Monitoring and Evaluation Unit

Final Evaluation 2013 – Brief Report

Private Sector Development in Agriculture (PSDA), Kenya

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Tabular overview

The evaluation mission

Evaluation period	June 2013 – January 2014
Evaluating institute/consulting firm	All evaluators are individual, independent consultants.
Evaluation team	International experts: Prof. Dr. Hans-Rimbert Hemmer (Team leader) Ms. Sarah Linde National experts: Ms. Gamaria Ali Kiburi Mr. Booker Owuor

The development measure

Title according to the offer	Private Sector Development in Agriculture, Kenya TC module: Private Sector Development in Agriculture (PSDA), Kenya FC module: a) Smallholder Irrigation Programme Mount Kenya I-III (SIPMK) b) Improvement of Rural Roads and Market Infrastructure Mt. Kenya I-II
Number	TC module: Phase IV: 2010.2037.9 (Phase III: 2007.2037.5, Phase II: 2004.2061.2, Phase I: 2003.2021.8) FC module: a) SIPMK III: 2011 66 040 (SIPMK II: 2006 70 224, 2004 65 146, SIPMK I: 2003 70 437, 1999 66 466) b) Improvement of Rural Roads and Market Infrastructure Mt. Kenya II: 2005 65 374 (Rural Roads I: 2001 66 652)
Overall term broken down by phase	TC module: Phase I: 06/2003 – 12/2004 Phase II: 01/2005 – 12/2007 Phase III: 01/2008 – 12/2010 Phase IV: 01/2011 – 12/2013 FC module: SIPMK I: 06/2004 – 12/2012 SIPMK II: 09/2008 – 12/2012 SIPMK III: 01/2011 – 12/2015 Rural Roads Mt. Kenya I: 07/2004 – 05/2012 Rural Roads Mt. Kenya II: 07/2005 – 05/2012

Total costs	198.4 Mio EUR; GoK share: 104.4 Mio EUR; German contribution: 66.1 Mio EUR (36.7 Mio EUR TC, 29.4 Mio EUR FC); contribution of other donors: 28.0 Mio EUR.
Overall objective as per the sector strategy paper for Kenyan-German cooperation in the agricultural sector	Kenyan-German development cooperation supports the implementation of the Agricultural Sector Development Strategy (ASDS), and assists small and medium-sized agricultural enterprises in regions of high and medium potential in utilising their market potential sustainably and thus generating more income and employment in the agricultural sector (Phase IV).
Objective of the TC module	Men and women running small and medium-sized production and processing enterprises are enabled to fully utilise their production, market and employment potential while managing their natural resource base in a sustainable manner.
Objective of the FC module	Within the FC module, two different programmes with different objectives and target groups have to be distinguished: SIPMK I-III: Irrigation increases agricultural production by smallholders in the project region. Rural Roads Mt. Kenya I-II: Ensure sustainable and efficient management of the anticipated volume of traffic on the sections of road to be rehabilitated as well as improved access to social infrastructure facilities.
Funding agency	German Federal Ministry for Economic Cooperation and Development (FMZ)
Implementing agencies	<u>TC module:</u> Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), <u>FC module:</u> Kreditanstalt für Wiederaufbau (KfW)
Political partners	<u>TC module:</u> Ministry of Agriculture, Livestock and Fisheries (MoALF) (predecessors until 2013: MoA [Ministry of Agriculture], MoFD [Ministry of Fisheries]) and MoLD [Ministry of Livestock Development]) <u>FC module:</u> Kenya Rural Roads Authority (KeRRA) (until 2007: Ministry of Roads, Public Works and Housing [MoRPWH]); until 2013: MoWI (Ministry of Water and Irrigation), now part of MoALF.
Target groups as per the offers	<u>TC module:</u> Market-oriented primary producers (female and male farmers, fisherwomen and fishermen), and other (especially disadvantaged) sections of the rural population (above all individuals with no regular income or land title, subsistence farmers, fishermen, young adults under 30) in Rift Valley,

	Western, Nyanza and Central provinces (GTZ offer phase IV). <u>FC module:</u> SIPMK I-III: Members of the irrigation cooperatives established as part of the FC measure. Rural Roads I-II: Population living in the catchment area of the roads, the agricultural and commercial enterprises located there, and carriers operating locally and regionally.

