

Ministry of Foreign Affairs of Japan

Third-Party Evaluation (FY 2005)

Country Assistance Evaluation of Kenya

- Summary -

March 2006

Preface

This report is the summary of Country Assistance Evaluation of Kenya carried out by the External Advisory Meeting on ODA Evaluation, which is an informal advisory body of the Director-General of the Economic Cooperation Bureau of the Ministry of Foreign Affairs of Japan.

Japan has been one of the top donor countries of ODA (Official Development Assistance) and there have been domestic and international calls for more effective and efficient implementation of assistance. The Ministry of Foreign Affairs, as the responsible ministry of ODA, has been conducting ODA evaluation mainly at the policy level with two main objectives; to support the implementation and management of ODA and to ensure its accountability. This evaluation aims to verify the purpose, process of planning and implementation of ODA policy and results of assistance to Kenya, in order to have valuable lessons and recommendation that may reflect in aid policy to provide more effective and efficient assistance to the country in the future. In addition, it aims to ensure accountability by publication of this evaluation.

The External Advisory Meeting on ODA Evaluation was formed to improve the objectivity in evaluation. The Meeting is commissioned to conduct ODA evaluation and to report its results and recommendations to the Economic Cooperation Bureau of MOFA. Mr. Yasunaga Takachiho, a member of the Meeting, Professor, Tamagawa University, was in charge of this evaluation.

Mr. Yuichi Sasaoka, Professor, National Graduate Institute for Policy Studies has made enormous contributions to this report. Likewise, cooperation was received from the Ministry of Foreign Affairs, Japan International Cooperation Agency (JICA), and Japan Bank for International Cooperation (JBIC). We would like to take this opportunity to express our sincere gratitude to all those who were involved in this review. The Aid Planning Division of the Economic Cooperation Bureau of the Ministry of Foreign Affairs was in charge of coordination. All other supportive work was received from Mitsubishi UFJ Research and Consulting Co., Ltd. (formerly, UFJ Institute Ltd.) under the commission of the Ministry of Foreign Affairs.

Finally, we should add that the opinions expressed in this report do not reflect the view and position of the Government of Japan and any other institutions.

March 2006

The External Advisory Meeting on ODA Evaluation:

Hiromitsu MUTA (Professor, Tokyo Institute of Technology)
Koichiro AGATA (Professor, Waseda University)
Kiyoko IKEGAMI (Director, UNFPA Tokyo Office)
Yoshikazu IMAZATO (Editorial Writer, The Tokyo Shimbun)
Teruo KAWAKAMI (CPA, Office ASAHI)
Yasunaga TAKACHIHO (Professor, Tamagawa University)
Yayoi TANAKA (Associate Professor, University of Tokyo)
Hiroko HASHIMOTO (Professor, Jumonji University)
Tatsuya WATANABE (Trustee, Japan NGO Center for International Cooperation)

Summary

1. Current situation and future issues of Kenya

A. Government

In the 2002 presidential elections, President Mwai Kibaki was elected to succeed the former leader, Daniel arap Moi. The Kibaki administration was recognized for its commitment to a wide range reforms. However, as allegations of corruption persist, the Kibaki administration has failed to sustain a good reputation in the eyes of its donors.

B. Development Plan

Over the period of Japan's Country Assistance Program for Kenya, Kenya underwent four national development plans. The first, known as the Eighth National Development Plan (1997-2001), was developed in 1997. Its major task was a "rapid industrialization for sustainable development", through the means of integrating poverty reduction and employment expansion. During this period however, the Kenyan economic performance worsened substantially.

Consequently in 2002, the Ninth National Development Plan (2002-2008) was developed. This time, its goal was Pro-Poor Growth and to attempt economic recovery using the free trade system. The Kibaki administration, which was nominated in December 2002, had drawn up the "Economic Recovery Strategy for Wealth and Employment Creation: ERS (2003)" and the "Investment Program for the ERS (IP-ERS) (2004)". The IP-ERS, which is the current development plan, has three focal points; economic growth, improving governance, and poverty reduction. This IP-ERS has been submitted to the World Bank and IMF as a Poverty Reduction Strategy Paper.

