

Third Party Evaluation Report 2014
Ministry of Foreign Affairs of Japan

Country Assistance Evaluation of Kenya

February 2015

Mitsubishi UFJ Research & Consulting Co., Ltd.

Preface

This report under the title of “Country Assistance Evaluation of Kenya” was undertaken by Mitsubishi UFJ Research & Consulting Co., Ltd. entrusted by the Ministry of Foreign Affairs (MOFA) of Japan in fiscal 2014.

Since its commencement in 1954, Japan’s Official Development Assistance (ODA) has contributed to the development of partner countries and to finding solutions to international issues which vary with the times. Recently, more effective and efficient implementation of ODA has been required not only in Japan but also in the international community. MOFA has been conducting ODA evaluations every year mainly at the policy level with two main objectives: to improve the management of ODA; and to ensure its accountability. These evaluations are conducted by third parties to enhance their transparency and objectivity.

This evaluation was conducted with the objective of reviewing Japan’s overall policies on assistance to Kenya, including the Country Assistance Policy for Kenya, drawing on lessons from this review to make recommendations for reference in policy planning on future assistance to Kenya by the Government of Japan and its effective and efficient implementation, and ensuring accountability by making the evaluation results widely available to the general public.

Professor Motoki Takahashi of the Graduate School of International Cooperation Studies at Kobe University served as a chief evaluator to supervise the entire evaluation process, and Associate Professor Gen Ueda of the Graduate School of Environmental Studies at Tohoku University served as an advisor to share his expertise on Kenya. Both have made enormous contributions from the beginning of this study to the completion of the report. In addition, in the course of this study both in Japan and in Kenya, we have benefited from the cooperation of MOFA, the Japan International Cooperation Agency (JICA), and the ODA Task Force, as well as government agencies in Kenya, donors, and non-governmental organizations (NGOs). We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, the Evaluation Team wishes to note that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

February 2015

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Note: This English version of the Evaluation Report is a summary of the Japanese Evaluation Report of “Country Assistance Evaluation of Kenya”

Country Assistance Evaluation of Kenya (Brief Summary)

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Interview to Ministry of Agriculture by the Evaluation team. Japan has assisted Kenya's agricultural development through various projects such as Smallholder Horticulture Empowerment and Promotion Unit Project

Period of the Evaluation Study

July 2014-February 2015

Field Survey Country

Republic of Kenya

Background, Objectives and Scope of the Evaluation

The Republic of Kenya (hereinafter referred to as “Kenya”) is located at a geographically strategic point as a hub for sea and land transport for East Africa. Kenya is a leading country in the East Africa for the economy and stability such as active contribution to peace in the surrounding regions. On the other hand, Kenya faces many problems such as increasing poverty, worsening unemployment, and frequent natural disasters.

The objective of this evaluation is to review Japan's Official Development Assistance (ODA) to Kenya in a comprehensive manner, and to provide recommendations and lessons learned for the formulation and implementation of future ODA policies. This evaluation scopes the Country Assistance Program formulated in 2000 and the Country Assistance Policy formulated in 2012 to evaluate the implementation of Japan's ODA policy in Kenya.

Brief Summary of the Evaluation Results

• Development Viewpoints

(1) Relevance of Policies

Japan's ODA policy to Kenya is highly consistent with Kenya's development needs, Japan's high-level ODA policies, and international priority issues. Moreover, the relevance of this policy with other development partners is rated high and Japan's ODA has the comparative advantage in Kenya. Consequently, the relevance of policies is rated high.

(2) Effectiveness of Results

Significant effects were ascertained in nearly all of the priority sectors for Japan's ODA to Kenya, therefore, the effectiveness of result is rated high.

(3) Appropriateness of Processes

In implementation processes for Japan's ODA policy to Kenya, the processes from plan formulation to implementation, the operation of the ODA Task Force, and the Kenya's system

for receiving financial assistance are all appropriate. Cooperation including aid coordination with other development partners, NGOs, and the private sectors are also carried out appropriately. However, there are some issues for continuing projects and the Kenyan citizens' recognition for Japan's ODA. Thus, the appropriateness of processes is rated high.

• Diplomatic Viewpoints

Japan's ODA to Kenya has contributed to 'Further contribution toward international peace cooperation', 'Support for African Growth' and so on. In addition, Japan's ODA has also contributed to the deepening of the economic relations and the interaction of people between the two countries. Therefore, Japan's ODA has diplomatic importance and diplomatic impact.

Main Recommendations

(1) Ensuring a consistent and strategic approach in the Country Assistance Policy for Kenya

The Country Assistance Policy for Kenya should explicitly mention the "sustainable socioeconomic development contributing to national coherence and integration," in line with the Kenya's circumstances. Based on this principle, it is thus necessary to concretely state the Japan's approaches on the Country Assistance Policy for Kenya in a manner that the input resources facilitate achievement to the larger policy goals.

(2) Promoting considerations for social environment and securing leadership in the aid coordination for infrastructure development projects

Along with the escalation of infrastructure development in Kenya, Kenyan society concerns the invariable accidents that occur during construction and after completion. This concern has got intensified with the rapid development and increased scale of construction projects. With involvement from emerging donors, Japan should take a position of leadership in social environment considerations in infrastructure development projects, including ensuring the safety of construction projects and completed facilities, as well as the observance of environmental regulations.

(3) Setting exit strategies for continuing projects

In Kenya, there is a tendency for projects to be continued, with total project periods spanning over the long term. Since there are still many priority sectors that need aid in Kenya, once projects achieve their initial goals, management responsibility for these projects, in human resources and finances, should be transferred to the Government of Kenya at the earliest possible stage by setting exit strategies for continuing projects.

(4) Improving public relations to Kenyan citizens for Japan's ODA to Kenya

Japan has provided ODA to Kenya through various schemes. However, the recognition of Japan's ODA to Kenyan citizens is not sufficient. In order to improve this situation, the Government of Japan needs to forge a public relations strategy that clearly appeals to the Kenyan society based on the principles of Japan's contribution to Kenya's important development agendas.