The purpose of the final evaluation of the joint programme “Private Sector Development in Agriculture (PSDA), Kenya” is to assess its success along the OECD-DAC evaluation criteria of relevance, effectiveness, impact, efficiency and sustainability. This was done by means of a contribution analysis. In a contribution analysis, plausibility checks and data-based evidence are used to review the results logic of the development measure and the possible contribution of the observed changes to the intervention. The evaluation work took place between June 2013 and February 2014 and included two field missions in Kenia [inception mission (07.-11.07.2013) and main mission (19.11.-03.12.2013)]. The evaluation team was composed of two independent international consultants [Prof. Dr. H.-R. Hemmer (team leader) and Ms S. Linde] and two independent Kenyan consultants [Mrs G. Ali Kaburi and Mr B. Owuor].

PSDA had a financial volume of about 153 Mio EUR (including contributions of the Kenyan Government and of other donors). The German contribution amounted to 65.2 Mio EUR. PSDA combines measures (“modules”) of German Financial Cooperation (FC) implemented by Kreditanstalt für Wiederaufbau (KfW) and Technical Cooperation (TC) implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The PSDA-TC module focussed primarily on introducing and strengthening the value chain approach (VCA). At the macro level, PSDA-TC module advised the agricultural sector ministries on creating regulatory framework conditions more conducive to private sector development in agriculture. At the meso and micro level, PSDA-TC supported relevant institutions, associations, small and medium-sized agricultural producers and processing enterprises as well as upstream and downstream service providers in applying the VCA. The PSDA-FC module on the other hand focused on improving irrigation and transport infrastructure in form of the “Smallholder Irrigation Programme Mount Kenya (SIPMK)” and the “Improvement of Rural Roads and Market Infrastructure Mt. Kenya Programme”. PSDA was implemented in parts of Eastern, Central, Rift Valley, Nyanza and Western provinces.

Whereas the TC and FC modules were separately conceived from 2001 onward, PSDA as an “umbrella structure” was only set up subsequently, in 2003. This resulted in the two (previously separate) modules becoming joined – “retroactively” – into a common programme structure.

The specific programme objective for the entire PSDA programme was: “*Kenyan-German development cooperation strengthens small and medium-sized agricultural enterprises in regions of high and medium potential, enabling them to utilise their market potential sustainably and help generate more income and employment in the agricultural sector.*” In the target structure placed below was the operationally defined overall objective (goal) of PSDA: *“The living standards of rural households in the programme region are improved”* which is achieved by an increase in the net revenues of beneficiary households. This was basis for the assessment of the impact criterion in this evaluation.

For both modules individual objectives were formulated that represent their respective outcomes and were used for the assessment of the effectiveness criterion. Both modules aimed at increased production volumes, better market access and growth in employment. The same objective structure for the impact and the outcome level could therefore be used for the evaluation of PSDA-FC and PSDA-TC.

However, with regard to the target groups, activities and the resulting outputs both modules had to be differentiated. The TC module defined the target group as market-oriented primary producers (female and male farmers, fisherwomen and fishermen), and other (especially disadvantaged) sections of the rural population (above all individuals with no regular income or land title, subsistence farmers, young adults under 30) engaged in any of the supported value chains (VC). By contrast, the FC irrigation project determined the target group as comprising members of the irrigation cooperatives established as part of the FC measure. Finally, the target group for the FC Rural Roads Project comprised the population living in the catchment area of the roads, the agricultural and commercial enterprises located there, and carriers operating locally and regionally. Thus, even though FC and TC modules shared a common overall objective the target groups envisioned to profit from higher incomes differ by intervention.

In general, the conception of the programme can be judged as sound with respect to the identification of basic development bottlenecks for the target groups and their possible elimination by the programme activities. This is especially true for the VCA. Nevertheless, the evaluation found important shortcomings in the technical implementation of the VC concept. The activities were not comprehensive enough to sustainably remove the most important obstacles of the target groups; too many relevant aspects - especially with respect to economic and financial aspects – required for a sustainable improvement of the living standards of the target groups have been omitted in the conceptualisation of the VC remedies. Furthermore, a discussion of promising alternatives in the case of unexpected unfavourable developments in the propagated VC products was missing.

As a supplement to the different VC-oriented TC activities, the two projects of the FC-module were conceptually important. Field visits showed that many activities towards a higher agrarian production need to be complemented by physical infrastructure improvements should they lead to a sustainable increase in the standard of living for the target groups. Yet, a fundamental shortcoming in the implementation of PSDA is the lack of cooperation between FC and TC. Although all programme measures were planned and implemented under the umbrella of a joint cooperation programme, there was in fact little cooperation. Amongst others, this is demonstrated by the fact that even in areas where both TC and FC were active there was no overlap in the target groups. Consequently, opportunities for up-scaling programme results through synergy effects were missed.