C. Economy

Although the Kenyan economy was sluggish in the period between the late 1990s to early 2000s, it has shown signs of recovery in recent years. GDP growth has increased to 4.3% in 2004 and it is expected to be 5% or more in 2006¹. This growth has been the result of growing exports of horticultural products and tea.

¹ The World Bank web site:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/KENYAEXT/N/0,,menuPK:356520~pagePK:141132~piPK:141107~theSitePK:356509,00.html>

In a declining economic environment, the social climate of Kenya has been deteriorating. According to the Welfare Monitoring Survey (WMS), the poverty situation in Kenya had worsened in the late 1990s when the economy slowed down, and the impact was noticeably dominant in its capital, Nairobi. This was evident from the number of households with single mothers, burdened by too many mouths to feed, led by uneducated heads, or who are working in the informal sectors. The vast majority of these households lived below the poverty line.

D. Balance of Payments and Foreign Debt

Kenya's current balance is in deficit and its foreign debts are increasing. The results of 2003, however, indicated a recovery trend: the percentage of foreign debt to its GNI was 47.5% and its debt-service ratio was 15%. At present, Kenya has not applied for enhanced HIPC initiative.

E. Trade

Despite its attempt to raise the value proposition of its agricultural raw materials, the share of Kenya's raw material exports has increased above 10% (10.9% in 2003). Meanwhile, its share of food exports fell to 42.7 % (2003).

In terms of exports, Kenya's main trading partners are the African states that consume 50% of total exports. As for the new and improved export products - horticultural products and cut vegetables, these are exported mainly to Europe and the United States. On the other hand, only less than 15% of Kenya's total imports are supplied from the African states. The oil producing countries and developed countries such as Japan, have increased their share. In 2005, tariff alliances with two other east African countries became effective. These alliances reduced or abolished tariffs and brought about the increase in regional trade.

F. Direct Investment

As Kenya's domestic borrowing continues to increase, there is a great urgency to increase the country's revenue. To address this issue, Kenya has tried to attract direct investment from overseas, which will not only supplement revenue, but also create employment. However, relative to its neighboring countries, Kenya's economic infrastructure is less inviting to foreign investors. A prime example is its tendency to experience frequent power failures that translate to economic loss. As such, it is imperative that the country's infrastructure be improved in order to attract foreign direct investment.

G. Foreign Assistance

Kenya's main sources of foreign assistance come from the following countries and organizations: US, UK, The World Bank (IDA), Germany, Sweden (in order of the size of assistance, net disbursement). Each country directs their aid in different priority areas.

a) Japan

So far, Japan has prioritized its aids towards Kenya in the areas of

- 1) human resource development,
- 2) agricultural development,
- 3) improvement of economic infrastructure,
- 4) health and medical services,
- 5) environmental conservation.

In its latest Country Assistance Program for Kenya (2000), it was redefined that Japan would focus especially on human resources, agricultural development, health and medicine, to benefit the weak directly.

b) United Kingdom

The UK is the largest aid contributor to Kenya. It has chosen to direct its priorities in wide areas, such as

- 1) regional differences,
- 2) education,
- 3) medical services (HIV/AIDS),
- 4) administration,
- 5) social development,
- 6) economy,

c) United States

The US has placed its priorities in

- 1) democratization and governance,
- 2) poverty reduction,
- 3) population and health,
- 4) management of natural resources,
- 5) counter-measure toward bombs

d) World Bank

The World Bank respects Kenya's IP-ERS and has placed its focus on the following areas:

- 1) strengthening public sector management and accountability,
- 2) reducing the cost of doing business and improving the investment climate,
- 3) reducing vulnerability to the environment and strengthening community development capacity,

4) investing in the education and health care of its citizens.