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Chapter 1. Implementation Policy of the Evaluation

1-1 Evaluation Background and Objectives

The Republic of Kenya (hereinafter referred to as “Kenya”) is located at a geographically strategic point as a hub for sea and land transport for East Africa. Kenya is a leading country in the East Africa for the economy and stability such as active contribution to peace in the surrounding regions. On the other hand, Kenya faces many problems such as increasing poverty, worsening unemployment, and frequent natural disasters. In addition to providing assistance of the funds and technology necessary for Kenya’s socioeconomic growth, Japan has also implemented continuous assistance in various forms such as contributions to peace and stability in the region. In the total amount of ODA from Japan, Kenya is the largest beneficiary country in sub-Saharan Africa. With this, the economic development in Kenya will assist Kenya to become a growth model for East Africa. This causes the assistance to Kenya quite meaningful. Additionally, the number of Japanese companies which have invested in Kenya is the second largest in sub-Saharan Africa. Assistance for Kenya’s infrastructure and human development, securing Kenya’s socioeconomic stability, is expected to support private sector-led sustainable economic development in Kenya through the promotion of private investments, including those by Japanese companies.

By taking into consideration of the significance of Japan’s ODA to Kenya, the evaluation team evaluates ODA to Kenya in a comprehensive manner, and provides recommendations and lessons learned for the formulation and implementation of future ODA policies. Additionally, in order to fulfill accountability to public, the evaluation results will be publicized, with feedback to the Government of Kenya and other donors.

1-2 Scope of Evaluation

The previous country assistance evaluation of Kenya conducted in FY2005 targeted Japan’s ODA to Kenya in the period of FY1995-2003. Thus, for this evaluation survey, the ODA policies to Kenya and projects implemented in Kenya in 2004-2013 are analyzed and evaluated. Specifically, this evaluation scopes the Country Assistance Program to Kenya formulated in 2000 and the Country Assistance Policy to Kenya formulated in 2012 to evaluate the implementation of Japan’s ODA policy in Kenya.

1-3 Evaluation Methods

The evaluation team conducted comprehensive evaluations from development and diplomatic viewpoints in accordance with MOFA’s ODA Evaluation Guidelines (8th

Edition).

From the development viewpoints, the evaluation criteria are the relevance of policies, the effectiveness of results, and the appropriateness of processes. For the relevance of policies, the evaluation team verified the consistency of Japan's ODA policies for Kenya with Japan's high-level ODA policies, Kenya's development needs and international priority issues. In regard to the effectiveness of results, the evaluation team verified the achievement of initially-set objectives. With regard to the appropriateness of processes, the evaluation team verified whether the processes were appropriately implemented during the formulation and implementation of ODA policies for Kenya.

From the diplomatic viewpoints, the evaluation team conducted qualitative evaluation in criteria of diplomatic importance and diplomatic impact.

Chapter 2. Overview of Kenya and Development Trends

2-1 Overview of Kenya

From 2004 to 2007, Kenya showed 5%-7% of economic growth at the high rate. However, the Post-Election Violence (PEV) broke out by stemming from discontent with the results of the Kenya presidential election at the end of 2007. In a period of approximately two months, 1,300 people were killed and 500,000 others evacuated internally, with the situation comparable to civil war such as arson, violence, and looting under the confusion in various parts of Kenya. The economic growth rate for 2008-2009 marked a sizable drop due to the PEV. Although it subsequently recovered at a rapid pace, the rate has not yet reached the 2007 levels Kenya experienced. Recently, as a result of the revising the System of National Accounts by Government of Kenya (Bureau of Statistics) in September 2014, the 2013 Gross Domestic Product (nominal values) in Kenya was amended to 55.2 billion US dollars, with the GDP per capita at 1,246 US dollars and an economic growth rate of 5.7%.¹ This revision caused Kenya to be ranked fourth in the sub-Saharan Africa and ninth overall in Africa. It was additionally reported that Kenya had thus become a middle income country (lower middle income country).

Table 2-1 Shifts in Major Economic Indicators for Kenya

(In million US \$)

Year		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GNI	Total	15,954	18,732	22,433	27,093	30,419	30,679	32,293	34,254	40,094	43,762
	per capita (US\$)	460	520	570	650	730	780	800	820	870	930
GDP growth rate (%)		5.1	5.9	6.3	7.0	1.5	2.7	5.8	4.4	4.6	4.7
Current-account balance		..	-252	-510	-1,032	-1,983	-1,689	-2,369	-3,830	-4,253	..
Trade (goods and services)											
Export		..	5,342	5,946	7,063	8,291	7,385	8,983	9,906	11,026	..
Import		..	6,739	8,171	10,059	12,559	11,302	13,531	16,349	17,920	..
Trade balance		..	-1,397	-2,225	-2,996	-4,269	-3,917	-4,548	-6,442	-6,894	..
Foreign Direct Investment (net)		..	21	51	729	96	116	178	335	259	..
Unemployment rate (%)		9.6	9.5	9.5	9.5	9.4	9.4	9.3	9.3	9.2	..
Stock of External debt		6,977	6,483	6,681	7,523	7,607	8,589	8,801	10,287	11,589	..
per GDP (%)		43.3	34.6	29.7	27.6	25.0	28.0	27.1	30.0	28.7	..

Note: GDP growth rates are values prior to revision.

Source: World Bank, World Development Indicators

The primary factors for recent Kenya's strong economic growth are favorable

¹ Kenya National Bureau of Statistics (KNBS), "Highlights of the Revision of National Accounts," September 2014

consumption and investment. From production aspects, contributions to economic growth have been made by non-agricultural sectors such as manufacturing, transport, and telecommunications. The 2.0 billion US dollar Eurobond issued by the Government of Kenya in June 2014 provided yet another advantage for the Kenyan economy because of the extreme success among American and European investors.

The new Kenya constitution promulgated in 2010 stipulated that the national governance system was to transition to a system where legislative and administrative powers were shared by the central government and the 47 county governments. County governments were subsequently inaugurated with elections held in March 2013. In order to advance devolution, county budgets and Integrated Development Plans (CIDPs) for 2013-2017 were formulated, various departments had been established, and the hiring of personnel had begun. However, limitations in human resource capacity and budget shortages largely have become problems in advancing the process of devolution.

2–2 Kenya’s Development Strategy and Assistance toward its Strategy by Developing Partners

Vision 2030 has been a long term development strategy formulated and launched by the Government of Kenya in July 2008 as a successor plan to the Investment Program for the Economic Recovery Strategy for Wealth and Employment Creation (IP-ERS) 2003-2007.