Although PSDA-TC undertook considerable efforts to collect monitoring data there was no systematic M&E system in place. Monitoring tasks were outsourced to an external consultant, with the consequence that M&E was not anchored in PSDA's internal structures and the results of monitoring and impact assessments became underutilised. M&E at the Ministry of Agriculture, Livestock and Fisheries (MoALF) was limited to performance and activity monitoring. There was no initiative to streamline or support M&E or information systems within government structures. As public entities regularly collect agricultural data on production and prices (for instance at the level of the former District Agricultural Office) there would have been a large potential for collaboration in data collection and analysis. This potential, however, was not appropriately exploited.

In the evaluation, PSDA's success is assessed separately for the FC module, the TC module and the overall PSDA programme. In consequence, the evaluation delivers three different ratings per criterion. However, it is important to emphasise that the ratings for the TC- and FC-modules were arrived at on different bases. The independent evaluators conducted secondary data analysis and primary data collection for PSDA-TC, while KfW conducted its own evaluation for the irrigation project, and the team could only validate the respective findings in the field. The roads projects could only be visited briefly by the team. The ratings are thus not directly comparable and should be interpreted with caution.

The **relevance** of PSDA is without doubt. The activities and outputs of the program were not only consistent with the intended results, but also with the overall goal and the attainment of the country's objectives, as well as with the overall objectives of the Kenyan-German development cooperation. Hence, the programme can be rated as successful with regard to the relevance criterion. However, the close orientation of PSDA-TC on the VCA and its implementation without appropriate inclusion of approaches focussing on economic and financial aspects is in itself regarded a bottle-neck for the intended impact. Taking all these aspects together, PSDA's relevance is rated as **good (2).** This rating also applies if **both modules** are being assessed separately.

Regarding the **effectiveness** of PSDA-TC, the analysis of the different VCs showed that outcomes in terms of production, sales revenues and employment differ considerably among the supported products. The data at hand suggest production increases for dairy goat, mango, passion fruit and sweet potato. Omena fish and Irish potato show no clear evidence of increased sales revenues for the target group. Only in the beef, passion fruit and sweet potato VCs significant positive changes in employment generation were identified. Differences in findings may be due to the characteristics of the commodity itself, the effectiveness of different intervention approaches applied in the value chains and external factors. For the irrigation project, a shift in cropping patterns towards high value crops was observed. The cropping intensity has risen to above 220% and significant production increases have been realised for the most important agricultural products (banana, sweet potato and various vegetables) in the programme region. With respect to the rural roads project, the evaluation confirms a positive change in production amount and sales revenues, even though the evidence is only anecdotal. While the rating of KfW for irrigation was satisfactory, taking into account the roads project as well, the effectiveness of PSDA-FC is rated as **good (2),** while the effectiveness of PSDA-TC, as well as that of the total PSDA programme are rated as **satisfactory (3)**.

With regard to **impact**, the available information suggests that neither the PSDA-TC target population of 56,000 enterprises, nor the aspired income increase were achieved. Nevertheless, many unintended positive changes in the living standards of the target population were observed, and qualitative interviews confirmed improvements in health, nutrition, education, housing and gender equality. Thus, the impact criterion of PSDA-TC is rated as **satisfactory (3)**. Anecdotal evidence from field visits and a prior evaluation of SIPMK show positive changes in the living standards of farmers in the FC programme region. Farmers interviewed during the evaluation mission confirmed improved nutrition and health, access to drinking water and improved school enrolment. The utilisation of irrigation water for drinking, as well as for sanitation and hygiene is considered to be a main determinant for improved health among the target population. When visiting the rural roads project area, randomly selected farm enterprises along the rehabilitated roads confirmed income increases through better market access. The additional income was invested in durable goods and the improvement of property. There is therefore some indicative evidence that the FC projects contributed more to their intended impact and can thus be rated as **good (2)**, as found by the KfW evaluation. The impact for the whole PSDA is rated as **satisfactory (3)**.