Originally, these donors were won over by the Kibaki administration's early pro-reform, anti-corruption approach. However, their support and trust in the administration has been gradually declining. Lately, these donors have begun to coordinate their aid. So far, the cooperation in most cases has been confined to making common demands on the Kenyan government for reforms collectively. However, aid coordination for other nations is usually in the form of back-and-forth debates involving the recipient government, in arriving at decisions concerning the direction and modality of reforms and policy.

2. Evaluation of the Country Assistance Program for Kenya

In the following section, we will evaluate the Country Assistance Program for Kenya in terms of the validity of its objectives, the validity of results achieved, and the relevance of its formation and implementation process.

A. Validity of the objectives

a) Understandability of the objectives and targets

There were no specific categories to clearly define the objectives and targets in the Country Assistance Program for Kenya.

The Country Assistance Program for Kenya had a problem in clarity in its objectives and targets. It required the reader to plow through detailed text in order to clearly understand the objectives. Also, the connections between the objectives and measures were not clearly defined. (With this in mind, the evaluation conducted in Chapter 3 has certain built-in assumptions.)

b) Consistency with overall policy of the ODA Charter and Medium-Term Policy

The Country Assistance Program for Kenya has a strong overall consistency with the higher-ranked policies in place.

1) The principles and focused subjects in the former ODA Charter and Medium-Term Policy on ODA were consistently reflected in the Kenya Country Assistance Program.

2) In subsequent revisions to the assistance program, new priorities such as poverty reduction and the peace building from the new ODA Charter and Medium-Term Policy on ODA will have to be considered. Although the reduction of poverty is prioritized in the current program, it will be imperative to show Japan's attitude towards the issue by the form of assistance she will provide, especially in light of international trends such as Millennium Development Goals and PRSP.

c) Consistency with Kenya's development needs and national development policies

Aside from slight inconsistencies in some priority areas, Country Assistance Program for Kenya is largely consistent with her development needs as well as her national development policies.

- 1) The priority areas of Japan's ODA (such as human resources development, agricultural development, and improvement of economic infrastructure) match Kenya's Eighth National Development Plan (1997-2001), drawn up by the former Moi administration. On the other hand, some inconsistencies exist in other priorities - such as the promotion of industries, employment issues, housing matters, which are not addressed in Japan's Assistance Program, even though they were listed in Kenya's national plan. Likewise, the improvement of administrative capacity, support for democratization, counter measure towards environmental conservation and AIDS are mentioned as priorities in the Japanese program, but not mentioned in Kenya's national plan. Whilst the priority areas are not required to be in perfect match, differences in priorities do not imply a lack of consistency. It is significant that Japan had cited areas of international priorities, such as AIDS and environmental protection in its assistance program.
 - 2) In comparison with the priority areas of Japan's ODA with Kenya's IP-ERS (Investment Program for Economic Recovery Strategy for Wealth and Employment Creation) drawn up by the Kibaki administration in 2004, some differences are found. Human resources development, agricultural development, improvement of economic infrastructure, and AIDS are mentioned by both countries, however, financial matters, employment and governance issues are mentioned by Kenya but not in Japan's aid program. At the same time, population issues, protection of the ecosystem and forest are mentioned by Japan but not Kenya. Considering the fact that IP-ERS was drawn up later than Japan's Country Assistance Program, the latter's priorities should be reexamined.
- d) Comparison with other donors and international organizations

Japan's priority areas as reflected in the Country Assistance Program for Kenya are largely consistent with major donors', with the exception of a few differences.

Overall, Japan's Country Assistance Program does not differ much from other major donors' priority areas. If we examine the details, several discrepancies exist; for example, Japan's ODA program includes environmental conservation such as the protection and growth of forest and wildlife in sub-priority areas, which are not mentioned by other donors. As mentioned above, it is not as important to share identical priorities among donors as to

determine priority areas based on unique judgments and with the view of supplementing one another.