Vision 2030 consists of three pillars: economic, social and political areas, with foundation for Vision 2030 supporting these three pillars for the purpose to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all citizens by 2030. These three pillars mainly mention as follows. In the economic area, Kenya aims to achieve 10% an annual economic growth rate by 2012. In the social area, Kenya will achieve building a just and cohesive society, equitable social development, and a clean and safe environment. In the political area, Kenya seeks to establish a democratic political system that is issue-based, people-centered, result-oriented, and accountable to the public. However, in Vision 2030, it cannot be denied that the considerations made for the formation of a just and cohesive society on the social area is weak compared to the emphasis placed on the economic area.



Source: Vision 2030 popular version

Figure 2-1 Structure of Kenya's Vision 2030

The amount of aid provided to Kenya by all development partners², including donor countries and international organizations increased greatly from 57 million US dollars in 2004 to 1.325 billion US dollars in 2012. With this, there has also been an increasing trend in the ratio of ODA to Kenya's GDP and government expenditures.

Table 2-2 Trends of GDP, Government Expenditure, and ODA

(In million US \$)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
ODA received	57	155	301	633	565	833	764	957	1,325
GDP	16,095	18,738	22,504	27,237	30,465	30,716	32,440	34,313	40,264
Government Expenditure	4,471	5,472	6,343	7,674	8,501	795	9,646	9,363	..
ODA/GDP (%)	0.4	0.8	1.3	2.3	1.9	2.7	2.4	2.8	3.3
ODA/Gov. Expenditure (%)	1.3	2.8	4.7	8.3	6.6	104.8	7.9	10.2	..

Note: ODA received is Net disbursement

Source: created by the Evaluation team based on OECD Stats-Creditor Reporting System, World Development Indicators, and African Development Indicators

² OECD-DAC member countries and international organization. Does not include emerging countries.

Chapter 3. Japan’s Assistance for Kenya: Evaluation from Development Viewpoints

3-1 Objective Framework for Japan’s Assistance Policy for Kenya

When conducting the evaluation from development viewpoints, the Evaluation Team used the Japan’s Country Assistance Policy for Kenya, Kenya’s long term development strategy, and Kenya’s medium term development plans as references to define the target scope of the evaluation. Upon systematically organizing the ideal assistance policy objectives for Kenya, the Evaluation Team then created an objective framework corresponding to the priority sectors and development issues in order to conduct the evaluation.

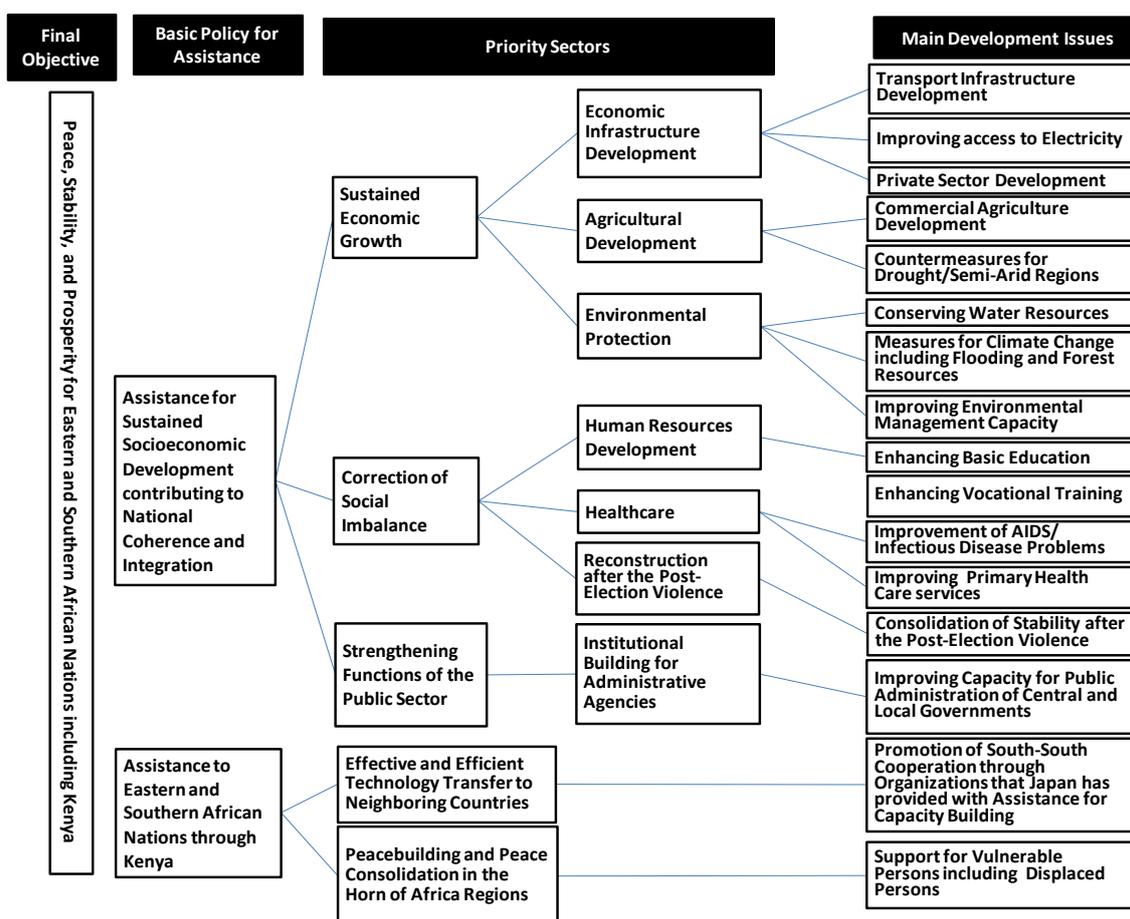


Figure 3-1 Objective Framework for Japan’s Assistance Policy for Kenya

The Evaluation Team first set the concepts of providing “Assistance for Sustained Socioeconomic Development contributing to National Coherence and Integration” and

“Assistance to Eastern and Southern African Nations through Kenya” as the Basic Policy for Assistance for Kenya. Based on the two basic policies, the objective framework was created including the final objective and priority sectors.

In the course of Kenya’s history since independence in 1963, Kenya has experienced disparity, discrimination, exclusion, conflict, and biased resource allocation among ethnic groups. These issues were amplified by corruption and abuse of authority regarding land and resources, and eventually come to the surface as the PEV that occurred from late 2007 to 2008. Marking an end to the PEV, the opposing Kibaki and Odinga campaigns signed a consensus for the National Accord and Reconciliation in a move to establish a coalition government. Based on the consensus, the coalition government legally established the National Cohesion and Integration Commission in 2008, and since the PEV, “National Coherence and Integration” has become an important slogan in Kenyan society. Under this slogan, more emphasis was placed on preventing corruption and abuse of authority regarding land and resources within Kenya. Thus, the first element listed above, “Assistance for Sustained Socioeconomic Development contributing to National Coherence and Integration,” which was important for the growth of Kenya itself, was set as a Basic Policy for Assistance based on this idea of “Coherence and Integration”.