With regard to the **efficiency** criterion, no clear picture emerged for PSDA-TC. This is partly due to the fact that the different product and VC specific outputs could not be aggregated because of their different characteristics. Here, it can only be stated that the critical summary of shortcomings in PSDA's VC implementation show many arguments in the direction of not fully exhausted efficiency potentials. In sum, the efficiency of PSDA-TC is rated as **satisfactory (3).** In case of the FC module's **efficiency** assessment, it has to be noted that the findings of KfW's SIPMK evaluation show a lower number of schemes accomplished (473 hectares) and several delays during implementation for SIPMK Phase I. This contrasts with SIPMK Phase II, in which a smooth implementation and a higher surface covered (1,312 hectares) was noted by the KfW evaluation. The efficiency analysis of the FC projects was easier in as far as the output was clearly defined, relatively homogeneous, and more easily measurable. This holds also true for the rural roads project, which was recently finalised with costs within the expectations according to international experience of rural roads of similar quality. The evaluation team thus confirms the overall efficiency rating for the whole FC module as **good (2).**

With respect to the efficiency rating of the PSDA programme as a whole, however, it has to be noted that both modules have been planned and implemented more or less independently from each other. The target groups benefitting from the FC interventions differ from the target groups of the TC module. As a consequence, many potential benefits were not realised. Most small-holders are suffering from a weak road infrastructure, often prohibiting the delivery of higher quality products which otherwise could enhance income potentials for farmers. A better link between both modules could have created better production sales and figures for the farmers. In part, this phenomenon can be explained by the fact that both modules have been conceived separately and well in advance of retroactively establishing the "PSDA umbrella structure". In consequence, the efficiency of the whole PSDA programme is being rated by the evaluation team as **unsatisfactory (4).**

With regard to the **sustainability** criterion, it is expected that the results of the PSDA programme will remain positive. Nevertheless, several limitations and shortcomings pose a severe risk to sustainability, especially of PSDA-TC effects. There are no indications of maintenance activities in the FC roads project. The sustainability criterion is therefore rated as **satisfactory (3)**, a rating that is given for PSDA-FC, PSDA-TC and the overall PSDA programme.

Considering the differences in data availability and evaluation approaches in FC and TC, with regard to the **overall rating**, PSDA-FC is rated **good (2)** while PSDA-TC as well as the overall PSDA programme are rated **satisfactory (3).**

Based on the evaluation's findings, the following recommendations addressed to German Development Cooperation are derived:

- Further steps to improve cooperation between German FC and TC should be taken at the beginning of planning activities of joint programmes.
- Planning procedures for joint German bilateral development cooperation programmes should include elements like common target group selection, to better prepare such cooperation.
- If the preconditions for a successful joint programme cannot be met, different TC and FC programmes should not be brought together to a joint programme to satisfy formal requirements.
- The management of a joint programme should also be collaborative.
- During implementation systematic results-oriented monitoring should be applied based on selected relevant indicators established and verified before the start of the programme. For the indicator formulation, the aspect of measurability of the indicators deserves special attention.
- The responsibility of supervising outcome indicators should be with the implementing organisations alone. With respect to the impact indicators, a close cooperation between all German organisations involved is recommended.
- The implementation of agrarian VCD should not be done without taking the whole economic framework of the considered farmers into account.

In addition, the following recommendations addressed to the Government of Kenya have been derived:

- Even after the end of PSDA, the training of different stakeholders, as well as of the relevant target group members should be continued.
- Training content should be monitored rigidly to control whether it really addresses the needs of participants.
- Training courses should be repeatedly offered, because often training contents have to be internalised until they can be applied in practice. A close cooperation with other agencies applying the VCA seems to be necessary in this context.
- Monitoring needs also exist with respect to the success factors of individual VCD strategies. Thus, more in-depth studies should be done to inform the responsible bodies about the weaknesses and strengths of the implemented VCs.
- The VCA has to be better integrated into a concept of "farms as a profit centre", which should be further developed as a continuation of the often quoted concept of "farming as a business". Consequently, the farmers should be trained in such a way that it enables them to diversify income-generating activities beyond the VC products, in order to make them more resilient towards risks of economically failing VC products.
- The existing system of agro-colleges and vocational agro-training institutes should be extended and a better coordination of the teaching subjects with VC trainings be reached.
- Support at the micro level should continue to be targeted towards producer/processor groups rather than individuals.
- The installation of a central VC harmonisation unit at MoALF level seems necessary to arrive at a common implementation approach for all donors working in the area of VC implementation. ASCU should take the leading role in this process.
- KERRA should be aware of and follow-up on road maintenance needs. The establishment of properly staffed road maintenance units should be realised.

- Demonstration plots should be established in each irrigation scheme to facilitate capacity development of farmers.
- Technical and economic training of farmers in the SIPMK irrigation schemes should be continued.

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