B. Validity of the results

a) Input to support priority areas

- In comparison with other neighboring nations, one distinctive feature of Kenya's ODA is the small size of its ODA input relative to its economy. Almost annually, each of the five priority areas is granted some financial input from Japan.
- Among the top priority areas in Japan's Assistance Program, Japan's aid input tends to rank highest (or second highest) when compared to other donors.
- On the other hand, when evaluating the achievement of Japan's objectives and targets in its Country Assistance Program, its coverage and number of projects accomplished are not enough. While this may be inevitable, it is necessary to recognize financial constraints and be aware that ODA can never be driven by donors' wishes alone. Kenya's social and economic situation will not be improved by several years' worth of Japanese assistance.

- 1) Looking at recent statistics of input of assistance funds to Kenya, the share of ODA relative to its economy has been hovering around 3~4% of GNI. This number shows that Kenya's dependence on assistance funds for its economic development is low, compared with other neighboring countries.
- 2) Let us look closely at the individual inputs toward each priority area, conducted during our evaluation period.

Human resources development - In this area, Japan has provided assistance to enhance basic, higher and engineering education, as well as to enhance the administrative abilities. Among these areas, Japanese funding towards the higher and engineering education is much higher than other donors.

Agricultural development - Japan has provided assistance to improve productivity, with its funding size second to Denmark.

Economic infrastructure - Japan has focused on improving the transportation network and energy supply, with the latter receiving remarkable amounts of funding.

Health and medical services - Japanese contribution has gone toward counter measures against infectious diseases and parasites. In this area, the UK and US have made substantial amounts of contributions, with Japan following them with Sweden and the European Union.

Environmental conservation - Japan has provided support for the protection of wildlife, protection and growth of forests, improvement of water supply system and improvement of environment management ability. The size of Japanese funding towards this area is relatively big, about the same size as Germany and Sweden.

b) Outputs from the priority areas

- Currently, each project conducted based on the Country Assistance Program have been producing expected levels of output. (Most projects, however, are evaluated qualitatively.)
- There are, however, several on-going projects whose outputs are not confirmed at this point.

Let us examine the outputs from each priority area.

Human resource development - Firstly, a training system was developed for teachers in math and science, which introduced regional cooperation (Strengthening of Mathematics and Science in Secondary Education Project).

Secondly, an African Institute for Capacity Development was set up, which started many activities that would trigger cooperative research, training, and information network (Construction of African Institute for Capacity Development).

Agricultural development - Outputs here are seen in the promotion of small-scale irrigation. The Smallholder Irrigation and Drainage Development in agricultural districts established guidelines to develop small-scale irrigation, a training plan, and guidelines for the association of water supply.

Improvement of economic infrastructure - Japan started the Sondu-Miriu Hydropower Project (Phase I, II), which is still on-going. We are waiting for the output. At the same time, the Project for Reconstruction of Athi Bridge and Ikutha Bridges was implemented.

Health and medical service - In this area, the technique for development and manufacture of an AIDS examination kit has been transferred, and Kenya has commenced production of the kit. The technique to deal with acute respiratory infectious diseases has also been transferred (Counter-measure for infectious disease II). Meanwhile, the Project for Improvement of Facilities for Control of Infectious and Parasitic Diseases at the Kenya Medical Research Institute (KEMRI) is underway. This includes the construction of the manufacturing facility for blood test kits and research facility for infectious and parasitic diseases.

Environmental conservation - The protection of wildlife project was developed and audio-visual equipment was supplied to the Kenya Wildlife Service (Cultural Grant Aid to Kenya Wildlife Service). For the diffusion of social forestry, practical techniques of cultivation and management were provided in order to develop farm and forestry land (Social Forestry Extension Model Development Project for Semi-Arid Land). In the Meru water supply project, the rural area has been equipped with a new water supply system.

c) Outcome indicators

- Although the outcome indicators show some improvements to the overall Kenyan social and economical situation, they indicate that there are still some important development issues remaining.
- We must note that due to limited data source, substitute indicators have been used for the overall analysis.

