pilot activities at the micro-level UNIDO should first identify those activities with high replication potential and seek national partners to scale up and consolidate the positive outcomes of its most successful pilots.
- The responsibilities and modalities for scaling up of pilot activities should be addressed upfront at the program design stage. This includes addressing the related policy requirements at the macro-level.
- Measures should be taken to ensure that beneficiaries are adequately informed and consulted on the objectives of planned interventions and what would be expected from them after the completion of program activities.

UNIDO and the Government should be committed to a joint funds mobilization strategy

- The success of a future KIP will depend on more successful funds mobilization. A coordinated effort between HQ, the UR and the Government of Kenya will be necessary in order to involve donors at an early stage of developing the new IP.
- The future KIP should be required to specify a resource mobilization strategy. UNIDO seed money, if granted, should be used to attract donor funding and not as a substitute for donor funding. Pilot activities on the ground should not be launched before funding prospects are sufficiently robust.
- Partnership need not be about resource mobilization only. Coordination and complementarity is equally important for development effectiveness. UNIDO should actively participate in discussion forums such as UNDAF and of PRSPs.

The program document of the next phase of KIP should include proper monitoring and governance mechanisms

- The evaluability of the next KIP has to be ensured at the program design stage. The program document of the next phase of KIP should include a monitoring and reporting system to track outputs and also outcomes against indicators and baseline data established in advance.
- The provisions for the IP steering committee, annual reviews and continuous updating of the IP need to be properly addressed in the next IP document. The document needs to be flexible enough to adapt to different funding scenarios.

UNIDO should further strengthen its Kenya office

- UNIDO should equip its Kenya office with the human, technical and financial resources necessary to effectively prepare and implement the next phase of KIP in a decentralized manner. The recent assignment of a new UR to Kenya is a decisive yet not sufficient step in this direction.
- The Kenya office should take the lead for developing and implementing KIP II. This would require the availability of seed funds for programme formulation and of adequate human resources and assistance to the UR to ensure donor outreach and participation in UNDAF, which are time-consuming tasks. It may also be necessary to contract an assistant of the team leader who would ensure day-to-day management and monitoring of the KIP.

Recommendations to the Government of Kenya

In order to exploit the specialized expertise of UNIDO and its unique comparative advantage as a trusted partner the Government of Kenya should play a proactive role, not only in the formulation and implementation of IPs but also in future resource mobilization efforts. Specific recommendations based on the evaluation findings are as follows:

The Government of Kenya should allow the continuation of the ongoing pilot activities under WED II but not rush their expansion to other locations, which might be premature in some cases.

- Recent communication problems have led to the request by the Ministry of Trade and Industry to temporarily suspend WED II activities. In the meantime, these misunderstandings have been clarified and implementation activities at the current locations should be allowed to continue without interruption.
- The economic viability of the WED pilot activities should be firmly established by market studies and business plans before taking a decision to move to other locations or to up-scale the operation

The Government of Kenya should take measures to strengthen the governance structure of TPCSI.

- TPCSI has a potential to serve the leather and footwear industry for years to come. To ensure exploitation of this potential it would be necessary that an appropriate governance structure be in place. The private sector, the Ministry of Industry and Trade and ESALIA can play a constructive role in such a structure.

The Government of Kenya should strengthen the national co-ordination of KIP and facilitate ownership and commitment of stakeholders

- An important requirement for sustainability of IPs is ownership and commitment. The Government should strengthen the national co-ordination of KIP and strengthen ownership and commitment of national organizations in the implementation of KIP. Only those organizations with a strong field-level presence can play an effective role in implementing community-based activities.

The Government of Kenya should actively collaborate with UNIDO in the formulation of the next KIP and make sure that resource mobilization is an integral part of the partnership.

- The experience of KIP indicates the need to build partnership in cost sharing with bilateral and multilateral donors, Government agencies, NGOs, the private sector and other UN agencies. Such partnership can only be effectively forged with the Government's active involvement and campaign.

Quality Matrix

	Identification	Formulation	Implementation	Follow-up
Policy Relevance	Efforts to align IP objectives with Government Policies and Strategies		No systematic effort to measure progress including the degree of alignment of IP objectives	Future projects should identify indicators to measure the extent of alignment of IP objectives.
Counterpart Ownership	High level consultations with Government, donors and partner agencies	Meetings with Government counterpart agencies and donors.	Poor coordination and communication reduced counterpart ownership.	Better assessment of commitment of counterpart organizations and beneficiaries at the design stage recommended.
Reaching Target Groups	No evidence of consultations with and influence on the design by target groups.		Consultation and involvement of target groups but their roles and responsibilities were not made clear.	Undertake the economic, social, technical and financial viability of pilot activities in close cooperation with target groups.
External Coordination	The IP conforms to UNDAF	Potential for benefits from external coordination identified in the IP document	No joint activity – no evidence of attempt to create synergy with other donor activities	Forge strategic partnership with donors by reviewing critically existing partnership strategies and guidelines.
IP Integration	The IP concept not clearly incorporated in the design of the programs.	Inter-component integration activities to enhance linkages between components foreseen	Coordination and not evident except in the case of fisheries component.	Better knowledge of all facets of the industrial sector, would facilitate ‘mutually supportive’ activities
Results Based Management	Too ambitious objectives and targets even if full funding had been available	No base line information and, realistic and measurable performance indicators.	Interventions incomplete, although declared “Complete” within the funds made available	Review and refocus UNIDO’s monitoring and evaluation system towards a reporting system that tracks outcomes
Funds Mobilization	A Fund Mobilization strategy was not properly articulated.		Only 34% of the IP was funded. Loss in integration due to program changes made to fit available funds	Develop FM strategy assigning roles and responsibilities to UNIDO and stakeholders
UNIDO Corporate Strategy	There was room for improvement in the balance between micro- and macro-level activities that would increase the comparative advantage of UNIDO		UNIDO should have focused more on its catalytic role with a priority to upstream policy support.	UNIDO should decentralize and coordinate more effectively the implementation of IPs at the field level
Innovation	Focus on the agro-industry sub sector and value addition enhanced relevance			The Government of Kenya should share an equal if not greater burden of responsibility in resource mobilization efforts
Sustainability of the Intervention	Sustainability not used as a criterion during identification	Replicability and sustainability of pilot activities not assessed.	Responsibility and modality for scaling up pilot level activities not clear nor discussed with counterparts	Future IPs must require that micro-level or pilot activities have replication (sustainability) strategies.

Lessons learned of wider applicability within UNIDO

This evaluation has identified the following lessons of wider applicability. UNIDO should look closely into these problem areas in order to strengthen its competitive advantage and to improve the efficiency and effectiveness of future Integrated Programs.

Programme formulation

Invest sufficient time and seed money for program formulation and involve Government and donors from the beginning.

IP formulation should be demand driven and involve the Government in resource identification and mobilization as early and as intensively as possible. One key challenge in program design is to strike a balance between ‘demand-driven’ and donor supported features, and ‘supply driven and wholly Government owned’ features. Joint UNIDO/Government resource mobilization activities (e.g. pledging meetings) should be held during the formulation phase. Another challenge is to make the interventions focused and ‘mutually supportive’. At the corporate level UNIDO should strengthen its body of knowledge on the design of Integrated Programs and issue guidelines and processes that reflect best practices on the ground.

Agree upon an adequate monitoring and evaluation system that covers not only activities and outputs but also outcomes.

It is difficult to demonstrate development effectiveness without an adequate monitoring and evaluation system. The evaluability of IPs has to be ensured at the program design stage. This requires the allocation of adequate financial and human resources and the establishment of a commonly agreed system. Suitable indicators and markers of progress over time should be identified, periodically monitored and evaluated against pre-established baselines.

UNIDO comparative advantage

UNIDO should focus on its catalytic role and give priority to upstream policy support.

UNIDO should adopt a judicious mix of micro- and macro-level interventions that draw on its comparative advantage. At the macro-level sector studies, benchmarking and profiling exercises are specific strengths of UNIDO in particular if followed up properly by stakeholder’s workshops. Assisting Governments with reviewing and updating regulations and facilitating international negotiations have proven to be highly appreciated UNIDO services. Micro-level interventions should not be self-standing but closely linked to and leveraged by policy support. To do this UNIDO should focus on those micro-level activities with high replication potential and seek national partners to scale up and consolidate the positive outcomes of the most successful pilots.

UNIDO should consider stepping back from micro managing program activities.

There are signs that UNIDO might be not very effective in managing community level interventions. Community level programs managed from Head Quarter may face coordination and communication problems that affect the efficiency and effectiveness of interventions. Community level activities and grassroots support tend to be spread too thin and characterized by high transaction cost and risks of dispersal.

UNIDO should apply a more rigorous approach to pilot activities.

Community based pilot activities should include a systematic articulation of expected benefits versus costs (also of alternative strategies!) by the concerned community itself and/or by the local government. The objectives of pilot interventions should be clear and measures should be taken to ensure that beneficiaries are adequately informed and consulted on these interventions and objectives. They should have a very clear understanding on what would be expected from them after the completion of program activities and explicitly agree on these post-intervention aspects. The responsibility and modality for scaling up pilot activities and developing the policy requirements at the country level should be addressed upfront at the project design stage. The pilot activity should not be launched with UNIDO seed money alone but only once there is sufficient evidence that sufficient resources will be available.

Programme implementation

UNIDO should take measures to establish strong leadership of integrated programs while decentralizing and coordinating more effectively their implementation.

The multi-sector nature of the integrated programs requires strong leadership and coordination and calls for a decentralized yet highly coordinated implementation arrangement. High turnover of team leaders has the potential to undermine programme effectiveness and should be avoided. The recent decision to transfer team leadership to the UR is a move in the right direction that needs to be pursued by capacity building and resources to manage the program more effectively. Delegate more authority to the UR and national counterparts. Building strong coordination mechanisms through national and local steering committees is important not only for the successful implementation of the program but also for sustainability long after UNIDO has pulled out from the program.

Resource mobilization through strategic partnerships

UNIDO should review its funds mobilization strategy.

Partnership for resource mobilization is critical for achieving development results – much more so because UNIDO has limited core development assistance resources. Forging partnership requires a coordinated effort between HQs, the field office and the partner Government. IPs should be marketed systematically at the field level and to donors HQs. Pledging meetings with representative of donors in the field need to be centrally prepared and followed-up. This task should not be left to team leaders alone. Each IP should develop and implement its specific

resource mobilization strategy. Program planning needs to be flexible and allow for optional implementation paths under different resource level scenarios.

Resources have usually some strings attached. Each case should be taken on merits, and UNIDO should make sure that its programs are not distorted by donor interests and priorities.

Forge strategic partnership with other players that go beyond funding.

UNIDO's considerations for strategic partnerships should go beyond resource mobilization only. Coordination and complementarity is equally important for development effectiveness, especially because now, more than ever before, development aid delivery is taking a program or sector approach as opposed to discrete stand-alone project interventions. UNIDO's active participation in all forums and discussions of PRSPs should be encouraged.

Results based management

There seems to be a need, at the corporate level, to review and refocus UNIDO's project/program monitoring system towards a reporting system that would help track outcomes. Thorough self-assessments on the outcomes of programs should be mandatory.

UNIDO should monitor the performance of its staff in programmes management and design training and reward schemes accordingly. Disbursement rates should not be the only measure of success.

Introduction

1.1 Objective

This independent evaluation has two broad objectives:

- To provide an account of the performance of the program, including the planning and implementation stages, and
- To derive lessons for future as well as ongoing operations

The evaluation is intended to inform UNIDO, the Government of Kenya, donors and other stakeholders about the activities, outputs and potential outcomes of the Kenya Integrated Program so as to facilitate judgments about the program and/or inform decision about future programming, should this be proposed. Annex A gives a summary of the Terms of Reference of the evaluation.

The evaluation team consisted of Getinet Giorgis (Team leader), Teresa Salazar de Buckle (International consultant) and John Kashangaki (National consultant). The team visited institutions and program sites in Nairobi, Thika, Kibwezi, Meru, Mtwapa and Bondo. The field mission was undertaken during the period May 20 to June 3, 2006.

1.2 Methodology

The methodology used for the evaluation included the collection and analysis of pertinent information, a desk study and meetings with staff at UNIDO Headquarters and with project personnel and beneficiaries in the field. The Evaluation Team was provided with a considerable volume of background information and program documentation; these included self-evaluation reports, progress reports and final reports. (The list of the documentation consulted during the desk study is found in Annex B).

Interviews were conducted and meetings were held with UNIDO project managers, KIP Team Leaders, staff from the Ministry of Trade and Industry including the Minister and Permanent Secretary, national counterparts, consultants and donors. A list of the persons met and organizations visited in Kenya is given in Annex C.

At the end of the field mission a wrap-up meeting was organized and was chaired by the Ministry of Trade and Industry. Representatives of the various counterpart organizations, the UNDP and representatives of direct beneficiaries attended it. (See Annex F for names of persons present at the wrap-up meeting). The evaluation team presented their main findings, conclusions and recommendations. The meeting provided an opportunity to clarify matters related to the implementation of the present phase, to look into ways and means for the efficient implementation of remaining activities and to propose actions for future programs.