On the other hand, Japan has provided assistance over the long term, thereby improving the capacity of Kenyan government organizations. As a result, some of these organizations have grown into bases for assistance not only for Kenya, but also for eastern and southern Africa as bases for South-South Cooperation. Thus, the second element, “Assistance to Eastern and Southern African Nations through Kenya,” was set in place as a result of the assistance provided by Japan thus far.

3–2 Trends of Japan’s Assistance for Kenya

Financially, Japan’s assistance for Kenya focuses mainly on ODA loans, but it is also distinguished by the continuous and stable provision of grant aid and technical cooperation.

Table 3-1 Japan's Past Economic Cooperation for Kenya

(In 100 million Japanese Yen)

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
grant aid	-	-	56.2	267.11	-	295.16	255.88	-	276.91
ODA loans	20.17	28.59	37.54	44.59	41.9	42.96	38.82	65.84	39.69
technical cooperation	33.69	30.99	30.8	24.47	22.72	27.11	30.81	48.8	n.a.
(JICA expenditures)	32.03	30.09	30.08	23.96	21.91	26.42	29.7	48.66	34.36

Notes: The monetary amounts for ODA loans and grant aid are based on the Exchange of Notes, while technical cooperation is based on JICA expenditures and the technical cooperation expenditures of various government ministries, organizations, and regional governments. 2012 shows JICA expenditures only.

Source: Created by the Evaluation Team based on MOFA's "Japan's ODA Data by Country" for each year.

In the composition of Japan's assistance by sector, Social Infrastructure & Services and Economic Infrastructure & Services accounted for 50% since 2009. By 2012, this figure had reached nearly 90%. Among the sub-sectors, Water Supply & Sanitation; Transport & Storage; and Energy account for a high percentage.

Table 3-2 Comparison of the Composition of Japan's Assistance to Kenya by Sector

(%)

Year	2005	2006	2007	2008	2009	2010	2011	2012
Social Infrastructure & Services	55.3	66.2	97.7	41.2	26.7	43.0	37.8	31.5
Education	21.7	18.3	1.3	8.6	3.7	7.0	4.5	3.7
Health	19.7	10.4	2.2	4.3	11.4	13.3	3.7	6.0
Population Pol. / Progra. & Reproductive Health	0.2	0.1	0.0	8.7	6.0	3.7	2.0	2.3
Water Supply & Sanitation	2.9	2.2	6.5	9.7	3.3	15.8	23.7	18.5
Government & Civil Society	4.4	31.8	87.6	4.7	1.4	0.9	0.6	0.4
Other Social Infrastructure & Services	6.5	3.4	0.0	5.1	0.9	2.4	3.2	0.6
Economic Infrastructure & Services	11.5	4.9	2.3	6.3	30.8	21.6	31.8	56.6
Transport & Storage	9.1	3.4	0.0	1.5	10.0	6.6	11.6	31.9
Communications	2.2	1.1	0.0	0.9	0.5	0.4	0.3	0.0
Energy	0.0	0.1	2.3	2.1	19.9	10.1	17.3	22.2
Banking & Financial Services	0.2	0.3	0.0	1.8	0.3	3.9	2.6	2.5
Business & Other Services	0.1	0.0	0.0	0.1	0.1	0.6	0.0	0.0
Production Sectors	12.7	20.9	0.0	45.1	7.5	22.6	8.9	7.5
Agriculture, Forestry, Fishing	10.1	17.3	0.0	43.3	6.6	21.3	7.1	6.2
Industry, Mining, Construction	2.3	3.0	0.0	0.9	0.4	0.6	0.9	0.5
Trade Policies & Regulations	0.2	0.5	0.0	0.8	0.5	0.6	0.8	0.7
Tourism	0.0	0.2	0.0	0.1	0.0	0.1	0.1	0.0
Multi-Sector / Cross-Cutting	6.5	4.2	0.0	3.6	8.5	5.9	4.3	3.5
Commodity Aid / General Prog. Ass.	0.0	0.0	0.0	0.0	22.9	0.0	16.8	0.0
Action Relating to Debt	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Others	14.0	3.1	0.0	3.7	3.6	6.9	0.4	1.0
Humanitarian Aid	0.0	0.0	0.0	0.0	0.0	6.9	0.4	1.0
Administrative Cost of Donors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Refugees in Donor Countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unallocated / Unspecified	14.0	3.1	0.0	3.7	3.6	0.0	0.0	0.0
Total	100	100	100	100	100	100	100	100

Note: Gross Disbursement basis

Source: created by the Evaluation team based on OECD Stats-Creditor Reporting System

Additionally, between 2006 and 2007, due to an increase in aid amounts provided by other partners, the percentage of Japan's assistance declined greatly comparing assistance to Kenya from all development partners. This percentage subsequently rose to a certain degree, and was 13% as of 2012. By sector, Economic Infrastructure & Services accounted for the highest percentage at 23%, while Production Sectors and Social Infrastructure & Services accounted for approximately 10%-15%.

3-3 Relevance of Policies

In the relevance of policies, the Evaluation Team verified the consistency between Kenya's development needs and Japan's ODA policies to Kenya, the consistency between Japan's high-level ODA policies and Japan's ODA policies to Kenya and the consistency between international priority issues and Japan's ODA policies to Kenya, as well as the relationship with other development partners, and Japan's comparative advantage as follows;

The content of Japan's Country Assistance Program and Country Assistance Policy for Kenya matches the content of Kenya's medium term development strategy (IP-ERS) and the long term development strategy (Vision 2030), showing consistency between Japan's ODA policies and Kenya's development needs. Japan's assistance is politically neutral, as it does not prioritize the reform of political issues such as reconstruction after the PEV and peacebuilding and peace consolidation in the Horn of Africa.

As far as the relationship with Japan's high-level policies, Japan's assistance to Kenya is consistent with Japan's ODA Charter, medium term ODA policies, the African assistance policies of TICAD (Tokyo International Conference on African Development), and Priority Policy for International Cooperation. Japan's Assistance to Kenya is also significant from the points of poverty reduction and sustained growth, which are priority issues in Japan's ODA Charter. It also flexibly incorporates the key points listed in MOFA's Priority Policy for International Cooperation.