The evaluations of outcomes from Country Assistance Program often face difficulties. In addition to the identified problem of poorly defined program objectives and targets, there are projects, which are the policy tools, with outcomes that are not fully assessed. Hence, in this evaluation, substitute indicators were used; these refer to indicators that are available and considered instructive based on the text in respective Country Assistance Programs.

Human resource development - Indicators such as rate of school attendance (elementary and higher education), the number of teachers in secondary education, were used and those showed improvement. However, there were no indicators available to assess the improvement in science and math in secondary education.

Agricultural development - Agricultural production and value-additions were used as indicators to assess the improvement in

production expansion. It showed that agricultural production and value-additions have remained constant or improved marginally in the last few years.

Economic infrastructure – Here, road network and power supply were used as indicators. Over the last few years, statistically, there has been no actual progress in road infrastructure as unpaved roads still exist in international or domestic trunk roads. As for power supply, although the quantity of domestically generated electricity is increasing every year, a fraction (2.5~5% of total demand) of power continues to be imported to meet the domestic demand.

Health and medical services - Population growth, rate of AIDS infection, the causes and rate of sickness were all used as indicators. Population continues to grow at the rate of 2-3%. Whilst the rate of AIDS infection has halved since its peak in 2000, there is still much progress to be achieved, such as reducing the infant mortality rate, in order to reach MDGs (Millennium Development Goals). Malaria continues to be the overwhelming cause of all illnesses.

Environmental conservation - The number of wildlife, forest area, the number of filtration plants, and the percentage of population who utilize the filtered water supply were used as indicators. Overall, the conservation of forest and wildlife did not show major changes over the last few years. As for the access to safe, filtered water supply, there is still a big gap between the city and rural areas.

d) Impact on the Kenyan mindset

- The Kenyan people (government leaders, intellectuals, and citizens) widely supported the Japanese ODA, as they could envision and embrace the sustainability of the projects, accepted that many projects were very technical and believed that they benefited the country's education and health levels.
- On the other hand, they requested improvements to be made, as some projects were geographically limited and did not bring nationwide impact. There were cases where the machines stopped working because the machinery spare parts could not be obtained.

- 1) Government leaders gave their positive support towards the Japanese ODA as they found that many of the projects were sustainable and successful in creating ownership. They also found

the counterpart trainings in Japan to be very valuable and practical.

At the same time, they also identified areas of improvement, such as the limited scope of projects that would hinder nationwide impact. They also found that in some cases, the donated machines could no longer be used once the spare parts became unavailable.

- 2) The intellectuals praised the Japanese ODA for its high levels of technicality and sustainability. However, they pointed out some issues, such as weaknesses in the project planning process, unclear Japanese attitudes toward Kenyan governance and its corruption problems, and the weak communication channels with local alliances. They pointed out the importance of cooperating with NGOs and CBOs and carrying out assistances that are rooted in local communities.
- 3) In a survey of Kenyan citizens (sample 1,200), it revealed that two major projects – the “Jomo Kenyatta University of Agriculture and Technology” and “KEMRI” have been highly recognized, and the Kenyans believe that the Japanese ODA in education and health areas have been largely beneficial to Kenya so far. The survey also revealed that for the future, they hope to solicit Japanese support in the water supply, roads and infrastructure areas.

e) Assistance Policy Objectives

In general, results in most policy areas are only starting to show, and full impact of the Assistance Program has not yet been reached. Hence it is still early to evaluate their full impact of achieving the policy objectives of the Country Assistance Program.