Upon return to Headquarters, the evaluation team held short meetings with the IP project managers⁴. The findings of the mission were discussed in detail with the project managers.

1.3 The structure of the report

The report is structured as follows. Section 2 outlines the key features of the context within which the KIP has been designed and implemented, and summarizes the key activities planned and implemented under the program. The aim of the section is to outline the significant features of the context – at the country, UNIDO and program levels - which are important for understanding the design, implementation and performance of the program. Section 3 assesses the organization and management of the program including the resource mobilization effort against UNIDO guidelines. Section 4 contains a performance assessment of the individual IP components, using the evaluation criteria of relevance, efficiency, effectiveness, sustainability and ownership. The assessment is based upon the information gathered and on the results of field interviews. Data on costs, benefits and outcomes was not readily available. Section 5 presents an assessment of the performance of KIP as a program and its degree of integration. The final section summarizes the major lessons to be drawn as well as recommendations on future directions.

⁴ Project Managers: A. Calabro, Leather; K.Bucyana, Fish and Honey I. Wijngaarde, WED, M. Kulur, Investment, S. Kaeser, Quality.

2

Kenya Integrated Programme in Context

2.1 The Country Context

Three specific features mark out the country context within the period: a significant improvement in Kenya's economy; new elections and a change of government; and a promise by the new government to implement an ambitious agenda for economic reform and a crackdown on corruption. Thus, Kenya has been in the middle of a historical political transition and economic reform during the period of KIP implementation.

Changes that occurred in the political and economic situation during the period 2003 to 2005 were favorable for the implementation of the program. On the political front, Government mismanagement and corruption, which was the greatest concern in the 1990s and early 2000s, became the focus of the new Government. It promised to build a strong culture of openness and accountability. The new Government started well but there appears to be a decrease in the intensity of focus throwing some concern on the seriousness of the promise. The consensus view, however, is that most of the promised actions are being followed. After having experienced a low growth during most of the 1990s up to 2000-02, Kenya's GDP growth rate reached 4.3% in 2004 and exceeded 5% in 2005. During the last five years growth has been driven by the agriculture sector and service sectors.

In June 2003, the newly elected Government introduced, as the basis for economic policymaking, the Economic Recovery Strategy for Wealth and Employment Creation (ERS). ERS aims at reaching, and maintaining an annual growth of GDP of 4.6% and the growth of private enterprises was to be 7.5% per year. To reach these objectives, the priority actions included, among others: establishing an investment code that will encourage an increase in FDI; expanding and strengthening partnerships between the private sector; promote industrial incubators for SME in suitable zones; develop an export promotion strategy for the most promising sectors; review existing export incentives; and benchmark key industries with respect to international competitors with emphasis on local resource-based industries in order to maximize benefits in rural areas. The document maps out a strategy for Kenya's industrialization and the roles to be played by the Government and the private sector in its implementation. Agro- industry was singled out as having a high potential for growth.⁵ Kenya's National Export Strategy (2003-2007) was approved by the cabinet in 2004. The strategy includes measures to stimulate the expansion of exports as a means to create wealth and contribute to the eradication of poverty⁶.

Against this background the support to be given by the integrated program to agro-industry and the efforts to expand export oriented economic activities was consistent with the strategies and priorities prevailing during the period of the IP implementation⁷.

⁵ Textiles, hides and leather, fish are included in the group for immediate promotion.

⁶ The strategy covers ten sectors and six crosscutting issues. An immediate action plan has been developed for the livestock and livestock products, fish and fish products, textiles and garments, horticulture and food and beverages.

⁷ In 2006 there are still components under implementation.

The official request for an integrated program was submitted in 2001 but the programming mission was undertaken in February 2002 immediately after the official visit of the DG in January 2002. In preparation for the programming mission the Ministry of Trade and Industry (MTI) set up a national preparatory committee to insure a demand-oriented IP and national ownership of the program⁸. The Committee decided *that in line with the UNIDO DG advice*, the overall goal of the program would be export promotion in the leather and food sub sectors through investment promotion and SME development.

The change of government that took place as a result of the elections of December 2002 resulted in the appointment of new officials at MTI and the other cooperating Ministries with whom the IP had been formulated. However, the new administration found the original development objectives of the IP relevant for its economic recovery strategy and encouraged the continuation of its implementation. It even expressed wishes for a stronger partnership with UNIDO at a more strategic level.

2.2 UNIDO Context

Within UNIDO the key developments during the period that mark out the context are: the elaboration of a corporate strategy; the change in the top leadership of the institution; and the creation of a task force to look into the fund mobilization strategy. It was a period of continuous policy, strategic and organizational and system change. While these were all positive developments at the corporate level, the situation at the country office level was different. The period has been marked by a conspicuous absence of a UNIDO representative in Kenya. UNIDO's policy towards Kenya's IP was also uncertain at some time because of the failure to launch a program, preceding the current KIP, in partnership with the private sector. The program failed to take off because of the inability of the private sector to raise counter part funds.

2.3 The Program Context

The program context presented three challenges: the challenge to integrate the components; the challenge to coordinate the many different activities with different national counterparts; and the challenge to fully fund all the components.

The integrated program has set for itself an ambitious objective to make a direct contribution to the growth of the economy by strengthening its connections to global trade and investment flows. This objective was to be attained by developing the productive capacity of four agro-industrial sub-sectors with high export potential: leather, fish, honey and dairy. Program activities in three other areas were included later just before the launch of the program. The new additions were a Woman Entrepreneurial Development Project (WED), and investment promotion and quality management interventions. It was argued that these activities would provide the necessary linkage and integration between the various interventions. This required a coordinated and coherent set of interventions, a challenge that had to be effectively dealt with to meet the ambitious objective of the integrated program.

A wide number of counterpart organizations across two Ministries participated in the implementation of the program. Further, the various components were to be backstopped by five different officers. The coordination within UNIDO and between UNIDO and the various national counterparts was clearly another challenge.

⁸ Participants different from staff of the MTI and the M of Agriculture were ESALIA, BS, KEM, KAM

The third challenge of the integrated program was the availability of resources; both the volume of resources and timing in the availability of resources, for proper and effective sequencing of interventions. At the time of the launching of the program the funding situation was not all that clear and it proved to be a challenge, much more difficult, than originally anticipated. The total budget of the program as planned was \$ 4,014,500 with an estimated duration of two years. The level of under funding of the IP is reflected in the number of total outputs that were to be delivered, 26 (including those of WED and the cross-sectoral components) and the 13 outputs finally achieved. Some activities started with only 10 or 20% of the expected funding available with expectations for additional funds in the course of the implementation. The additional funds were not raised and the activities were left incomplete.

The budget planned compared with the budget allotted illustrates the low level of funding of the IP 36.3 % (Table 1). The leather component had the highest rate of funding among the initial components of the IP and the dairy no funding at all. The WED component included within the IP in 2004 was able to raise more (28%).

Table 1
Budget planned and allotted

Components	Budget Planned	Budget allotted \$	Funding level (06-2006)
Leather Component	1,589,500	682,504	47.8%
Fish Component	839,000	239,592	29.6%
Honey component	994,000	100,000	10.1%
Dairy component	410,000	--	0%
WED component	130,000	166,953	128%
Quality (Cross-sectoral Component)	182,000	65,593.3	
Investment Promotion (Cross-sectoral Component)		88,436.80	
Sub-total Cross-sectoral Components		154,030.1	84.6%
General management		28,000	----
Total	4,014,500	1,371,080	34.1

*The Italian allotment was made in Euros and was converted to US Dollars for this table. Part of the Kenyan contribution was allotted to the leather component.

*Source: Self-assessment Reports, information updated by the UNIDO Financial Services and the Programme Cooperation and Field Operations Division

Table 2
Projects Allotments and Expenditures

Component	Project	Allotment \$	Expenditures (June 30 2006)	Status⁹	Source of funding
Leather	SPK/NO/3001	48,103	41,038.6	Completed	IDF-Kenya
	UE/KEN/04/078	634,401	493,728.8	On-going	IDF-Italy
Fish	YA/KEN/03/423	61,466.90	61,455.9	Completed	Seed money
	US/KEN03/016	128,571.90	120,102.8	Completed	Seed money
	XA/KEN/03/614	49,553.80	49,228.1	Completed	Regular programme
Honey	DP/KEN/03/006	100,000	94,813.3	Completed	UNDP TRAC
WED	DP/KEN/03/105	130,000	127,422.3	On-going	UNDP TRAC
	TF/KEN/05/001	36,953	11,380.7	On-going	CIDA Gesp
Quality	YA/KEN/03/424	50,596.6	50,596.6	Completed	UNIDO RB
	US/KEN/03/017	14,996.70	14,996.7	Completed	IDF
Investment	YA/KEN/03/422	59,653.70	50,653.7	Completed	UNIDO RB
	US/KEN/03/013	28,783.10	20,783.1	Completed	IDF
	General management	28,094	n.a.		
Total		1,371,174	1,136,200.6		

Source: Self-assessment Reports, UNIDO Financial Services; Program Cooperation and Field Operations Division

⁹ As stated in the financial and in the self- evaluation reports

3

Assessment of Programme Preparation and Implementation Arrangements

3.1 Program Preparation

Identification and Design of the program

The exploratory mission of 2002 led by the Director General played a key role in determining the area of focus of the IP. It appears that the suggestions made by the high level UNIDO mission was taken up by the national preparatory committee led by the MTI. UNDP also favored the focus of the program and agreed to finance some of the community level interventions. The Italian Government, the biggest donor, had indicated its priority for the leather sector and the inclusion of this component in the IP was determined way before the other components. Program officers have hinted their reservation for the focus on micro-level activities and the spread – both, geographic and sector - of the interventions. Some project managers believe that had the IP focused on higher-level issues (such as sector analysis, Investment promotion, trade facilitation) the program would have had better funding opportunities and greater integration.

Programming mission

A two weeks programming mission comprising six sector experts was fielded in February, 2002 soon after the January visit of the DG. The mission met counter part organizations and donors to flesh out the details of the program and the implementation arrangements and time line. The mission's report indicated adequate discussions and consultations with stakeholders at various levels. This evaluation mission, on the other hand, heard complaints from the national counterparts of insufficient consultation. The current project personnel, to date, are not clear on the implementation arrangements and roles and responsibilities of various parts. There is confusion in the field as to who is responsible for funding different expenditure items in particular recurrent expenditures. It appears that program details, implementation arrangements and roles and responsibilities of various implementing partners were either not sufficiently explained or the implementing agencies were not appropriately represented. This could be one of the reasons for the low level of commitment and ownership of the program by counterpart agencies.

Integration of components

There is no noticeable evidence of efforts by program officers to identify activities and instruments to enhance effective linkages and integration of components. This would have required strong and assertive team leadership. The issues of ownership, scaling up, replication and exit strategies and linkages to broader policy goals have not been sufficiently incorporated at the design and program formulation stage. The availability of base-line information should have

been discussed, as well as the selection of relatively easy applicable follow-up indicators to monitor the progress of each component and how they complement with each other.

3.2 Program implementation Arrangements

Several national counter parts and, even program officers at Head Quarters, have commented on the constraints and challenges with respect to the implementation arrangements, organizational efficiency and overall coordination of program activities. There is unanimity of views that the coordination was poor. The poor coordination has been attributed mainly to the absence of a UR in the country, the absence of a national coordinator and the high turnover of team leadership.

Weak Country Office

The IP had two URs during the identification and formulation stages and no UR during implementation. The conspicuous absence of a UR has been identified as a main factor that negatively affected the flow of information and communications during the implementation of the program. Poor flow of information in the field and with headquarters and the distance and highly centralized decision-making process has affected the efficiency of program delivery, all the more so, because of the diversity and geographic spread of the community based activities.

Poor coordination of counter part agencies

At the national level, the steering committee comprising of representatives of implementing agencies and under the chairmanship of MTI was expected to play a key role in coordinating program activities at the national level. Unfortunately the meeting of the steering committee was infrequent and the committee was not effective. Ms. Dede, Deputy Director of Industries in MTI was appointed, as the local coordinator of the IP in Kenya in addition to her other responsibilities at the Ministry.

Table 3
Program Management Arrangements

Mechanisms for coordinating and Monitoring	Observations
<p>The National Steering Committee A high level Steering Committee (SC) under the leadership of the ministry of Trade and Industry ensure the coordination of counterparts of the program. The SC should meet every six months. The membership should be of high level (PS, Directors, Chief Executives</p>	<p>Members of the Steering Committee were appointed from the MTI and institutions related to the IP such as the Ministry of agriculture, the KAM, IPA, KB</p> <p>The Committee met only two times</p>
<p>National Program Coordinators A National Coordinator (NPC) for the Program should be assigned as the counterpart of the program.</p> <p>A UNIDO NPC should be appointed by UNIDO to assist the UR in the day to day monitoring and coordination of the program</p>	<p>Ms. Dede, Deputy Director of Industries in MTI was appointed as the main local coordinator of the IP in Kenya. She was involved in coordinating the IP activities from the start of the program. She participated in the formulation phase and was the main interlocutor with UNIDO Headquarters.</p> <p>The NPC was not appointed. This is considered a serious omission.</p>

A national Program coordinator should have been appointed by UNIDO. This is considered a serious omission, particularly in the absence of a UR in Kenya. At the local levels, there were attempts to create local level steering committees comprising representatives from relevant Government officials, stakeholders and implementing agencies. Here again the meetings were far between and ineffective. As a result, the coordination both at the country and local levels was weak.