From the aspect of international priority issues, Japan's assistance focuses on the fields of economic growth (economic infrastructure, agricultural development area) and healthcare. Since these correspond to MDGs (Millennium Development Goals), it can be said that Japan's assistance supports fields with a high level of international priority.

From the aspect of its relationship with other development partners, Japan is similar to the World Bank in that the objective framework for the provided assistance branches into many priority sectors. This makes it possible to conduct further aid coordination and share assistance sectors with other development partners.

From the aspect of comparative advantage, Japan has provided continued assistance in response to Kenya's broad range of development needs and is highly trusted by the relevant Government of Kenya ministries and agencies. When providing assistance, the most appropriate method for meeting Kenya's development needs can be used. These include ODA loans, grant aid, and/or technical cooperation. Furthermore, Japan fosters Kenyan institutions as organizations able to implement South-South Cooperation. South-South Cooperation is rarely seen in assistance provided by other development partners, and it is a field in which Japan shows its comparative advantage.

Japan's ODA policy to Kenya is highly consistent with Kenya's development needs, Japan's high-level ODA policies, and international priority issues. Moreover, the relevance of this policy with other development partners is rated high and Japan's ODA has the comparative advantage in Kenya. Consequently, the relevance of policies is rated high.

3-4 Effectiveness of Results

In the effectiveness of results, the Evaluation Team verified the characteristics and

achievements of Japan's assistance to Kenya and the contributions to priority sectors. The financial contributions, as well as the direct and indirect contributions to improving Kenya's socioeconomic conditions related to development issues are as follows.

From the characteristics and achievements of Japan's assistance to Kenya, financial support focuses mainly on ODA loans. However, Japan's ODA is also distinguished by the continuous and stable provision of grant aid and technical cooperation. Thus, on the financial side, Japan has built up a position as a major aid-providing country for Kenya. Additionally, with the dispatch of Japanese personnel to Kenya and training programs in Japan related to technical cooperation, important contributions are being made that cannot be achieved through financial assistance alone.

From the contributions to priority sectors, the construction and widening of major roads and the improvement of power generation capacity through power generation projects are recognized as direct contributions to economic infrastructure development. The contributions made to geothermal power generation are particularly notable.

The agricultural development is evaluated highly since the contributions made to the development of commercial agriculture by strengthening small-scale farmers' organizations and supporting rice production (New Rice for Africa), as well as steps into community capacity building for dealing with drought and semi-arid regions.

For environmental preservation, significant contributions have been made by providing assistance for water resource preservation, measures for climate change, and environmental management. Through this, not only was equipment and machinery prepared, but management organizations and maintenance systems were also strengthened.

For human resources development, large contributions were particularly observed in the enhancement of basic education through the SMASSE (Strengthening Mathematics and Science in Secondary Education) project. In contrast, the tremendous efforts made in basic education are lacking in the field of vocational training.

For healthcare, Japan's assistance brought improvement in the health of local residents in target regions, as well as improvement in the capacity of responsible administrative units and in laboratory and health services.

For reconstruction after the PEV, Japan's assistance has been limited to the promotion of activities by self-help groups.

For strengthening functionality in the public sectors, the functions of institutions targeted for project implementation have been strengthened. The possibility of very indirect contributions in improving the efficiency of the Government of Kenya has also been indicated.

The efficient technology transfer to neighboring countries has made significant contributions especially in the excellent example of technology transfer in mathematics and science education conducted through Kenya's SMASSE project via experience and human resources. Additionally, it is likely that the Project for Capacity Building for the Customs Administrations of the Eastern African Region has indirectly contributed to smooth trade between Kenya and neighboring EAC nations. While Japan's contributions to peacebuilding and peace consolidation in the Horn of Africa are limited, the Government of Kenya and international organizations highly evaluate the contributions as being important and unique.

Significant effects were ascertained in nearly all of the priority sectors for Japan's ODA to Kenya. Therefore, the effectiveness of result is rated high.

3—5 Appropriateness of Processes

In the appropriateness of processes, the Evaluation Team verified the processes from plan formulation to implementation, continuing projects, the operation of the ODA Task Forces, system of the Kenyan side for receiving financial assistance, cooperation including aid coordination with other development partners, NGOs, and the private sectors, and the Kenyan citizens' recognition for Japan's assistance.

Although there was a gap of ten years between the time the Country Assistance Program and the Country Assistance Policy for Kenya were announced, upon detailed examination of the formulation process, it was proved that the policies for Japan's assistance to Kenya were formulated as early as possible. The system for its formulation was also appropriate in that the drafting work was mainly conducted by the ODA Task Force. In order to better understand the intentions of the Government of Kenya during project formation and selection process, the Government of Japan and the relevant Kenyan government ministries and agencies hold direct policy dialogue annually. The lack of direct discourse between the Governments of Japan and Kenya has thus been adequately improved. Furthermore, the project selection process is also highly rated. In this process, the important issue of national coherence is understood and taken into account, and regional considerations are made when selecting the projects. In contrast, periodic reviews on Japan's ODA policies are conducted on only a limited basis.

In Kenya, there is a tendency for projects to be continued, with total project periods spanning over the long term. In addition to attaining effectiveness of results through continued assistance, the challenges are the promotion of autonomy and appropriate

distribution of limited resources.

It was confirmed that each member of the ODA Task Forces performs assistance operations in accordance with their respective division of roles. From the aspect of aid coordination with other development partners, contributions have been also confirmed in sectors targeted for the provision of large ODA loans. Additionally, the number of both public-private partnership projects and partnership projects with NGOs is the highest in sub-Saharan Africa. This shows that coordination with the private sector and NGOs is appropriate.

However, in Kenyan citizens' recognition for Japan's assistance, although Kenyan government officials and other professionals are aware of and thankful for Japan's assistance, the issue is that the overall Kenyan citizens' recognition regarding Japan's assistance has not increased sufficiently.

The implementation processes for Japan's ODA policy to Kenya are all appropriate in the processes from plan formulation to implementation, the operation of the ODA Task Force, and the Kenya's system for receiving financial assistance. Cooperation including aid coordination with other development partners, NGOs, and the private sectors are also carried out appropriately. However, there are some issues for continuing projects and the Kenyan citizens' recognition for Japan's ODA. Thus, the appropriateness of processes is rated high.