Under the Country Assistance Program, many projects have started to produce great results and contribute to solving Kenya's development issues and achieving the Program's objectives. At the same time, there are on-going projects that are in the process of producing results. Although Japan's assistance has been well received by the Kenyan government and its citizens, their suggestions for improvement need to be acknowledged. These relate to the geographical limitations that curtail nationwide impact, and the need to make changes, such as closer cooperation with NGOs, in order for assistance to reach the poor more directly. Similarly, in terms of the priority areas for Kenyan development, the issues are in the process of being improved through the projects in-place, while there still remain issues to be improved.

The overall evaluation has shown that full impact of the Assistance Program has not yet been reached. It is still early to assess the full outcome of achieving the stated objectives and priorities, although they are well underway.

C. Relevance of the formation and implementation process

a) Relevance of the formation process

The formation process of the Country Assistance Program was based on appropriate consultation between Tokyo and Kenyan sides, involving the Kenyan government, and the implementing organizations.

The formation process spanned 2 years and 4 months, from May 1998 to August 2000. During this period, planning task forces were organized in both Tokyo and Kenya to plan the Country Assistance Program, and the Ministry of Foreign Affairs had discussions with the various implementing organizations. To facilitate policy coordination, the draft of the Country Assistance Program was discussed several times with the Kenyan government.

b) Relevance of the implementation process

- The overall framework of the implementation process is considered appropriate.
- However, some problems were pointed out by Kenyan government leaders, relating to non-integrity of priority projects, lack of understanding towards Kenyan views, needs and baselines. These problems are attributed to the quality and quantity of communications.

- 1) In the implementation process, recommendations from the Country Assistance Program are translated to the schemes and directions of the implementing organization, as well as the processes of each project. Country-Based ODA Task Force is also expected to perform its effective functions, with improved internal communications. Based on this, the overall framework of the operational process is considered appropriate.
- 2) On the other hand, the Kenyan government had raised several areas for improvement. Firstly, it involved Japan's selection of a high-priority project, which was ranked low in priority to Kenya. Secondly, it was pointed out that Japan did not fully understand Kenyan needs and baselines, which was attributed to a lack of communication at the time of project planning, and that direct communication between Japanese government and ministries in Kenya was insufficient. Moreover, views were expressed that ODA project paperwork were complicated and took too long. It was also lamented that only the Ministry of Finance was privy to

information about the Japanese ODA and its priority areas, since it was the coordinator for ODA; other ministries were in the dark about the progress and developments.

These views of the Kenyan government were expressed through interview surveys, and could be inconsistent with the Japanese perspective. Also, some of these opinions may not conform to the principles of Japanese assistance. Regardless, the existences of those views and opinions should be noted and considered for future improvement purposes.

- 3) Most of the areas of improvement raised, with the exception of system issues, are attributed to the lack of communication between governments, in terms of quality and quantity.

c) Coordination with other donors

Although Japan holds dialogues with the donor community, it has been pointed out that Japan's attitude is unclear towards Sector Wide Approaches (SWAPs), which the Kenyan government has started to recognize as important.

- 1) Recognizing the importance of SWAPs, Kenyan ministries have increased dialogues with the donor community. Likewise, donors will conduct meetings within each sector. In this trend, the Japanese government has begun exchanging information with other donors. Japan shows high presence in some areas, such as Education, where Japan was the co-chair with the Department for International Development (DFID) until last fall.
- 2) However, other donors and Kenyan government have made claims that Japan is not moving with the flow of SWAPs, and that Japan's attitude is unclear towards SWAPs.

d) Existence of an inspection system

Without an inspection system in the Country Assistance Program, it is difficult to make flexible responses to external variances such as administrative changes. On the other hand, however, the current Kenyan development plan is equipped with the proper (evaluation) system that is linked to the international program and this is now functioning.

- 1) The term specified in the Country Assistance Program is for a period of five years. It does not have a specific monitoring function

or reviewing function, therefore it does not adjust well to external variances such as administrative changes.