Turnover of Team Leadership

The Kenyan IP had three Team Leaders during the period 2002-2006. The first Team Leader was in charge of coordinating and promoting the IP from January 2002 to May 2005. The change in leadership was made at the time that the IP leadership was moved to the Regional Bureaus. Since there has not been a UR in Kenya for approximately three years, the leadership is at present with the Head of the African Programme at headquarters.

The first Team Leader (TL) appears to have played a key role in the identification and formulation stages of the IP and in the preparation of the IP document. He also participated in the fund mobilization activities at different stages together with the Director of Industries of MTI without much success. It appears that there were few coordination meetings convened whereas the guidelines prescribe quarterly meetings. During the meetings held at Headquarters by the evaluation team with the project managers in charge of implementing the IP, a high level of team spirit was not noticeable.

An important meeting between the TL and the IP team that is recorded referred to the selection of priority activities within the original components of the IP to be implemented when the first substantial amount of funds had been secured. The decisions made at that time included the division of the Leather component into two phases and the choice to concentrate on the implementation of the first phase. Priority actions in Honey and Fish, quality and investment priority activities were also selected.

In summary the implementation problems identified above can be attributed to:

- a) The absence of a UR in Kenya.
- b) The lack of a National Programme Coordinator, appointed by and responsible to UNIDO.
- c) Insufficient activity and limited presence of the National and Local Steering Committees.
- d) The changes in the IP Leadership weakened the coordination and follow-up in Vienna.
- e) The workload of TLs on other programs.

3.3 Assessment of Funds Mobilization Efforts

The Financial Resource Mobilization of UNIDO (FRM) has prepared a set of instructions for fund mobilization (FM) for integrated programs. The guidelines recommend a comprehensive approach to donors both at the country level as well as at the political level of donor countries, the private sector, and civil society. The results of a revision of the structure of the Kenyan IP and the FM activities carried out with respect to the FRM instructions are included in the table that follows.

Table 4
Funds Mobilization - Compliance with Guidelines

Financial Resource Mobilization Guidelines¹⁰	The Resource Mobilization for The IP in Kenya
<p>Conditions that favour FM: The IP should be integrated, strong relations and synergy within and between components.¹¹</p>	<p>Conditions: Synergy within the three major components is noticeable in the IP program document. The cross sectoral components were to help integrating the major components</p>
<p>The IP should have 4 to 5 components maximum</p>	<p>The IP had 4 principal components</p>
<p>Each component should have a budget below \$1 million.</p>	<p>The proposed budget for three of the components was less than the recommended amount. The Leather component was an exception; the proposed budget was \$ 1.5 million.</p>
<p>The components should be defined in terms of typical priority areas such as: environment, SME/private sector development, trade capacity building, and integration of women, agro, and investment promotion.</p>	<p>The IP was to serve the Agro industries sector. Thematic areas such as Trade and Investment promotion were cross-sectoral components to serve the principal components.</p>
<p>The single most important issue in funds mobilization and contact with donors is the degree of national ownership and commitment, as expressed by the government, national stakeholders and the private sector.</p> <p>Ways to demonstrate ownership:</p> <ul style="list-style-type: none"> • Co-funding of key components • Presentation of the IP to the donor community by the ministries concerned with stakeholder institutions and the private sector • Involvement of the immediate counterpart and the coordinating ministry in the FM activities in the country (usually the M. of Foreign Affairs, M. of Planning or M of Finance). <p>The involvement of these authorities in the IP development process is essential; they should be motivated to draw on resources already made available to the country by donors and apply them to the IP.</p> <ul style="list-style-type: none"> • UNIDO should earmark funds for the IP 	<p>Ownership was not strong – The Government left the resource mobilization responsibility to UNIDO – and UNIDO allowed it. Cooperating ministries, notably, the Ministry of finance was not involved in the FM activities, and thus a commitment of the technical cooperation-coordinating ministry was not made evident to the donor community.</p> <p>There was co-funding from Kenya.. An example is given by the case of leather.</p> <p>There is no evidence that a presentation of the IP was as prescribed by the guidelines.</p> <p>Funds were earmarked by UNIDO to specific components or contributed as seed money</p>

¹⁰ Financial Resources Mobilization- “Funds Mobilization for Integrated Programmes and CSF”. UNIDO Intranet. Financial Resources Mobilization-“Division of Responsibilities” UNIDO Intranet.

¹¹ Working at the same time to improve the policy environment of a given major sub-sector, promote investments and strengthen support infrastructure increases the opportunities of producing impact on the development of the sub-sector.

4

Assessment of the Implementation of Individual Components

This section lays out the team's assessment of the implementation of individual components. It is based on a review of the various progress reports corroborated by interviews in the field.

4.1 Leather Component

4.1.1 Objective

The Leather Industry in Kenya has been identified by the Kenya IP as a sector with a great potential for export. The objective of the leather component is to exploit this potential and “to improve the competitiveness of the Kenya Leather Industry while keeping in mind environment considerations.” Through an in-depth analysis of the whole value chain, the IP also aims to ‘articulate a comprehensive sector strategy’ and facilitate ‘its implementation through policy, institutional and enterprise level assistance.’ The component seeks to address key constraints, which include lack of technical and managerial skills, poor product quality, a poor manufacturing environment and limited links to international markets.

4.1.2 Overview of progress

The program was expected to come up with seven specific outputs out of which only one is fully achieved and the rest partially achieved or not achieved to date. Project activities started in January 2004 with an analysis of the sector followed by training activities.

Presented in table 5 is an assessment of the level of achievement of each output vis-à-vis the output outlined in the original project document.

Table 5

Output	Activities	Status/ Assessment	Completion Rate
1. A sub-sector profile and framework for development, analysis leading to a consensus strategy and policy implications	Position paper on current situation of leather industry	Completed	80%
	Consultative group of all stakeholders	Completed	
	Round table meeting on development of industry	Completed	
	Action plan and implementation of strategy	Partially completed	
	Assessment of implementation of strategy	Partially completed	
2. The capacity of selected training institutions able to respond to the technical needs of the leather and leather products' producers upgraded	Provide improved tools and updated training syllabi for institutions	Completed successfully by UNIDO subcontractor	90%
	Conduct training courses for tanneries and leather products	Completed by TPCSI in Thika - 20 trainings with 300 participants	
	Training of trainers	Completed by PISIE consultants in Thika	
	Organize and conduct extension services in selected factories to be used as models	Sagana Tannery selected (partially completed)	
3. Selected leather, footwear and leather products production facilities assisted to improve their productivity and regional and international market access. Cleaner production in the tanning sub-sector enhanced.	Benchmark against main competitors	Completed	30%
	Group companies in accordance with type of assistance to be provided	Tentative list prepared	
	Recruit and select one cluster development agent	Clustering of MSEs in Nrb/Thika completed	
	2 months training program in India for 4 national staff	Not done	
	Workshop in Thika to discuss results of the Benchmarking and cluster diagnostic study	Not done	

Table 5 continued

Output	Activities	Status/ Assessment	Completion Rate
	Workshop on conditions for accessing regional and international markets	Completed successfully through ESALIA	
	Technical assistance proposals for business performance upgrading	Not done	
	Implement these technical proposals	Not done	
	Have meetings to encourage cooperation among manufacturers/other firms	Meeting held through ESALIA	
	Prepare follow-on action plan	Not done	
	Assist pilot enterprises and institutions to obtain ISO 9000 certification	Not done	
4. Creation of awareness of cleaner production technologies/processes in leather production	Identify cleaner technology options applicable to Kenyan tanneries	Completed through ESALIA	100%
	Carry out trials on low solvent and solvent free finishes and adopt the successful ones	Completed	
	New methods to improve efficiency of chemical uptakes and reduce emissions	Completed	
5. A comprehensive investment and export promotion strategy with a two-year program prepared and adopted by the stakeholders	Review the global dynamics in the leather sub-sectors to get global road map as to how to position Kenya	Not done	0%
	Prepare a strategy for use of IPC, EPC and EPZA resources	Not done	
	Finalize the Investment Act/related regulations	Not done	
	Establish a core team consisting of IPC, EPC, EPZA staff and leather stakeholders	Not done	
6. Export of Kenyan leather products increased as a result of improved competitiveness and effective promotion	Formulate sector and company profiles/ project opportunities for promotion, preparation of promotion material based on sector study	Not done	33%
	Execution of targeted promotion activities	Not done	
	Organize mini forums in Kenya, execute a programmed country participation in trade fairs, inward and outward group missions	Forums organized through ESALIA	

Table 5 continued

Output	Activities	Status/ Assessment	Completion Rate
7. Capacity for E-commerce established (business to business)	Write specifications for tender documents/equipments; contact suppliers of services and equipment	Not done	0%
	Order and install equipment	Not done	
	Evaluate bids, finalize subcontract and prepare work document for analysis and implementation of B2B platform	Not done	
	Develop B2B platform, test and put into pilot operation	Not done	
	Set up mirror sites and financial links	Not done	
	Train and create awareness for the B2B platform	Not done	

* Completion rate is based on an assessment of the number of activities completed per output. While it still provides a good indication of completion status for each output, a weighted expenditure average would be more comprehensive.

4.1.3 Assessment of Performance

Relevance

Promoting the growth and competitiveness of the leather industry is consistent with key aspects of the government's national and sectoral development strategy. At the national level both the PRSP and now the Economic Recovery Strategy (ERS) promote the growth of industrial exports. At the Sectoral level, the livestock industry is considered key because of its direct linkages to poorer regions and potential for value addition.

All stakeholders saw the objectives of the program as relevant. The position paper that analyzed the current situation was found useful in identifying and sensitizing the potential, policy and support needs of the industry. The training activities undertaken by TPCSI received good responses and participation levels. Stakeholders agreed that there is a need to continue on the training activities. However, while there is sufficient justification for the intervention the consensus view is that the objectives may have been too ambitious given the limitations of the scope and size of activities planned under the program.¹² The industry has declined over the year due to liberalization and the collapse of Kenya meat commission, which provided a cost effective source for raw material. There is a need first to develop a strong competitive domestic industry before venturing out into export markets.

¹² For example one of the goals of the leather component is 'To improve regional and international market access' and the success indicator identified by the Project Document is 'at least 50% able to export to international market' a far too ambitious goal for the type and scale of interventions planned.

More recently a decision has been made to refocus the projects interventions to the informal sector (Jua Kali). The evaluators did not have any empirical evidence to make an informed opinion on this decision but generally it can be said that the needs of the informal sector are multifaceted and call for a number of actions on various fronts.

Efficiency

Total resources mobilized and expended amounted to \$682,504. This represented less than 48% of the projected budget. There is clear sense from the major stakeholders that the three outputs that have been achieved substantially have been appreciated and valued. However the unavailability of funds for activities related to increasing productivity and competitiveness has reduced the level of complementarity and synergy between activities.

While a detailed cost-benefit of each input was not possible under this assignment the team observed the following on use of resources for specific inputs:

Consulting Services: The main input by consultants has been the study of the leather sub-sector, which cost \$41,038. The team received positive feedback on the quality of the study and its utility in helping frame policy actions. The costs appear to have been justified.

Equipment: The TPCSI received CAD/CAM equipment worth about \$85,000 and lab equipment worth approximately \$45,000. The team observed that the equipment has the potential to add value to the industry. There is a need however for additional training/ exposure to be provided to technicians to better utilize the CAD/CAM equipment. It was also observed that although potential exists, current capacity utilization can be expanded considerably.

Effectiveness

The main success of this component was the sub-sector study, which was well received by all stakeholders. The study also helped to sharpen policy focus on key requirements to turn around the industry.

The team also observed that TPCSI is an institution that is serving the industry with capability to expand and improve on its services even more. The equipment has been installed and is being used albeit not to full capacity. A major challenge for the institution will be to put in place measures for sustainability; critical component of this is to have a governance structure that is firmly committed to the institution.

The project did not implement activities targeted at investment/ export/ market promotion.

4.1.4 Impact / Sustainability

As mentioned earlier, the main input of this phase has been; (i) the sub-sector analysis and (ii) efforts to upgrade the capacity of the TPCSI. The study has made a contribution to greater understanding of the sub-sector amongst stakeholders. This will help to facilitate improved policies, which will ultimately lead to benefits for the population at large. The consultants noted evidence that this is already beginning to emerge.

(ii) **TPCSI:** TPCSI is an institution with the potential to provide good services to firms at all levels of the value chain within the leather sub-sector. Evidence exists that this is already occurring.