Chapter 4. Evaluation from Diplomatic Viewpoints

4-1 Diplomatic Importance

In the diplomatic importance, the Evaluation Team verified ‘Further contribution toward international peace cooperation’, ‘Support for African Growth’ and ‘Measures in preparation for 2015’ described in MOFA’s Diplomatic Bluebook 2014.

Japan’s ODA for peacebuilding and peace consolidation in Kenya was effective because of the support for Kenya’s eager promotion of the peace process in Sudan and other Horn of Africa countries, as well as the proactive contributions to regional peace and stability. Additionally, assistance for the Northern Corridor and Mombasa Port will be conducive to economic growth not only for Kenya, but also the Eastern African region. Furthermore, assistance for universal health coverage continues to contribute to improved access to basic health services for all Kenyan citizens.

As a result, Japan’s assistance to Kenya has diplomatic importance.

4-2 Diplomatic Impact

In the diplomatic impact, the Evaluation Team verified the deepening of economic relations and interaction of people between the two countries was assessed.

The contributions of Japan’s assistance to Kenya to support infrastructure and promote investments led to comments made by high-ranking Kenyan officials regarding Kenya’s further expectations for Japanese trade investment and infrastructure support. Additionally, through Japan’s assistance to Kenya for 50 years, many Kenyans received training in Japan. Upon returning home, participants of these training programs established the Japan Ex-participants Alumni of Kenya (JEPAK) to more widely use the technical skills they acquired through the training, thus contributing to Kenyan society.

As a result, Japan’s assistance to Kenya has diplomatic impact.

Chapter 5. Recommendations and Lessons Learned

Through this evaluation study, the Evaluation Team shows recommendations concerning the formulation of assistance policies for Kenya, the effectiveness of results, the appropriateness of assistance implementation processes, and lessons learned as follows.

5-1 Recommendations concerning Policy Formulation

Recommendation (1): Ensuring a consistent and strategic approach in the Country Assistance Policy for Kenya

The Country Assistance Policy for Kenya should explicitly mention the “sustainable socioeconomic development contributing to national coherence and integration,” in line with the Kenya’s circumstances. Based on this principle, it is thus necessary to concretely state the Japan’s approaches on the Country Assistance Policy for Kenya in a manner that the input resources facilitate achievement to the larger policy goals.

The strategies for Japan’s assistance to Kenya are described in the Country Assistance Policy for Kenya. The Country Assistance Policy is formulated to “redesign the Country Assistance Programs into a concise and more strategic form to better highlight priority areas and the direction of assistance by country.” However, the current Country Assistance Policy for Kenya does not consistently or concretely state the Japan’s aid approaches to Kenya that show its principles domestically and internationally in line with circumstances in Kenya.

Therefore, the Evaluation Team has concluded that the idea of “sustainable socioeconomic development contributing to national coherence and integration” described as a Basic Policy for Assistance in the objective framework should be positioned as the foundation for the Country Assistance Policy for Kenya. Especially, “national coherence and integration” is the most important basic development agenda in Kenya today because of the aspect of overcoming the fragmentation and opposition symbolized by the frequent conflicts and acts of terrorism beginning in the 1990s, including the PEV in 2007-08. In addition, Japan should provide assistance as a priority to support this agenda because Japan is aiming to advance comprehensive development as an extension of the principles of reducing poverty and ensuring human security through economic growth,.

Hereafter Japan’s assistance must clearly state that “sustainable socioeconomic development that contributes to national coherence and integration” will be set as a larger goal, after which it is necessary to form Country Assistance Policy for Kenya in a

manner that allows the input resources to directly or indirectly facilitate the achievement of this larger goal. Also along this policy, Japan should strive to maximize the effectiveness of resources and their extensive experience acquired thus far in providing assistance to Kenya. Currently the Country Assistance Policy for Kenya has five priority areas. In future, Japan may be forced to reduce the number of priority areas to those that can be seen in the Kenya External Resource Policy (KERP), which has been newly presented by the Government of Kenya. At that time, in addition to revising the number of priority areas, it is also highly likely that the content of priority areas must also be revised. When doing the revision of the Country Assistance Policy for Kenya, the contribution to the larger goal noted above should be considered as a first priority. When formulating and executing specific plans in the future, attention must be paid to the manner in which each project facilitates the aforementioned larger goal.

There are various arguments regarding the causes preventing the coherence and integration of Kenyan society, as well as on measures to make integration possible. However, there is a certain consensus within Kenya society that these causes are due to disparity and exclusion in society, corruption, and a biased government. It is understandable that Kenya's measures recently being promoted including the formulation of Vision 2030, establishment of a new constitution, introduction of devolution, improvement of governance, demand for fairness and equality in development, and considerations regarding gender, youth, and vulnerable individuals are backed by the aforementioned consensus. For the planning and implementation of assistance, Japan should keep in mind to provide direct and indirect support to these Kenya's measures. Furthermore, Japan should consider deterring disparity, corruption, and bias in various aspects.

In sustaining socioeconomic growth, Japanese technology and experience can be utilized for the sustainable use of a people-friendly environment in Kenya, where most of the land consists of arid or semi-arid regions. Additionally, with the recent global demand for primary products, Kenya has become a middle-income country. In addition, Kenya may also become resource-rich nation, depending on the future growth of the mining business. In this case, it will be necessary to prepare for development assistance in order to prevent the country from becoming victim to the middle income trap and/or resource curse.

Based on the history of Kenyan development thus far, Japan's assistance could be rated highly by Kenya through the assistance contribute to Kenya's most important development agenda, which has been carefully considered by Japan. Additionally, policy dialogues should be conducted with Kenya so that Kenya can understand how

Japan's ODA policy incorporates the most important Kenya's development agenda. As a part of these policy dialogues, the principles, processes and past results of Japan's assistance should be made known to Kenyan society. These policy dialogues will ultimately lead to diplomatic advantages.

5-2 Recommendations to Raise the Effectiveness of Assistance

Recommendation (2): Promoting considerations for social environment, and securing leadership in the aid coordination for infrastructure development projects

Along with the escalation of infrastructure development in Kenya, Kenyan society concerns the invariable accidents that occur during construction and after completion. This concern has got intensified with the rapid development and increased scale of construction projects. By involving emerging donors, Japan should take a position of leadership in social environment considerations in infrastructure development projects, including ensuring the safety of construction projects and completed facilities, as well as the observance of environmental regulations.