- 2) In Kenya, following the Monitoring and Evaluation (M&E) system specified in the IP-ERS, the M&E Department within the Ministry of Planning and National Development has been set up. In March 2005, the first report using this M&E (the IP-ERS Annual Progress Report (APR) 2003/04) was issued. Since it was only its first year, the results were not significant. However, this system is considered sufficient to monitor progress and ensure effective response to environmental changes.

3. Recommendations for the formation and implementation of future Country Assistance Program

In this section, some suggestions for the formation and implementation of the future “Country Assistance Program for Kenya” will be made, based on the above evaluation results.

A. Objectives and priority areas

- a) Clarify objectives and targets, and define realistic targets
 - Ideally, the Country Assistance Program should serve as an overall strategy document that provides the basis for mid-term reviews and post-term evaluations. At the same time, it should function as a document responsible for explaining details of the background and objectives of the Program to the citizens of both countries. Considering these factors, the objectives and targets for assisting Kenya should be clarified more. From the perspective of mutual benefit to both countries, the Program should address questions like, “Why should Japan provide assistance to Kenya? What are some concrete targets? How should Japan select and focus on priority areas such as poverty reduction, the establishment of peace, finance, banking, employment and governance?”
 - Achievable and realistic targets at the intermediate outcome levels should be set throughout the policy implementation process, instead of final outcomes and targets that aim to improve the recipient economy and social situation on the whole. Alternatively, if final outcomes and targets for priority areas are similar to what they are in the current program, perhaps targets at intermediate outcome levels for sub-priority areas could be introduced.
 - In the course of establishing more realistic targets for intermediate outcomes, one effective suggestion is to create an “Annual Action Plan”, in which realistic and concrete objectives and targets are outlined, corresponding to the Country Assistance Program. Such a document would be in line with the “Implementation Policy for Country Assistance Program” as mentioned in the December 2005 report, Inspection and Improvement of ODA. Through this method, it would be easier to track the annual progress (of results achieved) in a more precise and understandable manner.

- b) “Selection and Concentration” as a strategic plan
- While it is expected that grants to Africa will be doubled in the next three years, assistance to Kenya is not growing rapidly. Hence, the selection of priority issues needs to be carefully reviewed in order to improve the effectiveness of Japan’s Assistance Program as a government policy.
 - To conduct an effective “Selection and Concentration” of priority issues, it may be helpful to create a “target diagram”, that clarifies the relationship between developmental problem (objective) and solution (project measures). This should take place at the policy planning stage. Alternatively, cross-sector priority areas may also be identified based on developmental needs, as seen in the Kenyan and other donors’ plans. Particularly in developmental priorities like poverty reduction, cross-sector measures should be considered in a more comprehensive approach that extends beyond one sector.
 - Even after the “Selection and Concentration” process, there should be a mechanism in place to allow for flexible responses whenever important issues should arise, such as utilizing the “Annual Action Plan” as mentioned above.
- c) Policy formation in collaboration with Kenyan emphasis on East African region
- In formulating Japan’s policy, it is essential to consider the ripple effects within the region, especially in light of Kenya’s recent emphasis on the east African region. Particularly, it is important to note her emphasis on “East African Cooperation” which promotes cooperation not only in tariff alliance but also in many other issues.
- d) Emphasis on promoting domestic industries
- The policy direction for promoting domestic industries (especially small and medium-sized enterprises) is not clearly addressed in the Country Assistance Program. It is important to clarify the issue, as it is vital to Kenyan economic growth.
 - It will be necessary to examine a measure that seeks to increase the synergy effects from both top-down (industrial promotion led by policy-oriented initiative) as well as from bottom-up (support offered by the government towards enterprises’ voluntary initiatives).