The institution is not utilizing its full potential for a number of reasons: one reason is the declining fortunes of the industry over the past ten years; there are now less active firms in the sector in Kenya. The second reason is the current ownership and governance structure of the institution. TPCSI was started by UNIDO with strong backing from industry associations. As the industry has weakened, the strength of the associations has also waned. At present TPCSI has no clear system of governance and limited commitment at the Trustee level. This is risky for long term sustainability.

4.1.5 Conclusions

Based on a review of the component the team concludes the following:

- Lack of funds has led to less than optimal implementation – several outputs have not been achieved
- Even with funds and implementation of all activities the objectives appeared overly ambitious given the state of the leather industry.
- The team received a very positive assessment of the study on leather sector which contributed to policy changes.
- TPCSI has the potential to service the industry and its inputs have added value. However the CAD/CAM equipment is underutilized.
- Sustainability of the TPCSI is not yet ensured. The biggest issue is governance of the institution. The UNIDO funded business plan was not well received and did not focus on the core issues.
- The team noted that the proposed shift in the project focus to the Jua Kali sector needs to be underpinned by in-depth analysis.

4.1.6 Recommendations

The team makes the following recommendations with regard to the leather component:

- Justify and further substantiate the envisaged shift in focus to the informal sector (Jua Kali). Carry out a market survey of shoes and other leather-finished goods produced by the informal sector.
- Prepare a business plan for the proposed Jua Kali leather cluster. Determine the services the TPCSI could provide to the informal sector and establish that these services are indeed compatible with the needs and priorities of the beneficiaries in the informal sector.
- Provide additional training and exposure to the technicians of the TPCSI in order to better utilize the CAD/CAM equipment purchased under the IP.
- Develop a business plan addressing the core issues and in particular the governance of the TPCSI. A business plan accepted by all parties is a precondition for sustainability.

4.2 Fish Component

4.2.1 Objective

The objective of this component is to “strengthen the capacity of the fish industry to access regional and compete in the international markets.” Fishing provides the main source of income to over 30,000 fishermen and a large number of fish traders. Lake Victoria, the world’s largest

freshwater lake, provides more than 60% of Kenya's fish production. Fish exports have been earning about 4 billion Kenyan shillings. In the recent past the Nile perch export business has suffered export bans by EU because of quality and safety standards. The component seeks to assist the industry in harmonizing the safety and quality standards with that of EU and in reducing post harvest losses of fishermen.

4.2.2 Overview of Progress to Date

Presented in the table below is an assessment of performance vis-à-vis the outputs outlined in the original project document.

Table 6

Output	Activities	Status/Assessment	Completion ¹³ Rate
1. Food safety and quality assurance system meeting the requirements of the markets	Assessment	Completed by local consultant	100%
	Stakeholder discussions	Completed by an international consultant	
	Technical advise on upgrading regulatory framework	Completed	
	Compile and simplify Regulation	Draft completed	
2. Regulatory Authorities capacity for food inspection strengthened and meets international requirements	Assess capacity and capability of food control authorities	1. Completed by local consultant/ international consultant	75%
	Train staff on GHP/HACCP food inspection techniques	20 fish inspectors trained and staff of the Regulatory Authority	
	Prepare/update food inspection manuals	Inspection manual prepared	
	Assist in introducing IT audit software	Not done	
3. Support institutions capacity in R& D, Technical support, training and fish analysis strengthened	Needs assessment for support services	Completed by local consultant	80%
	Assess support service institution capacity and needs	Completed by international consultant	
	Capacity building/ training	Not done	
	On the job training	Completed by local consultant	

¹³ This is based only on the number of activities completed per output and not expenditure.

Table 6 continued

Output	Activities	Status/Assessment	Completion ¹³ Rate
	Assess laboratory capacity and gaps to GLPS (carried out in cooperation with the Quality Component)	KEPHIS assisted	
	Technical assistance to laboratories in implementation of GLPS.	Partial assistance	
4. Fish post catch losses reduced to the minimum possible	Assess fish handling at various levels	Completed	75%
	Identify measures to reduce losses – pilot sites	Partially completed - 1 pilot site developed in Bondo	
	Train operators using pilot operations	1 training workshop for GHP and GMP – for crews and handlers at landing sites -17 persons trained on improved fish drying, fish handling and hygienic practices; 1 training (TOT) workshop for fish processing, fish safety and quality assurance – 25 persons trained- fishing crew, fish handlers and processors.	
5. Fish producers meet international requirements for safety and quality management	Assessment of fish processing units	Completed	80%
	Seminar on results	Completed	
	Assist fish producer association – code of practice	Training seminar held	
	Assist fish producing plants introduce GHP/HACCP (carried out in cooperation with the Quality Component)	Training seminar	
	Support enterprise upgrading through IT software	Not completed	

4.2.3 Assessment of performance

Relevance

The overall objective of this component as stated is to strengthen the capacity of the fish industry to access regional and international markets. The fish sub-sector is considered an important sub-sector by the Government of Kenya. In both the ERS and the strategy for Revitalization of Agriculture, value addition in this and other sub-sectors is given priority. Increasing exports and forex earnings is also a priority for the Government of Kenya. The fish sub-sector is already one of the leading forex earners and has the potential to expand this role if key constraints are alleviated. In line with these observations, one can safely conclude that the selection of this sub-sector in the project is highly relevant to the Government of Kenya plans and priorities even though, here again; the goals set were too ambitious for the type and scale of interventions.¹⁴

Effectiveness

Fish Quality: No data on the impact of the effect of training/ technical assistance on overall fish quality was available. However feedback received from interviews indicated that the technical advice provided to improve regulations to meet European Union standards was particularly well received.

Pilot Project: The solar drier installed at the beach-landing site in Bondo requires an electricity generator to become operational. The generator was not part of the equipment to be purchased by UNIDO but part of the counterpart contribution. No funding was available under the project to procure a generator, however the government seems to be committed to funding it under the next budget cycle. As long as the solar drier is not operational its effectiveness cannot be assessed.

Efficiency

Total resources used for this project amounted to \$239, 592 against a projected budget of \$ 839,000. Given that most outputs have been achieved using a significantly lower budget, resources for this component have been utilized very efficiently. A major contribution to this efficient use of resources resulted from effective utilization of local consultants vis-à-vis higher cost international consultants.

Although detailed cost/benefit analysis of all activities was not feasible under this assignment, the team observed the following:

Consulting Inputs on Regulatory Framework: Inputs were received from an international and national consultant. The international consultant identified gaps to compliance and drafted appropriate regulations. The national consultant translated the regulations into appropriate Kenyan legal language. Feedback received from government and other parties was that this input was of a high standard and worth the resources expended.

Analytical Equipment Supplied to KEPHIS: KEPHIS received analytical equipment to facilitate product analysis for fish being exported. The equipment has resulted in much faster turnaround

¹⁴ The goal set was to reduce post-catch losses and the success indicator for this goal was 'Post-catch losses reduced by at least 50%, rejection reduced by 75%'

for product testing. It has also helped in KEPHIS receiving accreditation. The resources appear to have been well spent.

Training: Training on handling and other sanitary aspects was conducted by both local and international consultants. Although a detailed assessment was not possible, the team was informed that the EU noticed increased awareness in handling of fish at landing sites.

Impact/ Sustainability

The general assessment of impact in the long term is as follows:

- The new regulations once implemented will greatly help to ensure Kenya remains first and increases its market penetration and exports to the European Union.
- The equipment installed at KEPHIS will enhance the speed of inspections; accreditation of KEPHIS will provide a more stable long-term inspection support regime for the industry in Kenya. The accreditation of KEPHIS is a positive outcome of the quality component of the IP.
- Success of the pilot project is uncertain largely because of the challenges associated with community-based projects. A major concern is the institutional capacity to implement on a sustainable basis.

4.2.4 Conclusions

Based on the foregoing the team concludes the following:

- Implementation of this component is fairly successful; most activities have been completed significantly under budget.
- Assistance in improving regulatory framework was very well received.
- Equipment to KEPHIS will have an impact on the efficiency of inspections.
- Activities in Bondo are not yet complete due to problems with the power generator.
- A major concern with regard to sustainability is the institutional capacity to implement community-based initiatives on a sustainable basis.

4.2.5 Recommendations

The team makes the following recommendations with regard to the fish component:

- Make the solar fish dryer in Bondo operational by solving the electricity supply problem and give training to target beneficiaries on all aspects of the operation of the dryer including its maintenance.
- Assess the economic viability of the dryer. Once the dryer is operational and the users properly trained, carry out sufficient test runs, compare data on post harvest losses from solar drying with that of open sun drying method and quantify the costs and benefits of the solar drying method.
- Undertake a study on how to introduce the solar dryer method to the other beach sites. The study should among other things recommend an appropriate institutional arrangement that would clearly define the roles and responsibilities of all stakeholders.

4.3 Apiculture component

4.3.1 Overall objective

The overall objective of this component is to: “increase rural incomes generated by entrepreneurs, including women, through expanded application of beekeeping by structuring viable operations for marketing quality honey that can command a market.”

The core constraint that the component seeks to address is in adequate support services and marketing efforts to generate demand.

Overview of progress

Presented in table 7 is an assessment of performance vis-à-vis the output outlined in the original project document.

Table 7

Output	Activities	Status/ Assessment	Completion ¹⁵ Rate
1. Consensus view among major stakeholders on sub-sector growth strategy and policy recommendations	Establish honey working group	Not completed	50%
	Conduct sub-sector overview	Completed successfully	
	2 months networking training in India	Not completed	
	Organize workshop and prepare issue papers	Completed successfully – comprehensive policy paper completed	
2. Institutions providing training, technical support and extension services, quality assurance and certification, financing facilities, marketing and promotion etc strengthened	Identify gaps and needs based on study above	Completed	80%
	Prepare programs for the selected institutions, including WED	Partially completed	
	Implement training and develop activities for the institutions	Pilot demonstration centre set up in Kibwezi; 5 trainers and 60 potential entrepreneurs trained	
	Provide equipment as needed	Basic communication and information management equipment provided to department of apiculture	

¹⁵ Based on the number of activities implemented.

Table 7 continued

Output	Activities	Status/ Assessment	Completion ¹⁵ Rate
	Prepare guidelines for the sub-sector operators		
3. Assist selected honey processing enterprises in setting up integrated operations and expanding the production and marketing of honey as well as developing organizational and operational benchmarks for replication	<ol style="list-style-type: none"> 1. Select enterprises that will constitute the center of the pilot operations 2. Prepare a business plan for each pilot operation 3. Technical assistance for adopting good practice operations 4. Assist in the establishment of funding mechanisms 5. Establish testing and certification procedures 6. Analysis of the experience of the pilot operations /recommendations 	N/A	0%
4. National Program for promoting apiculture developed and put into implementation	<ol style="list-style-type: none"> 1. Prepare activity plan for preparing a floral calendar/national information system 2. Awareness and information campaign for promoting beekeeping 3. Develop strategy to ensure adequate and cost-effective supply of hives, beekeeping clothing and accessories 4. Develop a marketing strategy and campaign to increase demand for honey and honey products 	N/A	0%

Assessment of performance

Relevance

Both the PRSP and ERS stress the need to enhance rural productivity and increase rural incomes particularly in arid and semi arid areas. Successful application of apiculture activities both on the quality and production side have the potential to increase incomes in rural areas particularly in areas with low agricultural productivity and high levels of poverty. More so because the activity is not very labor or land intensive and allows farmers to increase their income using their limited assets. The component is therefore highly relevant to broad national and sectoral plans of the Government of Kenya.

Efficiency

Total amount spent on this component was \$94,813 against a total projected budget of \$994,000. Funding of only \$100,000 was actually available so it is difficult to comment on the efficiency of funds utilization versus the total budget and outputs expected. Nevertheless on the funds actually utilized and activities undertaken the team observed the following:

Consulting inputs for Sub-sector Study: The total cost for the study was \$60,000. The team noted that funds appeared to have been well utilized as the study was well received.

Establishment of Pilot Demonstration Centre: \$22,313 was used to establish the demonstration centre by both local and international consultants. It is unclear at this stage whether these funds were utilized efficiently as the centre is not fully operational largely due to equipment sourcing problems (discussed further below). Even if the problems are resolved, these resources can only be considered optimally utilized if there is scope for scaling up activities in future. A viability analysis of the centre shows potential for its success in adding value to the community) however this needs to be achieved in practice.

Effectiveness

The study conducted appeared to be effective in creating a more focused policy outlook for the sub-sector. No data however was available to indicate what specific subsequent policy initiatives have been undertaken as a result of the study.

The Kibwezi pilot demonstration center has been established as a training and demonstration site, and therefore improved technology for honey processing had to be installed for country wide training purposes. However, the honey extractor installed at the center does not match the requirements of the local beehives because it is not possible to use a mechanical extractor for honey produced in traditional beehives (the type that is common in Kibwezi). The extractor was installed with the understanding that the department of apiculture was phasing out the traditional hives and promoting more modern hives whose produce can be mechanically extracted. Because this did not yet materialize the extractor is not utilized at optimal capacity. The training provided has helped to improve the quality of honey from the few modern hives available in the region.