With the escalated development of economic infrastructure in Kenya, there has been a constant flow of construction work being performed on roads, railways, commercial facilities, and residences and so on. At the same time, the number of accidents among construction workers and general passersby are increasing. Additionally, since measures for ensuring safety and protecting the environment are inadequate after the completion of construction as well, there are frequent accidents among facility users. And deteriorating air and water quality are the cause of harm to residents in surrounding areas. These conditions are the concern in Kenyan society. The rapid development and increased scale of construction projects intensify these harmful conditions. Japan should work on the Government of Kenya to create systems pertaining to environmental and social considerations, including ensuring the safety of construction projects and completed facilities, as well as the observance of environmental regulations. Through aid coordination and with the involvement of emerging donors, Japan should also take a position of leadership to ensure these environmental and social considerations.

For example, during construction of the Thika Road, which was developed with aid from China, warning signs and detour signs/routes were not appropriately installed. This omission led to the deaths of 83 people, including pedestrians. When developing infrastructure, the establishment and observance of environmental standards during and after construction are also important as social considerations. Emerging donors must also be asked to observe and respect these social considerations. Ideally, the aid

coordination framework for infrastructure aid should be restructured among donors including China. Japan must display leadership in spreading ideas on social and environmental considerations, such as ensuring a higher level of safety and establishing/observing environmental standards. Japan's new contributions to the assurance of safety in road development projects have been favorably received by Kenyan society, which provides ample possibilities for Japan to show leadership in this matter.

5-3 Recommendations concerning Assistance Implementation Processes

Recommendation (3): Setting exit strategies for continuing projects

In Kenya, there is a tendency for projects to be continued, with total project periods spanning over the long term. Since there are still many priority sectors that need aid in Kenya, once projects achieve their initial goals, management responsibility for these projects, in human resources and finances, should be transferred to the Government of Kenya at the earliest possible stage by setting exit strategies for continuing projects.

The Evaluation Team has categorized continuing projects into three basic patterns as follows:

- (i) Projects not achieved initial objective,
- (ii) Projects achieved initial objective but found new objectives to achieve,
- (iii) Projects continued to expand its results.

Among the technical cooperation projects, approximately 38% were continued even after the project had nearly achieved its initial objectives. In cases where the initial objective was not achieved, but by continuing the project would allow for the initial objective to be achieved, the project continuation is understandable. Even if the project must be slightly prolonged to achieve the initial objective, it is necessary to carefully continue the project.

However, in the fact that overall ODA financial and human resources are limited, and development issues faced by Kenya are extensive. Thus, it is important to remember that overall allotments are being made in a manner that utilizes Japan's advantages and meets Kenyan needs. When taking this point into consideration, components for further development does not be added to projects that are being continued to achieve an initial objective. Instead, once a project has fulfilled a certain role, management responsibilities of the project, in human resources and funds, should be transferred to the Government of Kenya. The portions of the project where goals have been reached should be removed from the project components, and then limited resources should be allocated to issues where assistance is still needed. This exit strategy is necessary to

implement Japan' ODA to Kenya. In order to set the exit strategy, within projects, the content of the assistance for reinforcing organizational capacity to promote sustainability must be enhanced.

Meanwhile, there is a good practices for continuing projects that projects in Kenya has been actively transferred to other African nations in the experience and know-how accumulated through continuing project implementation in Kenya. For instance, after the success of SMASSE in Kenya, projects of SMASE-WECSA³ are developed in Africa. Implementing strategically such projects in mind cross-border expansion comes up to the basic policy of "Assistance to Eastern and Southern African Nations through Kenya" as shown in the objective framework. Additionally, it is also worth considering these projects from forming effective assistance approaches that are common to various African nations. In these cases, continuing projects should be carefully selected from the points of whether the project issues and surrounding circumstances are shared by other African nations, and if it will be possible to transfer project results.

It should be thoroughly considered that continuing projects will make positive outcomes such as the extra contributions, building trusting relationships, maintaining a presence, and expansion of cooperation to a third country. On the other hand, a methodology for determining continuation should be formed by sharing and disclosing reference information with the stakeholders when examining the balance among continuing assistance, promoting autonomy, and distributing limited resources optimally.

Recommendation (4): Improving public relations to Kenyan citizens for Japan's ODA to Kenya

Japan has provided ODA to Kenya substantially through various schemes including ODA loans which have covered large scale infrastructure development projects. However, there are several cases where the recognition of Japan's ODA is not necessarily sufficient among common Kenyans, partly because some projects/programs have placed its focus not on individual citizens as direct beneficiaries but on institutions for building its capacity. In order to improve this situation, the Government of Japan needs to forge a public relations strategy that will put more attention to sending clear messages to Kenyan communities of Japan's aid policy and its contribution to cope with the most important development agenda of Kenya.

While Japan has supported large scale economic infrastructure development with ODA loans, Japan has also supported many medium and small scale local

³ SMASE-WECSA : Strengthening of Mathematics and Science Education in Western, Eastern, Central and Southern Africa

infrastructures with grant aid. The Embassy of Japan in Kenya selects about ten GGPs (Grant Assistance for Grassroots Human Security Project) among over 400 applications annually and the number of applications has been increasing. It proactively publicized the GGPs with the ambassador attending the signing, ground-breaking, and handing-over the products to the communities. JICA Kenya office also actively publicized their activities of technical cooperation and grant aid not only in national medium but also in regional journal distributed in East Africa.

Currently in Kenya, presence of China is highly recognized among citizens particularly for its aggressive support and investment in economic infrastructure development. As contractors of ODA loans financed projects are not necessarily Japanese entities, and contribution in capacity building, one of the main instruments in Japan's assistance, such as GGP, Japan Overseas Cooperation Volunteers (JOCV), and grassroots technical cooperation projects, has made government officials involved well informed but not general population, and to some extent with some common mixed-up of Kenyan people about East Asians with resembled Chinese, the average Kenyan citizens can not necessarily distinguish properly the assistance extended by Japan from that of China.

Ideally, Kenyans plan and implement their own development plans, and all information should be widely shared among general public in Kenya. Strategic use of aid and evaluation formation should also be a part of policy dialogue among Kenyans. Japan's ODA will be more useful for Kenyans' effort to enhance their development and to reduce poverty, and hence be appreciated by general public if Japan proactively disseminates relevant information about the assistance policy among them well in advance.