B. Assistance method and approach

- a) Establish a system that will spread the ODA's impact nationwide
- Several counterparts have indicated that Japanese assistance projects have not brought nationwide impact, due to geographical limitations and that requests for scaling-up project sizes were not met. In principle, although Japan expects Kenya to scale-up by means of self-reliant efforts and by taking ownership of its projects, an appropriate level of response to these requests should be considered. In order to spread ODA's impact nationwide, the following methods may be considered - diversifying the assistance structure (programmed assistance, SWAPs, aid cooperation), implementing strategic and sustainable projects that would spread to wide areas, and implementing constant baseline analysis and monitoring (that will help form and implement projects).
 - As for "programmed assistance" (planning and implementing several projects with common objectives or targets closely), the formation of programmed projects will enable greater overall impact by the effective coordination of various assistance modalities such as grant aid, loan and technical cooperation. This would in turn help to provide and coordinate assistance in a flexible and more effective way. These measures have been discussed within the Ministry of Foreign Affairs, who is now considering introducing the programmed assistance. Meanwhile we will wait to see more of such cases taking place in the near future.
 - As for SWAPs, which is becoming a trend among Kenyan government and donors, Japan needs to consider her range and the method of involvement in the next Country Assistance Program. At the same time, for consistency, Japan needs to clarify her stand and participation in the Joint Assistance Strategy (JAS), as it is currently under examination among donors.
 - Even though some projects have limited geographical coverage or have not been implemented on a programmed basis, it would be desirable to introduce the methodology that would facilitate the spread of technology and information to wider regions. In order to achieve that, multi-level dialogues with Kenyan counterparts (various groups of stakeholders, by region, social class, NGOs, citizen groups, donor, and ministry) need to take place. The strategic features in each project should evolve based on the feedback and responses from the dialogues. This should

eventually result in the implementation of sustainable projects that are applicable throughout the nation.

- b) Examine the methods that bring direct community benefits
- In the next Country Assistance Program, it is essential to examine appropriate methods that will bring benefits directly to the community level. Based on survey indications, cooperation with NGOs and participation in development are viewed as valuable methods to do so.

C. Implementation structure

a) Enhancement of Country-Based ODA Task Force

- Currently, Country-Based ODA Task Force functions effectively, shares information among participating organizations thoroughly, and plays an important role under the strong leadership of the local embassy. It is desirable for its functions to be further strengthened in terms of mid-term monitoring and initiating partner dialogues with the Kenyan side.
- In the attempt to enhance the effectiveness of the assistance policy, it is important to make a distinction between strengthening the system, as opposed to a heavier dependence on the quality and networking of individuals. It is intended that the Country-Based ODA Task Force function as a core of a more effective policy system.

b) More thorough baseline and needs survey

- To increase the impact of Japan's ODA, a stronger understanding of Kenyan baseline and needs is needed. For example, to achieve a fuller understanding of the baseline, it is essential to build a system that provides such information on priority areas constantly, regardless of projects implemented.

c) Examination of simplified assistance procedures

- In order to provide more efficient assistance, the introduction of a simple and efficient system of assistance procedures should be considered. For example, with agreement from other donors, simplified procedures may be introduced to specific projects, under certain conditions.

d) Formation and implementation of a mid-term monitoring mechanism

- It is desirable to develop a system that will allow for modification of directions based on environmental changes and mid-term evaluations that will subsequently review objectives and progress of projects. For example, such a system would allow project plans to respond to drastic administrative changes, with the flexibility of generating necessary improvements according to the progress of each project. For this purpose, it could be possible to introduce an Annual Action Plan document

where environmental changes or minor directional changes may be incorporated, instead of in the Country Assistance Program.

- The introduction of mid-term monitoring system may also be viewed as Japan's response to the introduction of the monitoring and evaluation mechanism by the IP-ERS, which has precipitated the semi-annual progress reporting movement in Kenya.
- At the same time, as a mid to long-term goal, a more harmonious procedure should be considered, whereby monitoring and evaluation can be conducted efficiently without disruption to the Kenyan counterparts.

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