The key measure of effectiveness of this initiative is its ability to ultimately increase rural incomes. While potential exists, practical improvements on the ground are not yet visible. Effectiveness depends on a whole chain of assumptions: The department of apiculture would be successful in propagating modern bee hives; honey processing with the extractor would be profitable; promotion activities would spur rural investment in modern hives and effective marketing would yield positive income increases for participants. At present, no prediction can be made whether this chain of assumptions will materialize.

Impact/ Sustainability

The long-term sustainability of this initiative is dependent on; (i) short term solution to the technical/equipment challenges currently being experienced and (ii) the ability for the community to effectively take ownership for the initiative. Assuming the equipment challenge is solved, there will need to be more investment in Phase 2 to ensure that the pilot project works

effectively – this will entail additional work on the production side (training etc) as well as a support to the community on the marketing side.¹⁶

Conclusions

Based on the foregoing, the team concludes the following:

- Impact has not been achieved due to funds limitation
- The study was well done and helped to provide clarity on industry needs and requirements.
- The community activity in Kibwezi has the following challenges:
 - The honey extractor purchased by the project is not adapted to the traditional beehives; its usefulness depends on a more widespread use of modern bee hives in the region;
 - There is a need for complete final tail activities – these include the purchase of a retail kiosk and assistance on the marketing side;
 - The activity should be seen as a pilot to be scaled up if successful.

Recommendations

The team makes the following recommendations with regard to the apiculture component:

- Complete project activities at Kibwezi. Carry out additional training and technology adaptation in order to further improve the quality and yield of honey extraction and assist in setting up market outlets for the produces of the community.
- Carry out a cost/benefit analysis of the pilot and prepare a detailed proposal to replicate the pilot in other areas of the country.

4.4 Women Entrepreneurship Development (WED)

4.4.1 Overall objective

The overall objective of this component is to promote the full participation of women as entrepreneurs contributing to socio-economic development, through post harvest management and agro-businesses.

Overview of progress

Presented in table 8 is an assessment of performance vis-à-vis the output outlined in the original project document.

¹⁶ One of the success indicators for this component was ‘substantial additional funding secured for applying the lessons of the pilot operation’

Table 8

Output	Activities	Status/ Assessment	Completion Rate
1. Women entrepreneurs are technically assisted to set up their micro/small scale agro-based food businesses, managing post harvest losses, develop competitive products and their market niche with profits	<ol style="list-style-type: none"> 1. Review WED Phase I; establish baseline, select WE for phase II 2. Examine market demands for products; develop marketing strategy for products 3. Update technical skills requirements/ training materials; business coaching packages for trainers/facilitators and WE 4. Training and coaching of at least 200 WE 5. Develop sourcing system for equipment/ raw materials and create a central buying point for WE 6. Provide support to production areas, testing and quality control services to WE 	<ol style="list-style-type: none"> 1. Completed by UNIDO consultant 2. Completed by senior UNIDO national agro-food expert 3. Completed 4. Training held in Kilifi and Meru-150 (both districts) 5. Not complete 6. Not complete 	70%
2. An affordable business development services (BDS) support system set up to provide services for competitive thinking of WE with participating organizations and trainers/facilitators/coaches	<ol style="list-style-type: none"> 1. Integrate WE in enterprise development in the IP capacity building programs 2. Capacity building of participating agencies and training of trainers (TOT) and business coaches 3. Adjusting arrangements for demonstration/ production equipment 4. Promote the concept of green enterprises 5. Coaching in regular monitoring and self assessment by trainers/coaches and WE 6. Develop the concept for affordable WED/BDS support modalities with participating agencies and the private sector. 7. Establish a basic BDS system with business coaching option using a self-financing modality 8. Review the policies, rules and regulations affecting MSEs in food processing 	<ol style="list-style-type: none"> 1. Not done 2. Completed successfully 3. In progress 4. Not done 5. Not done 6. Not done 7. Not done 8. Not done 	50%
3. A strong network of WE established as a basis for a business association to	<ol style="list-style-type: none"> 1. Finalizing arrangements for association of WE in food processing in Kenya 	<ol style="list-style-type: none"> 1. NUSRA women's group in Kilifi and Association 	60%

Table 8 continued

tackle market access constraints.	<ol style="list-style-type: none"> 2. Launch association with networks and create self-help groups of WE 3. Linking member/WE trained to micro-credit/loan institutions 4. Create marketing linkages with community clusters for competitive products with market potential (honey) 5. Promote joint production areas individually and in groups 	<p>of Widowers in Meru South established</p> <ol style="list-style-type: none"> 2. Not complete 3. Not complete 4. Not complete 5. Meru South Food Processors has been set up 	
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Assessment of performance

Relevance

The long-term objective of this component is to increase income of women entrepreneurs by facilitating their involvement in agro-processing and other value added activities. Both the P.R.S.P and the ERS emphasize the need to increase economic growth in agriculture through value addition. The Sector for Revitalizing Agriculture also emphasized value addition. The ERS also promotes SME development as an avenue for expanding industrialization in Kenya. In line with these priorities the component can be considered to be in harmony with the Government of Kenya priorities.

Effectiveness

Based on the field visits discussions with participants and review of documentation, the evaluators made several observations on the efforts of the project:

- **Equipment**

Funds from the project were used to source equipment for the demonstration centers in Kilifi and Meru. The equipment is largely small scale processing equipment. While the equipment sourced has been useful, the team observed that it is largely kitchen based and thus limits the scope for production and use as training equipment. Providing low-cost equipment may be justifiable as a start but in the long term this equipment will not be appropriate for demonstration centers. Business plans should therefore not be based on the low-cost equipment. The team also observed that some pieces of equipment, particularly the honey extractor and the dairy processing facilities were not operational due to lack of communication and appropriate feasibility analysis prior to installation.

- **Ownership**

At the national level this component benefited from strong ownership by the Ministry of Agriculture which provided its full support as a counterpart organization. Its out-posted staff was effective and collaborated closely with the project. At the local level, significant differences in ownership seem to exist. In Meru the team observed a high degree of interest and capacity by the community but very little synergy between the consultant and the demonstration centre.

Ownership of the project was also not grounded in the demonstration centre. The local steering committee was not effective (members requested “sitting allowances” as incentives). This situation is in contrast with the project in Kilifi where the team observed high degrees of synergy between stakeholder and impressive ownership of the initiative by the demonstration centre.

- ***Pilot Nature***

The team observed that the demonstration centers have the potential to disseminate knowledge and enhance value addition in the surrounding regions. However, to make the intended “bottom-up growth” strategy work on a national scale it will be important that all stakeholders, particularly government and donors, recognize that the pilot initiatives will require significant scale up once their success will be fully established. Successful up-scaling and dissemination will depend on a gradual change towards a private sector culture. At the moment the demonstration centers are still operating in an environment dominated by the public sector.

- ***Role of the Demonstration Centers***

The team observed certain elements of confusion in the most effective role for the demonstration centre. Experience elsewhere has shown that demonstrations are more effective when they focus on extensive information dissemination. They are less effective at marketing and other commercial activities.

- ***Gender Issues***

The team observed that gender issues are of paramount importance to the success of this initiative. Even though it is a women’s project, the other spouses must be included for it to be effective. Training and other extension services need to incorporate gender issues more clearly.

Efficiency

Total amount expended amounted to \$126,052 against a total budget of \$130,000. This expenditure has facilitated partial completion of all the outputs (between 60% and 70%). Although detailed cost/benefit analysis was not possible for each activity under this component, the team observed the following on specific activities:

Consultant input on training: The use of resources for training can be considered reasonably well spent as most participants provided positive feedback. However given that no data was available on the actual impact on training on increased income and sales for women, it is difficult to make a definite conclusion. There is need however in these kinds of projects for sustained follow up and longer training to achieve maximum impact. This however is expensive. It was also observed that gender issues were not covered adequately.

The introduction of TOT training is a good beginning in creating a local supply of trainers in the market. The team observed however that an appropriate commercial BDS system amongst the target group particularly in the Coastal region.¹⁷ Given the high cost of direct training and

¹⁷ The team was informed for example that very few of the participants were willing/ able to pay for the training received.

limited resources more emphasis needs to be placed to structuring a sustainable BDS system to allow for sustainable transfer of knowledge to the community.

Equipment: As mentioned below, the team observed that most equipment provided was not optimal for the demonstration centre. Procurement of larger equipment might have been more efficient use of resources.

Impact/ Sustainability

Little data on the impact was available to the team. The team observed however that for these initiatives to be sustainable, considerably more support from government and other stakeholders may be required as community initiatives tend to be fairly complex. In the long term initiatives can only be sustained if seen as pilot in nature to be scaled up once proven to be successful.

Conclusions

Based on the foregoing, the team concludes the following:

- Most equipment provided was not optimal for the demonstration centre. Procurement of larger equipment might have been more efficient use of resources.
- Ownership of the initiatives by the community and stakeholders is critical. The team observed that the Kilifi experience, which has been running for a longer period than that in Meru, appears to be replicable and should be strengthened.
- The demonstration centers need to focus on their core business being very good extension service providers. Marketing and other types of commercial assistance should be undertaken separately through subcontracting.
- For these initiatives to be successful, the gender issue needs to be brought to the forefront in particular the role of the spouses in this initiative needs to be clarified and improved upon for it to be successful.
- As mentioned above, the interventions can only be justified if seen as a pilot activity.

Recommendations

The team makes the following recommendations with regard to the WED component:

- The Kilifi experience appears to be replicable and should be strengthened.
- The equipment provided to the centre does not seem to be appropriate for a pilot production centre. There is a need for additional equipments of higher capacity.
- The demonstration centers should focus on their core business of providing extension services. Marketing and other types of commercial assistance should be undertaken through subcontracting.
- Make effort and if necessary prepare special programs to get the buy-in of spouses in this initiative.
- Draw up a proposal how this pilot initiative could be scaled up to other regions of the country.

4.5 Investment promotion component

Overall objective

The overall objective of this component is to strengthen the connections of the Kenyan economy with global trade and investment flows. The activities carried out under this component are; capacity building of investment promotion institutions and studies of selected sub-sectors to promote measures to improve their global competitiveness.

Overview of progress

Presented in table 9 below is an assessment of performance vis-à-vis the expected outputs¹⁸.

Table 9

Output	Activities	Status/ Assessment	Completion ¹⁹ Rate
1. Institutional capacities for identifying strengths and weaknesses of selected Kenyan industrial sub-sectors analyzed and strengthened	Conduct a pilot benchmark exercise to train staff from selected investment related institutions	Local staff from IPC trained in methodologies for Benchmarking the competitiveness of Kenyan Industrial sub-sectors. The report on the Benchmarking of the Leather Industry in Kenya is available. Results have been used for orienting policy making.	30%
2. The Investment Act and any related regulations finalized, to ensure that the investment regulatory framework is in place to attract foreign companies	Analysis of the Investment Act and of related regulations	Not implemented	0%
3. An Investment Promotion Core Team consisting of IPC, EPC, EPZA staff and leather stakeholders is established and trained.	Train selected team in Investment project formulation, appraisal and promotion	Training in project formulation and appraisal provided and 13 investment profiles prepared as a result of the training.	30%
4. Investment Promotion activities carried out.	Promotion of profiles through the UNIDO ITPO network. Organize Investment promotion events for Kenya in industrialised countries	General promotion through ITPO network; (20) Kenyan companies seeking partnerships promoted in the UK in 2	

¹⁸ No formal project documents were prepared for the multi-components

¹⁹ Based on the number of activities implemented.

Table 9 continued

Output	Activities	Status/ Assessment	Completion ¹⁹ Rate
	Organize investment promotion visits to Kenya (Note: The Core Team actively participated in the preparation of the different events)	different events; (13) Austrian companies interested in investing in Kenya, visited Kenya in early 2006.	

Assessment of performance

Relevance

The Government gives priority to promoting investments and the creation of appropriate conditions to attract investments in the country. The objective of this component is therefore highly relevant to the Government development strategy.

Efficiency

Total amount spent on this component was \$88,436.9. The principal counterpart agencies were the Kenya Investment Authority (KIA) and Export Processing Zones Authority (EPZA). The Consultancy component for the Benchmarking Study of the Leather Sub-sector used \$59,653. The benchmarking methodology was introduced to KIA. The benchmarking study was very well received by both KIA and EPZA.

The cost of training was \$28,783.12. It is believed that resources earmarked for training were used efficiently. The team was informed that the training participants included staff from KIA, EPZA and representatives of the private sector.

Effectiveness

A key measure of effectiveness of this initiative is not only the ability to promote investments, which usually have a long gestation period, but also knowledge transfer in project identification, profiling, assessing and promotion. KIA has benefited from this the transfer of knowledge. This resulted in the development of profiles for 13 business opportunities, which may result in the identification of joint venture partners. In addition, Investment promotion events in the UK and in Kenya (the Austrian delegation of industrialists) have opened up contacts business opportunities including for a recent test purchase of a Kenyan product.