Currently, directly visual assistance from Japan for Kenya is limited, and the recognition in Kenya is not very high. Under these conditions, in order to make Japan's assistance better known, it is necessary to conduct highly-motivated public relations activities. It is important to conduct public relations based on Kenya's important development agenda, instead of merely building publicity for each project. The Embassy of Japan and JICA Kenya Office must work together as part of the ODA Task Force to formulate a public relations strategy that clearly appeals to the awareness of problems people have regarding the development of Kenyan society. Specifically, devolution and county level assistance should be focused as a public relations strategy because devolution is the current great interest in Kenya. Subsequently, the recognition of Japan's assistance will rise among Kenyan citizens. However, this does not mean conducting publicity for "Japan's assistance to devolution," but this means to devising

a high-level public relations strategy that successfully conveys the idea that assistance from Japan is attempting to contribute resolving Kenyan development problems. Regarding the public relations of Japan's ODA to Kenya, the problem is that the personnel at the Embassy of Japan in Kenya is not enough and to increase the personnel is difficult, even though the fact that the amount of work related to assistance is increasing and the Embassy of Japan in Kenya should be the center of public relations strategies. Moreover, there are no personnel well-versed in public relations strategies for the economic cooperation section at the Embassy of Japan in Kenya. These situations should also be taken into consideration.

The recommendations and the organizations expected to respond with response period for each recommendation are shown below.

Table 5-1 Recommendations and Expected Responding Organizations

	Recommendation	Responding Organization			Response Period
		MOFA	Embassy of Japan	JICA	
Recommendations Concerning Policy Formulation	(1) Ensuring a consistent and strategic approach in the Country Assistance Policy for Kenya	◎	○	○	Medium term
Recommendations to Increase the Effectiveness of Policies	(2) Promoting considerations for social environment, and securing leadership in the aid coordination for infrastructure development projects		◎	○	Short term
Recommendations Concerning Assistance Implementation Processes	(3) Setting exit strategies for continuing projects	○	◎	○	Medium term
	(4) Improving public relations to Kenyan citizens for Japan's ODA to Kenya	◎	○	○	Medium term

Notes: ◎ = Responding organization ○ = Supporting organization

Response period: Short term: 1-2 years Medium term: 3-5 years

Source: Evaluation Team

5-4 **Lessons Learned**

(1) Analysis of debt sustainability with attention to the economic transformation of Kenya and interactions with emerging countries' economies

Today economic growth of sub-Saharan African countries largely depends on the aggressive economic activities of emerging countries, particularly on their increased demand for primary products from sub-Saharan African countries including natural resources. It should be noted that, however, trends of emerging countries offers Kenya a great opportunity for growth but also potential risks for uncertainty as well. Kenya has a large portion of the ODA loans in the portfolio of whole Japanese assistance to sub-Saharan African countries. Countries with high appetite for external finance such as Kenya as well as other sub-Saharan African countries are observed vulnerable to the activities of emerging countries. Therefore, Japan must continuously monitor debt sustainability of Kenya and other countries with high portion of Japan's ODA loans in its portfolio with attention to their fiscal healthiness.

For example, the Kenyan has performed relatively better in economic growth in recent years, however, transformation of Kenya's economy is stagnated and it is still heavily depending on the primary products. Therefore slowing down of emerging countries' economies such as in China and decreasing their demands for primary products of sub-Saharan Africa may give serious adverse effects to Kenya and other countries in the region. Many sub-Saharan African countries have received a large amount of financing not only from international organizations and OECD countries but also from China because there is a great demand for both ODA and non-ODA funds to construct their necessary infrastructure. Kenya is one of a few countries in sub-Saharan Africa that has not received debt reduction based on the enhanced HIPC⁴ initiatives. If the current demand for primary products from emerging and developed countries declines greatly, or if the prices of primary products fall significantly, these are risks that the smooth debt management conducted thus far will no longer be possible. And, there is the same risk for other countries that are not receiving debt reduction. Therefore, it is important for Japan to provide assistance confirming whether issues of global economies, including emerging countries' economies, particularly the trends of the international market for primary products are considered as one of risk management factors of each country's debt sustainability analysis. Furthermore, it is important to provide assistance that allows the country to move away from dependency on a few items of primary products, while also strengthening agricultural production including food products, as well as diversifying their industrial structure for tourism and

⁴ HIPC: Heavily Indebted Poor Countries

manufacturing, among others.

(2) Closely observing the system for the operation and maintenance of infrastructure assets

Currently in Kenya, economic infrastructure development has been escalating including the aid and investment from emerging donors. When assistance for economic infrastructure development increases, the amount of infrastructure assets increase accordingly, and the expense for operation and maintenance of these assets also increase. To accommodate the expense, it is thus necessary to make the national budget or county government budgets for operation and maintenance of these assets. Kenya has innovated Integrated Financial Management Information System by integrating the operating budget and investment budget as a result of the advancement of Public Financial Management. However, it is not clear whether budget has been made to cover all operation and maintenance costs for infrastructure. Additionally, although a large portion of funds and authority have been transferring to county governments for the devolution, these county governments do not have sufficient capacity for the operation and maintenance of local infrastructure. Therefore, Japan should take an additional interest in budget allocations for operation and maintenance as well as the management of the budget, since Japan is providing aid for large-scale economic infrastructure development through ODA loans.

In addition, infrastructure operation and maintenance need civil engineering technology, but Kenya does not necessarily possess an adequate level of such technology. Japan should conduct aid coordination with other donors in order to raise the overall standard of the civil engineering technology for infrastructure operation and maintenance.

(3) Necessity of taking national coherence and integration into consideration

For many sub-Saharan African countries, the nation comprised of various ethnic and social groups was formed, since the national borders were drawn to encompass the diverse social groups from the stage of colonization. Nation internal disputes and biased resource allocation occur easily by compounding this historical background and the political use of the differences among ethnic groups, social groups, and gender. Therefore, each national government has raised the idea of national integration based on ethnic reconciliation as an important issue since national independence. Since independence, Kenya has experienced disparity between ethnic groups, discrimination, exclusion, conflict, and biased resource allocation. These issues were amplified by

corruption and abuse of authority, and eventually come to the surface as the PEV that occurred from late 2007 to 2008. Not only Kenya but also many sub-Saharan African countries have a pressing issue to move toward coherence and integration to the greatest extent possible by disallowing the further deterioration of exclusion and conflict as well as the disparity and discrimination among citizens arising from differences in ethnic groups, social groups and gender. The national coherence and integration should also be thoroughly taken into consideration for ODA.