Sustainability

The long-term sustainability of the above activities depends on the continuation of investment promotion activities of the main counterparts. Both the KIA and EPZA have these as their core mandate. KIA has recently been restructured and strengthened. It plans to use the benchmarking tool for selected Kenyan sectors. Moreover, the KIA is participating in the UNIDO AfriPANet, which provides capacity building and technical assistance to the investment promotion agencies

in Sub-Saharan Africa by making available up-dates of benchmarking related tools and services.²⁰ The above could be seen as an indication of the potential for the sustainability of the efforts made within this project.

Conclusions

Based on the foregoing, the team concludes the following:

- The benchmarking exercise was very well received by EPZA and utilized by the authority in its investment promotion efforts.
- The team also observed that the UNIDO training provided to KIA was well received. The training facilitated the development of profiles for 13 distinct business opportunities, which may result in possible international joint venture partners.

4.6 Quality component

The immediate objective of this component was to strengthen the capacity of the fish industry to access regional and international markets. The activities carried included: the assessment of the capacity of local laboratories towards international accreditation, and the introduction of a joint approach to hygiene/quality and cleaner production principles as a tool to improve the competitiveness of fish processing plants.

4.6.1 Assessment of Progress

Table 10

Output	Activities	Status/ Assessment	Completion Rate ²¹
1. Institutional capacity of laboratories in fish analysis strengthened.	Needs assessment of support services	Completed by local consultant	80%
	Assess laboratory capacity and gaps towards international accreditation.	Completed by international consultant	
	Technical assistance to laboratories in implementation of GLPS	Completed by local consultant	
	Training of staff (activities carried out in support of the Fish Component by the Quality Component)	KEPHIS assisted by international consultant. KHEPIS international accredited.	

²⁰ Africa Foreign Survey 2005, UNIDO, Investment and Technology Promotion Branch.

²¹ Based on the number of activities implemented.

Table 10 continued

2. Fish producers meet international requirements for safety and quality management	Assist fish processing plants to improve their competitiveness by introducing a joint approach (GHP/HACCP and cleaner production)	Fish processing plants assisted	100% (a pilot scale group)
	Workshop with stakeholders to create awareness of the above tools to improve business performance (activities carried out in support of the Fish Component by the Quality Component)	Local consultant trained in the use and introduction of the joint approach to improve business performance.	

Relevance

The quality component concentrated on providing assistance to the fish component of the IP. The need to have an internationally accredited laboratory in Kenya was critical to strengthen credibility and confidence to the international market. Moreover improving competitiveness of the fish processing industries and simultaneously promoting cleaner production is seen as a priority in a sector that could be subject to import bans by markets such as the EU market. Therefore the quality support component is relevant for Kenya.

Efficiency

Total resources assigned to this component was \$65,593, an amount considered small for extending the services to the fish processing industry beyond a small number of plants included in a pilot group. Non-the less the activities carried out were well received by the industry as it was expressed by the participants during a workshop organized within this component. Moreover, the accreditation of KHEPIS is a successful outcome of this component.

Conclusion

- The implementation of this component can be considered successful

5

Assessment of the Programme

5.1 Implementing the IP principle - the evidence

The proceeding section assesses the delivery of the individual components. This section assesses: the relevance of the IP as a program, its degree of integration, its efficiency and effectiveness, its ownership and sustainability. It attempts to derive operational lessons for new IPs.

The chapter groups the activities of the program into three – studies, capacity building and pilot activities – and asks five sets of questions: *the strategic positioning of the program and how relevant and consistent it is with Government programs?; how efficiently have resources been utilized?; how effective was the program in meeting stated objectives; the level and quality of strategic partnership; and to what extent the program is sustainable?.* It uses as its frame of reference the IP principle of ‘integration of mutually supportive service modules’ and assesses the extent to which these principles have been adhered to.

5.2 Relevance, degree of integration and the strategic positioning of the program

Kenya’s Economic Recovery Strategy is built on three interlinked pillars: strengthening economic growth, enhancing equity and reducing poverty, and improving governance. The alignment of KIP’s area of support with these pillars is illustrated below in a tabular form (table 11). Clearly the objective of the IP, at the broad macro-level, is consistent with these pillars.

Table 11

	Strengthening Economic Growth	Enhancing equity and reducing poverty	Improving Governance
Multi-component	Relevant		Relevant
Leather Component	Relevant		Relevant
Fish Component	Relevant	Relevant	
Honey Component	Relevant	Relevant	
Diary Component	Relevant	Relevant	

At the sector level, the Government recognizes that the industrial sector, in particular agro-industry, is an important source of employment generation, income creation and social integration. KIP attempts to address these issues with pilot activities in value addition of agricultural products, capacity building, in quality control and standards, sector studies and action plans to improve export competitiveness consistent with the Government’s economic recovery and industrialization strategies.

The five studies carried out under the program were not only relevant but also timely. The capacity building activities for quality and standards – though small in size and scope- were appropriate and strategically linked to more than one sector. The pilot activities were found to be activities from which the country can draw widely applicable lessons.

However, this evaluation observes that much effort and time was put on community level activities without due emphasis at facilitating synergies among activities and how these grass root level activities would contribute to macro level results. Overall, the community level activities have been spread too thin and this may have jeopardized the possibility of attaining the requisite depth and concentration necessary for realizing replicable and sustainable development results.

The relevance of the IP has to some extent also been undermined by inadequate funding, poor integration and coordination both at the country and HQ levels especially for the pilot activities.

5.3 Efficiency of Program Delivery

The evaluation was not able to get data that compares program costs with associated benefits, or, comparisons of costs and benefits with other similar projects to assess how efficiently resources have been utilized. National counterparts of the program expressed mixed feelings about the efficiency of the delivery of the program. They were generally satisfied with the input of international and national experts; in particular the inputs for the five studies, but were very critical of the slow decision making process and perceived non-transparency of program activities. The evaluation finds the involvement of the government authorities to be generally passive. This has reduced the degree of ownership of the program, which has often manifested itself in important differences in expectations about the scope of the program and the roles and responsibilities of stakeholders.

The evaluation has also found many instances of weak coordination at the country level and lack of coordination between UNIDO HQs and the field. This was more so for the community based activities, in spite of the major efforts of individual backstopping officers at HQs. Evidences on the ground suggest that where there is greater degree of involvement by local officials e.g. in Kilifi district, the results on the ground are more visible. Where the involvement of national counter parts is weak there were weaknesses in follow-up e.g. Meru Central.

The investments and delivery of the five studies have received positive feedback from all stakeholders and their contribution towards better understanding of sectoral issues and the subsequent engagement on the issues by national agencies have been recognized. Likewise, the investment on quality and standard has been appreciated for their contribution towards the accreditation of certifying bureaus. On the other hand, the benefits from the investment on the pilot projects are yet to be determined. The principal interest is not just the direct benefit from the pilot activity – which is yet to be quantified - but what can be learned from its successes and failures and the potential it offers for scaling up. This has not been made and remains to be a critical unfinished business of KIP.

5.4 Effectiveness of the Program

National counterparts and agencies have informed the evaluation team that the five studies have achieved their objectives in informing and influencing policy makers. However, the team was not able to ascertain specific policy level decisions – apart from the fisheries regulation – that is a direct result of the studies.

The interventions in quality and standards of products have contributed to the accreditation of the Kenya Plant Health Inspectorate Service (KEPHIS).

A significant number of program activities were of a pilot nature for social learning –that is - projects from which the country can draw widely applicable lessons, e.g. honey extraction, fish drying, fruit drying etc for the women’s group and artisan fishermen and traders. Clearly the benefits from these activities were not expected to be just the direct results in value addition from the demonstration or pilot activities but the potential for scaling up these activities, which means that their effectiveness can be measured only if they provide the potential to scale up. So far this has not been demonstrated.

With respect to training activities undertaken under the program as well as the training and demonstration centers that are in operation, there was no systematic monitoring or evaluation of effectiveness that the team was able to refer to.

Generally, the documentation on outcomes of activities is weak in:

- Defining at the outset what are the indicators (benchmarks) to be monitored to judge whether or not progress is occurring,
- Differentiating between the outcomes of different activities e.g. policy advise, training, pilot activities etc., and
- Differentiating intermediate and final indicators of outcome that capture different results chain

5.5 Strategic Partnership

There is a general consensus among Government officials and donors that UNIDO is uniquely suited to heading multi-donor initiatives in upstream policy dialogue and advisory services to the Government and the private sector on matters related to industrial development. The evaluation team has noted the efforts made to forge partnership with the private sector even though the results were not very encouraging. Building partnership with the private sector is important and there is considerable potential to do so in future.

Resource mobilization was an integral part of partnership and was the driving force for the partnership with bilaterals (Italy and Canada) and UNDP. This evaluation has not observed a systematic effort to create synergies and complementarities with activities of other donors apart from resource mobilization. The evaluation team believes that there is room for improvement in the strategic partnership with the UN family and donors.

5.6 Sustainability and Ownership

Two mutually reinforcing and key ingredients to successful development assistance are sustainability and ownership.

The program assumes that the Government and beneficiaries of the program would ensure the financial and institutional sustainability of program activities. This evaluation can not confirm the adequacy of the focus given to financial and institutional sustainability issues particularly for the demonstration and training centers of the Leather, Honey and WED components.

Key to sustainability is the degree of commitment and ownership of program activities. The evaluation has observed attempts to encourage participation and dialogue with different stakeholders. This however has not necessarily led to the full ownership of the program at the local authorities or cooperating ministries level. While individuals within a community may have actively participated in discourse about what to do and how to do it, there must be more to this process than simple discourse. First, for participation to be fully meaningful it should be based on knowledge, hence the need for capacity building. For example, the widowers group at Kibwezi has in the demonstration centre an expensive honey extraction unit that is not being used because of lack of knowledge and capacity to use honey produced from beehives from the locality. Second, merely calling for participation (groups of individuals or organizations) is not enough. They need to be motivated to be involved. This was clearly not the case for representatives from various beneficiary groups in national and local steering committees; attendance was poor.

5.7 Conclusions

From the above we make five broad conclusions.

First, KIP is consistent with Government strategies and policies and relevant for the Government's new economic recovery strategy. The industrial sector is seen as the sector with good potential for value addition and employment generation and the activities of the program supports and emphasizes value addition.

Second, there is no adequate evidence to suggest that the concept of IP and the underlying principles have been adhered to. Clearly, the IP concept is sound and has a potential as a planning and programming tool to sharpen the strategic focus and increase the efficiency and effectiveness of UNIDO programs at the country level. However, we recognize that it is a new tool on which there was no sufficient body of knowledge of good practices to guide the Kenya IP design and implementation. This, together with the need to satisfy donor priorities, may have been the reason for the program's deficiency in focus, integration, monitoring, evaluation and unrealized assumption of resource availability. The absence of UR has also not helped.

Third, there was no systematic approach to track and measure progress of activities. This evaluation concludes that there is a lot of room for improvement in the evaluability of UNIDO operations, particularly community based activities that are expected to be scaled up. UNIDO must make progress in this area if it is to address adequately the issue of the development effectiveness of its overall operations.

Fourth, from the KIP experience it can be concluded that UNIDO's interventions are more effective on studies and knowledge brokerage and less in the implementation of cottage level interventions. National counterpart agencies have complained that there was too much micro managing of project activities from Vienna that constrained project implementation. This evaluation tends to agree with this assessment. UNIDO is at its best when it is engaged in upstream activities to support national policy, strategy and program formulation.

Annex 1: Terms of Reference for the Independent Evaluation

INDEPENDENT EVALUATION of the UNIDO INTEGRATED PROGRAMME in KENYA

Background

The IP emphasises trade facilitation and regional integration. It strengthens the physical infrastructure and institutional capacity to comply with the requirements of the global trading system. It addresses the government priority of poverty reduction and focuses on four industrial sub-sectors.

The IP Kenya has been launched after approval by UNIDO and the government in 2002.

Component	Budget planned	Budget allotted	Funding level
Leather component	1,589,500	486,493	31%
Fish component	839,000	254,264	30%
Honey component	994,000	100,000	10%
Dairy component	410,000	-	0%
Horizontal issues and management	182,000	367,474*	202%
Total	4,014,500	1,208,231	30%

As shown in the above funding overview, the funding level of the IP remained relatively low. Therefore, many planned products could not be delivered during the programme phase under evaluation.

It is expected that the evaluation shall also shed light on the reasons for the very limited fund raising success of the IP.

Note from the Evaluators: The Budget Allotted to the Horizontal Issues and Management that appears in the above table is explained in the table that follows:

Project	Total Allotment	Title
DP/KEN/04104	\$ 130,000	Vocational industry training linkages (a project related to energy)
DP/KEN/4105	\$130,000	Women Entrepreneurship Capacity Development
US/KEN/03013	\$28,783	Investment Capacity building IPA
YA/KEN/03424	\$50,597	Quality Component
990.00	\$28,094	General Management
Total	\$367,473	

The project DP/KEN04104 does not appear in the original IP document. The evaluation mission was not aware of this project, did not discuss it in the field or here at Headquarters, hence, the mission does not have any comments to make on it. Other projects listed in the above table were evaluated in a separate manner both in the field and at Headquarters and the results of the evaluation are included in the final report.

Evaluation team

The evaluation team will be composed of an international expert (team leader); a second international expert (technical expert with extensive experience in areas covered by the IP) and a national expert. All members of the evaluation team will be contracted by UNIDO. The national consultant will be selected by UNIDO from a short list of candidates submitted by the counterpart ministry. The tasks of each team member are specified in the job descriptions attached to these terms of reference.

Timing

The evaluation is scheduled for May 2006. Preparatory meetings are planned to take place early May in Vienna. The evaluation mission is planned for the second half of May 2006.

Immediately after the field mission the team will come to Vienna for debriefing. The final version of the evaluation report will be submitted 6 weeks after the debriefing at the latest.

The independent evaluation

Independent programme evaluation is an activity carried out during and/or at the end of the cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the programme. The evaluation assesses the achievements of the programme against its key objectives, as set in the Programme document, including re-examination of the relevance of the objectives and of the design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

Purpose

The purpose of the independent evaluation of the Kenya Integrated Programme (IP) is to enable the Government, UNIDO and donors:

- *To assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.*
- *To assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact.*
- *To provide an analytical basis and recommendations for the focus and (re) design for a possible continuation of the programme under a Phase II.*

The evaluation is conducted in compliance with UNIDO evaluation policy.

Evaluation method and report

The evaluation will be conducted at two levels: evaluation of selected integrated programme components and evaluation of the programme as a whole.

The evaluation will be carried out through analyses of various sources of information including desk analysis, survey data, interviews with counterparts, beneficiaries, partner agencies, donor representatives, programme managers and through the cross-validation of data. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties.

The evaluation report shall follow the structure given in annex 1 of this terms of reference.

Evaluation of (sub-) components

Evaluation of each of the selected components will address the following issues:

1. Ownership and relevance:

The extent to which:

- The component was formulated with participation of the national counterpart and/or target beneficiaries, in particular the industrial stakeholders.
- The counterpart(s) has (have) been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies, and are actively supporting the implementation of the component.
- A logically valid means-end relationship has been established between the component objective(s) and the higher-level programme-wide objective.
- Changes of plan documents during implementation have been approved and documented.
- The outputs as formulated in the IP document are still necessary and sufficient to achieve the component objectives.
- Coordination envisaged with other components within the IP or with any other development cooperation programmes in the country has been realized and benefits achieved.

2. Efficiency of implementation

The extent to which:

- UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements.
- The quality of UNIDO services (expertise, training, equipment, methodologies, etc.) were as planned and led to the production of outputs.

3. Effectiveness of the component

Assessment of:

- The relevance of the outputs produced and how outputs are used by the target beneficiaries.
- The outcomes, which have been or are likely to be realized through utilization of outputs.

4. Impact

- Identify what developmental changes (economic, environmental, social) at the target beneficiary level (industry) have occurred or are likely to occur.

Composition of the evaluation team

The evaluation team will be composed of the following three persons:

- Two international evaluation consultants;
- One national consultant

Members of the evaluation team must not have been directly involved in the design and/or implementation of the programme/projects.

All members of the evaluation team will be contracted by UNIDO.

The government will be invited to nominate three candidates for the national consultant among which UNIDO will select and contract the most appropriate candidate.

UNIDO Field Office will support the evaluation team.

Donor representatives from the bilateral donor Embassies will be briefed and debriefed; and will be offered to participate during the evaluation of the components and/or projects they have funded.

Programme-wide evaluation

The programme-wide (IP) evaluation will address the following issues:

1. Relevance and ownership

The extent to which:

- The IP was jointly identified and formulated with the central coordinating authority, as well as with the involvement of programme counterparts and their target beneficiary groups.
- There is an agreement among the stakeholders that the objectives of the IP are still valid and that the programme supports the country industrial strategy.
- The programme did and continues to meet the MDGs and other international targets and is related to UNIDO's corporate strategy.
- The programme is complementary with relevant bilateral and multilateral cooperation and coordination programmes (especially UNDAF and CCA).

2. Funds mobilization

The extent to which:

- The central national management and counterparts were able and willing, to contribute (in kind and/or cash) to IP implementation and in taking an active part in funds mobilization.
- UNIDO HQs and the Field representation paid adequate attention to and was effective in funds mobilization.
- The IP team and its stakeholders were in a position to participate in the process of allocation of seed money.

3. Programme coordination management

The extent to which:

- The central national management and overall field coordination mechanisms of the Programme have been efficient and effective.
- The UNIDO HQ based management, coordination, monitoring of its services have been efficient and effective.

4. Programme formulation

The extent to which:

- A participatory programme identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support.
- The IP has a clear thematically focused development objective, which will contribute to goals established by the country, the attainment of which can be determined by a set of verifiable indicators.
- The project/programme was formulated based on the logical framework approach

5. Synergy benefits derived from programme integration

The extent to which:

- Coordination amongst and within components led to benefits (such as cost saving in implementing UNIDO services; increased effectiveness resulting from providing different services to the same target group; increased effectiveness resulting from interventions aiming at strengthening linkages within a system; improved effectiveness due to services provided simultaneously at the level of policies, support institutions and enterprises).
- The transaction costs of the IP (management and coordination of many stakeholders, complexity in funds mobilization, etc.) were commensurate to the benefits of integration.

6. Results at the programme-wide level (contribution to industrial objectives of the country)

Assessment of:

- The results achieved so far at the output, outcome and whenever possible impact level.
- If the IP has or is likely to contribute indirectly to the achievement of the Millennium Development Goals/indicate which ones.
- Result indicators were developed and facilitated the assessment of progress towards national and international development targets.

Annex 2: Documents Consulted

Main Documents Consulted by the Evaluation Team ²²

**Africa Foreign Investors Survey 2003, UNIDO, Investment and Technology Promotion Branch, Vienna, 2004

**Africa Foreign Investors Survey 2005, UNIDO, Investment and Technology Promotion Branch, Vienna, 2006

* "An Analysis Report on Kenya's Apiculture Sub-sector" DP/KEN/03/006, September 2004, B.I Muya, Consultant, K. Bucyana, Project Manager.

* "Assessment report on Fish Safety and Quality Control in Kenya" (upstream fishing activities) US/KEN/03/016, February 2004. K. Kigalu Luga National Consultant, K. Bucyana, Project Manager,

Back-to-Office Mission Reports prepared by M. Kulur, IP Team Leader, January 2002-March 2005.

* "Business Plan for the Development of Training and Production Centre for the Shoe Industry", Thika, Kenya, Project US/Ken/o4/078, April, 2006 *

"Capability Building for Catching-up" Industrial Development Report, 2005, UNIDO, Vienna, 2005

* "Creating Competitiveness within the Kenyan Agro-based Manufacturing Sectors " Project YA/KEN/03/017. P. Davison and R. Nafti, Consultants, S. Kaeser, Project Manager, October 2004

"Economic Survey 2006", Kenya Central Bureau of Statistics, Republic of Kenya, Ministry of Planning and National development, Nairobi, 2006

"Economic Recovery Strategy 2003-2007", Government of Kenya, 2002

"Evaluation Quality Handbook of the UNIDO Evaluation Group", First Draft, August 2005.

²² The technical documents listed in this annex, produced within the implementation of the Kenya IP, different from progress reports, mission reports and self-assessment reports, are identified with one asterisk (*) Official and/or published documents derived from the activities carried out within the IP or related to them are identified with two asterisks (**). The latter is the case of the Africa Foreign Investors Surveys and the Manual for the Inspection and Control of Fishery Products Safety.

“Financial Resources Mobilization - Funds Mobilization for Integrated Programmes and CSF”, UNIDO, Intranet.

* “Food Safety Assurance”, YA/KEN/03/423, (Existing information and data management on Pesticide residues in fish within the fisheries Department: Make recommendations to meet the EU requirements) Assessment Report and Final Draft, S. Hannah, Consultant, K. Bucyana, Project Manager, October 2003. March 2004.

“Guidelines for the Formulation of Integrated Programmes”, UNIDO, Vienna, May 1999.

“Interim Report of Women Entrepreneurship Food Processing in Kenya”, DG/KEN/99/300, Phase I, 2003.

** “Manual for the Inspection and Control of Fishery Products Safety” Department of Fisheries, Ministry of Livestock and Fisheries development, Nairobi, December 2004

* “Position Paper and Strategy Outline on the Leather Industry of Kenya”, November 2003 – January 2004. Based on the work of Mr. Simone Cipriani, Mr. Yassin Awale and Mr. Bernard Kagira. A. Calabro, Project Manager, Project US/KEN /03/078, February 2, 2004.

* “Positioning selected leather producing countries for Investment in the Leather Industries”, 2003-2004, IBM PLI, Brussels, M. Kulur, Project Manager.

“Post Harvest Handling for Fishermen and Fish Traders in Luanda and Omena Cotieno Beach”- Training on Fish Handling, 13-15 July 2005-Technical Report.

Progress Reports on the Kenya Integrated Programme, prepared by the Team Leaders, M. Kulur dates: 31 October 2002, 31 July 2003, 30 September 2004 and I. Farooque, 31 October 2005.

* “Review of the beekeeping sector in Kenya”, Project DP/KEN/03/006, M. Mutsaers, Consultant, Mission Report, K. Bucyana, Project Manager, August 2004.

*Report on the Workshop:” Global Trade and Competitiveness: The need for improved business Performance through key indicators, quality and cleaner production” KEBS, Nairobi, October 29,2004.

Self-evaluations reports, prepared by the Project Managers of the IP.

“Sessional Paper No2 of 1997, on Industrial Transformation to the Year 2020”, Ministry of Trade and Industry, Department of Industry, Republic of Kenya.

“Sessional Paper No 2 of 2005, on Development of Micro and Small Enterprise for Wealth and Employment Creation for Poverty Reduction”, Department of Industry, Ministry of Trade and Industry, Republic of Kenya.

*The Fisheries Act Cap. 378 (Final Version to be submitted to the Attorney General) prepared by E. Ng ang’a, Consultant K. Bucyana, Project Manager.

* “Technical report on Laboratory Facilities servicing Food and Leather areas for identifying necessary support for accreditation”, project YA/KEN/03/424, Dr. S. Saxena. S Kaeser, project manager KIP, April 2004.

* “Upgrading of the Regulatory and Coordination Framework for Export of Fishery Products from Kenya” project US/KEN/03/016, I. Goulding, Consultant, K Bucyana, Project Manager, February 2004, September 2004, December 2004.

* “Women Entrepreneurship Capacity Development (WED), Report of the National Expert on Food Technology”, project DP/KEN/04/105, J. K. Imungi, Consultant, Project Manager, I. Wijngaarde, January 2005.

*“Women Entrepreneurship Development (WED)- A Rapid Assessment and Review of the implementation modalities in two districts, with a view of establishing baseline indicators and preparing road maps for the implementation of WED-II”, DP/KEN/99/300, E.A. Tiagha, Consultant, I. Wijngaarde, Project Manager, January 2005.

“Women Entrepreneurship Capacity Development (WED), Report on Training of trainers and Women Entrepreneur Training Courses held at Meru and Kilifi districts - Kenya, September-October 2005” Project DP/KEN/04/105, S.M. Wambugu, Consultant. Project Manager, I. Wijngaarde.

“Women Entrepreneurship Development (Kenya WED)- Standard Progress Report, July 2004 to December 2005, prepared by I. Wijngaarde, Project Manager.

Annex 3: Organizations Visited and Persons Met

Persons Interviewed	Venue
<p>Hon. Dr Mukhisa Kituyi Minister of Trade and Industry</p> <p>Mr. David Nalo, Permanent Secretary Ministry of Trade and Industry</p> <p>Mrs. Margaret C. Rotich Director of Industries Ministry of Trade and Industry e-mail: mrotich@tradeandindustry.go.ke Tel: 020-315001</p> <p>Ms. Pamela A. Dede Deputy Director of Industries Ministry of Trade and Industry Pamela_dede@yahoo.com Tel: 249489</p> <p>Mr. David G. Magwaro Deputy Director of Industries Mobile:0721-852405</p> <p>Ms. Nancy W. Muya Assistant Director of Industries Ministry of Trade and Industry nmuya@tradeandindustry.go.ke Mobile: 0722-352762</p>	<p>Ministry of Trade and Industry</p>
<p>Mr. James Moinde Deputy-Director Livestock Production e-mail: sdp@africaonline.co.ke e-mail: jmoinde@yahoo.com Mobile: 0722-615500</p>	<p>Ministry of Livestock and Fisheries Development Apiculture Department, Nairobi</p>
<p>Ms. Margaret Waithaka Manager, New Investments EPZA e-mail: mwaithaka@epzakenya.com Mobile: 0722-332234 Mr. Peter K. Wainania Linkage Development Executive e-mail: pwainania@epzkenya.com</p>	<p>EPZA Headquarters Athi-River</p>

Benson I. Muya Chief Apiculturist e-mail: benflocunsultants@yahoo.com Mobile: 0721-239195/0733-622631	BENFLO CONSULTANTS Specialists in Apiculture Nairobi
Ms. Simone EllisOluoch CIDA/GES	CIDA/GES Office
Ms. Nyambura Ngugi CIDA/GES	CIDA/GES Office
Dr. Samuel Kiruthu Secretary General (ESALIA) admin@esalia.org Mobile: 0722-519006 Ms. Esther Thairu Project Coordinator e-mail: esther@esalia.org	ESALIA Office, Nairobi
Mr. George Kamau, Manager, Training and Production Centre for the Shoe Industry (TPCSI) e-mail: gkamau@tpcsi.com Mobile: 0722-259597	Training and Production Centre for the Shoe Industry, Thika
Mr. Gianclemente De Felice First Secretary e-mail: defelice@ambnair.org Mobile: 0734-448295	Embassy of Italy
Jua Kali, Kariobangi and Korokocho Missionaries	Jua Kali
Mr. Mathias W. Wafula Deputy Director of Fisheries e-mail: samaki@saamnet.com	Fisheries Department
Mr. Daniel Mungai Wafula Senior Fisheries Officer Fisheries Department Mobile: 0722-270279	Fisheries Department

Mr. Mutava, District Industrial Development Officer Mobile: 0721-573341	Ministry of Agriculture DPC Kibwezi,
Mrs. Susan Kikwai Acting Managing Director kikwai@investmentkenya.com	Kenya Investment Authority
Mr. C. W. Njabara, District Industrial Dev. Officer e-mail: cwnjabara@yahoo.com Mobile: 0733-570339 Mr. Njenga DPC Mobile: 0722-995021 Principal Kuguru FTC	Ministry of Agriculture Farmers Training Centre (DPC) Meru
Mr. Mugwongo, DPC Mobile: 0735-452187 Mr. Komoro DPC Mtwapa e-mail: komoraep@yahoo.com Mobile: 0721-559456	Farmers Training Centre (FTC) Mtwapa
Mr. Nobby Macharia e-mail: ncmacharia2000@yahoo.com	Kisumu Office
District Fisheries Officer	Bondo
Ms. Eva A. Oudor General Manager e-mail oduore@kebs.org Ms Patricia N.Kimanthi Personal Assistant to the MD e-mail:kimanthip@kebs.org	Kenya Bureau of Standards, Nairobi
Dr. Edward A. Thiaga Food Technology Consultant e-mail:ethiagatko-group.com	TK Consulting Group, Nairobi
Mr. Chagema J. Kedera Managing Director	Kenya Plant Health Inspectorate Service

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Mr. Fortunatus Okwiri UNDP Programme Advisor e-mail:fortunatus.okwiri@undp.org	United Nations Office in Nairobi
Mr. Kiringai Kamau Development Process Consultant	Willpower Enterprise Development Ltd., Nairobi
Mr. Smauel Wambugu Research Scientist Head: Food Technology Division e-mail: samwel_wambugu@kirdi.go.ke	Kenya Industrial Research and Development Institute, Nairobi

Annex D : Expected Outputs and Current Status

Component 1 : Leather		
Immediate Objective :To enhance the competitiveness of the Kenyan Leather Industry bearing in mind environmental considerations		
Outputs	Performance Indicators	Corresponding Projects
1.1 A Leather sub-sector profile analysis leading to a consensus strategy and policy	A sub-sector strategy adopted and policy implications	SF/KEN/03/00
1.2 The capacity of selected training institutions able to respond to the technical needs of the leather and leather products' producers upgraded	Well operating training institutes in the field of leather and leather products	UE/ KEN/04/078 Due to the accessibility of funds, the implementation of the leather component was divided into two phases. Phase I included output 1.2 and partially output 1.3. At present Phase II is being implemented. The original expected outputs of component 1.3, 1.5 and 1.6 have been modified. Emphasis is given to the informal sector manufacturing footwear and leather products of Jua Kali, Nairobi ²³ . Counterparts: KIRDI, LDC, TPCSI
1.3 Selected leather, footwear and leather products production facilities assisted to improve their productivity and regional and international market access. Cleaner production in the tanning sub-sector enhanced.	At least 50% able to export quality products to international markets and all become more established in the domestic market	Partially funded and implemented. Not fully included in Phase I
1.4 Creation of awareness of cleaner production technologies/processes in leather production	Introduction of cleaner technology processes and reduction of solvent emissions by at least 20%	Implemented under the regional programme US/RAF/00/014
1.5 A comprehensive investment and export promotion strategy with a two-year programme prepared and adopted by the stakeholders	The leather and leather goods stakeholders are brought together with the country' s investment and export promotion apparatus to set joint targets, design campaigns and seamlessly execute a strategy that brings international recognition to Kenya' s leather and leather products capacities	Not included in Phase I

²³ Activities included are :training, cluster promotion, and marketing support.

Component 1 : Leather (continue)		
Outputs	Performance Indicators	Corresponding Projects
1.6.Exports of Kenyan Leather Products increased as a result of improved competitiveness and effective promotion	Kenyan products able to penetrate large markets	Not included in Phase I
1.7. Capacity for E-commerce established (business to business)	An internet Sales Facility established, in order to meet the potentially higher demand for leather and leather products	Not included in Phase I
Component 2 : Fish		
Immediate Objective : To strengthen the capacity of the fish industry to access regional markets and compete in international markets		
2.1. Food safety and quality assurance system meeting the requirements of the markets	Regulatory framework conforms to international requirements, food safety and quality assurance system internationally recognized; government capacity strengthen in risk analysis and fish safety management	<p>Note: Only 29.6% of the original budget of this component was funded. Activities were partially carried out under the following projects:</p> <p>US/KEN/03/013 Improvement of Food safety and quality assurance system</p> <p>YA/KEN/03/423 Assistance to fish catching and processing units</p> <p>XA/KEN03/614 Upgrading of Technical capacity of sub-sector support institutions</p> <p>Responsible organization: Fisheries Department</p>
2.2 Regulatory Authorities capacity for food inspection strengthened and meets international requirements	Food control authorities able to inspect according to international requirements.	
2.3. Support institutions capacity in R& D, Technical support, training and fish analysis strengthened (implemented under project US/KEN/03/017)	The food laboratories implement GKP and qualify for international accreditation: support institutions upgraded and able to deliver the support services to industry	
2.4. Fish post catch losses reduced to the minimum possible	Post catch losses reduced by at least 50%;Rejection reduced by 75% increasing raw material for value added processing.	
2.5. Fish producers meet international requirements for safety and quality management. (implemented under project YA/KEN/03/424)	Fish operators adhere to a common code of practice; selected food processing plants effectively implement GHP/HACCP, quality management systems and clean technology principles.	

Component 3: Apiculture (Beekeeping)		
Immediate Objective : Increase rural incomes of entrepreneurs, including women, through expanded application of beekeeping by structuring viable operations for marketing quality honey that can command a market		
Outputs	Performance Indicators	Corresponding Projects
3.1. Consensus view among major stakeholders on sub-sector growth strategy and policy recommendations	A sub-sector strategy adopted and policy implications acted upon	<p>Note: Only 10% of the original budget of this component was funded. Activities were partially carried out under project:</p> <p>DP/KEN/03/006 Sub-sector growth strategy; institutional support and technical support to honey enterprises</p> <p>Responsible organization: Department of Apiculture</p>
3.2. Institutions providing training, technical support and extension services, quality assurance and certification, financing facilities, marketing and promotion etc strengthened	Institutional infrastructure for expanding honey production strengthened	
3.3. Assist selected honey processing enterprises in setting up integrated operations and expanding the production and marketing of honey as well as developing organizational and operational benchmarks for replication	Quality and quantity of Kenyan honey and bee products in the domestic and international markets increased	
3.4. National Programme for promoting apiculture developed and put into implementation	Substantial additional funding secured for applying the lessons of the pilot operations.	
Component 4: Dairy		
Immediate Objective: To improve milk production and dairy products marketability in selected milk areas		
1. Five pilot centres for milk collection, processing and marketing established	The pilot centres are technically and economically self-sustainable	This component was not funded
2. Marketing strategy prepared and market promotion carried out for dairy products	Marketing of dairy products concerned has increased	

Additional and cross-sectoral components

WED: Women Entrepreneurs capacity development		
Outputs	Performance Indicators	Corresponding Projects
1. Women entrepreneurs are technically assisted to set up their micro/small scale agro-based food businesses, managing post harvest losses, develop competitive products and their market niche with profits		<p>Note: This component was incorporated into the IP in 2004 130%% of the original budget was funded. The component is ongoing and is being implemented under the following projects:</p> <p>DP/KEN/04105 Entrepreneurship group development for promoting socio-economic growth in rural areas TF/KEN/05001 Assistance to women entrepreneurs through increasing market access and institutional capacity building Counterpart Organizations: MTI, KEMMP, Willpower, FTC's, of the Ministry of Agriculture</p>
2. An affordable business development services (BDS) support system set up to provide services for competitive thinking of WE with participating organizations and trainers/facilitators/coaches		
3. A strong network of WE established as a basis for a business association to tackle market access constraints.		
Cross-sectoral Components		
The principal objective of these components was to provide support to the rest of the components of the IP in the promotion of investments and compliance with global trade requirements.		
Investment Component		
1. Benchmarking of specific sub-sectors		YA/KEN/03/422
2. Analysis and strengthening institutional capacity of selected Kenyan institutions: project appraisal, profiling, promotion.		US/KEN03/013 Responsible Organization: IPC, IPA
Quality Component		
1. Assessment of laboratory capacity towards international accreditation, training of staff		US/KEN/03/017 Responsible Organization: KEPHIS
2. Introduction of GPH/HACCP, quality management and cleaner production in fish processing plants in Fish industries.		YA/KEN/03/424 Responsible Organizations: KEBS, KHEPIS

Annex E: KIP Components²⁴, projects, starting dates and closing dates

Project Components	Starting Date /Closing date
Component 1. Improve the competitiveness of the Kenyan Leather Industry bearing mind environmental considerations	
SF/KEN/03/001 A Leather sub-sector profile analysis leading to a consensus strategy and policy	30 June 2003/ 12 December 2004
UE/KEN/04/078 Assistance to the revitalization of the Leather Products Industry. Phase I.	11 February 2004/ Uncommitted Balance transferred to Phase II
UEF/KEN/04/078 Assistance to the revitalization of the Leather Products Industry. Phase II.	January 2006/ ongoing
Component 2. To strengthen the capacity of the fish industry to access regional and compete in international markets	
US/KEN/03/013 Improvement of Food safety and quality assurance system	1 April 2003/ 31 December 2004
YA/KEN/03/423 Assistance to fish catching and processing units	28 August 2003/ June 30 2004
XA/KEN03/614 Upgrading of Technical capacity of sub-sector support institutions	28 August 2003/ June 30 2004
Component 3. Develop the Export potential of honey and bee products in Kenya	
DP/KEN/03/006 Sub-sector growth strategy; institutional support and technical support to honey enterprises	30 September 2003/ September 30 2004
WED Component. Women entrepreneurship capacity development	
DP/KEN /04105 Entrepreneurship group development for promoting socio-economic growth in rural areas	20 August 2004/ ongoing
TF/KEN/05/001 Assistance to women entrepreneurs through increasing market access and institutional capacity building	24 November 2005/ ongoing
Investment Component. Investment support to institutions and sub-sectors	
YA/KEN/03/422 Benchmarking of specific sub-sectors	27 August 2003/ December 31 2004
US/KEN03/013 Analysis and strengthening institutional capacity of selected Kenyan institutions: project appraisal, profiling and promotion.	25 March 2003/ December 31 2004
Quality Component. Assistance for quality conformity in the fish and leather sub-sectors	
US/KEN/03/017 Assessment of laboratory capacity towards international accreditation, training of staff	28April 2003/ December 31 2003
YA/KEN/03/424 Introduction of GPH/HACCP, quality management and cleaner production in fish processing plants in Fish Industries	1 September 2003/ December 31 2003

²⁴ Based on the financing obtained. The project titles are those given by the UNIDO Financial Service and provided in the Self-evaluation Reports.

Annex F: Persons who participated in the wrap-up meeting

Dr. Paul K.A. Konuche	EFRI
Mr. Julio Cezar De Souza	UNDP
Mr. Kiringai Kamau	WillPower
Mr. George Kamau	TIPCSI
Ms Esther Thairu	ESALIA
Mr. David Magwaro	MTI
Mr. James Moinde	Ministry of Livestock
Mr. Simone Olunya	CIDA-GESP
Mr. Michael Mutava	DIDO
Ms Susan Kikwai	KIA
Mr. Peter Wainaina	EPZ
Mr. Njabara	DIDO/Meru zone
Mr. Emmanuel Komora	IDO/Mombasa zone
Mr. Jall M Kioko	Kenya Bureaus of Standards
Mr. Manyeki	Ministry of Energy
Ms. Ouma	NBI
Ms. Muli	Kibwezi
Mr. E.N. Kimuri	UNIDO
Ms. Pamela Dede	MOTI
Ms. Nancy Muya	MOTI
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