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Investing in rural people

Republic of Kenya

Country strategy and programme evaluation

Agreement at completion point

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For: Information

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Republic of Kenya

Country Strategy and Programme Evaluation

Agreement at Completion Point

Introduction

1. In line with the International Fund for Agricultural Development (IFAD) Evaluation Policy and as approved by the 116th Session of the IFAD Executive Board, the Independent Office of Evaluation (IOE) undertook a country strategy and programme evaluation (CSPE) in Kenya. This is the second country programme evaluation (CPE) conducted by IOE in Kenya; the first CPE was finalised in 2011.
2. The main purpose of this evaluation is to assess the results and performance of the country strategic opportunity programmes (COSOPs) since 2011 and to generate findings, conclusions and recommendations for the upcoming COSOP to be prepared in 2019.
3. The scope of this CSPE covers the IFAD-supported activities conducted since 2011, when the current COSOP was presented to the Executive Board. The CSPE covers the lending and non-lending activities (knowledge management, partnership-building, and country-level policy engagement), including grants, as well as country programme and COSOP management processes.
4. The main mission took place from 4 to 25 June 2018. Field visits were undertaken by three teams to five counties (Nakuru, Kisii, Nyamira, Embu and Kitui). Focus group discussions were held on three thematic areas: value chains, natural resource management and youth in agriculture.
5. The CSPE concluded with a National Workshop on 5 December in Nairobi, where findings, conclusions and recommendations were discussed with a larger group of stakeholders, including Government representatives, implementing partners, civil society organisations and international development partners.
6. The Agreement at Completion Point (ACP) reflects commitment of the Government of Kenya and IFAD Management of the main CSPE to adopt and implement the CSPE recommendations within specific timeframes. The implementation of the agreed actions will be tracked through the Presidents Report of the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.
7. The ACP is signed by the Government of Kenya (represented by the Cabinet Secretary of the National Treasury and Planning) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). The signed ACP will be submitted to the Executive Board of IFAD as an annex to the new COSOP for Kenya.

Recommendations

8. Recommendation 1. Consistent with the importance and size of the Kenya portfolio, commit sufficient effort and resources to non-lending activities. In line with the recommendations from the last CPE, this CSPE highlights the need for engagement beyond lending, recognising the significance of Kenya as a hub for international development partners and the size of IFAD's investment in the country. The next COSOP should define specific areas for policy engagement together with an actionable strategy and dedicated (financial and human) resources. This means that additional staff with relevant technical skills will need to be added to the IFAD Country Office. Areas for policy engagement need to build on

IFAD's comparative advantage in the rural sector and its long-standing experiences on the ground. It is expected that policy engagement will also benefit from the expertise available within the new Eastern Africa and Indian Ocean Hub of IFAD, based in Nairobi. Greater investment from loans and grants is needed to take stock of experiences and analysis of successful models that can effectively inform the lending operations. In addition, mechanisms for cross-learning between projects and non-lending activities should be adopted as part of the annual portfolio review. More active contribution to and use of knowledge sharing platforms (within IFAD and with other development partners) should be pursued, and IFAD should work to better integrate its M&E systems with national systems (NIMES, CIMES) as well with close partners such as FAO.

9. Recommendation 2. Build on IFAD's comparative advantage and retain focus on selected themes and geographic areas. There is still "unfinished business" in the areas where IFAD has successfully worked in the past. IFAD's portfolio should continue its focus on NRM, value chains and rural finance. It should concentrate on consolidating its achievements (e.g. by strengthening market access), identify and strengthen linkages (e.g. between rural finance and value chains), and deepen inclusive outreach (e.g. to youth). Geographic stretch should be reduced through greater focus on selected counties in semi-arid areas. IFAD should build on places where it has established good relations and the County Integrated Development Plans can integrate IFAD activities. To ensure stringency in its selectivity, IFAD should dialogue with the Government on aligning its requests with IFAD's comparative advantage in Kenya.
10. Recommendation 3. Address recurrent design and institutional issues undermining programme efficiency within the context of the ongoing devolution process. Lessons from overambitious and overly complex project designs have yet to be learned. Designs need to be realistic and implementable, supported by sound technical and institutional analysis. Given the complexity of the portfolio and the limited resources of IFAD's country office, inefficiencies in project management should be addressed by more realistic timeframes and better sequencing of activities. This would allow sufficient time to establish partnerships, recruit staff and conduct baselines. From IFAD's side, it should aim to reduce loan disbursement delays; from the Government's side, it should recruit project staff and set up Authority to Incur Expenditures in a more timely manner. Fiduciary controls should be retained in small but capable Project Management Units while at the same time seeking greater integration with devolved government planning, financial procurement and M&E systems. Greater ownership at county level is desirable and could be fostered through participation right from project design and start-up (e.g. inclusive project launches). IFAD-supported projects should make sure that they are included in the County Integrated Development Plans and that county government budgets assume an appropriate level of co-financing. IFAD and the Government should assess economic return and value for money more rigorously particularly for value chain projects.
11. Recommendation 4. In line with the Government's strategic planning, create space and opportunities for engaging the private sector. The success of the value chain and rural finance projects will depend to a large extent on the involvement of private sector players. Within the Government's strategy (Big Four) the private sector is expected to contribute significant financing to drive the rural economy. In the value chain projects, the role of the private sector could be enhanced through improved supply of inputs, credit and market-related infrastructure (e.g. warehouses). IFAD will need to play a stronger brokering role between farmer groups and private sector partners. The public-private-producer partnerships will require strategies to identify and mitigate the risks and transaction costs for all stakeholders.

12. Refer to Annex 1: Detailed Action Matrix for agreed actions, responsible partners and timeline.

Signed by:

Cabinet Secretary
National Treasury and Planning
Government of Kenya, Nairobi

Signature: _____

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Associate Vice President
Programme Management Department
IFAD, Rome

Signature: _____

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Detailed Action Matrix

Recommendations	Agreed Actions	Responsibility	Timeframe	Status
1. Consistent with the importance and size of the Kenya portfolio, commit sufficient effort and resources to non-lending activities.	Design COSOP that defines specific areas for policy engagement together with an actionable strategy and dedicated resources	IFAD and GOK	30 June 2019	COSOP Design to commence March 2019
	Deploy additional staff with relevant technical skills at the IFAD Country Office to support on non-lending activities	IFAD	Continuous	This has been partially achieved. With the decentralization model, additional technical staff have been deployed at the Kenyan Hub. Policy engagement to benefit from the expertise available within the new Eastern Africa and Indian Ocean Hub of IFAD in Nairobi. Already a hub plan has been developed
	Pursue more active contribution to and use of knowledge sharing platforms (within IFAD and other development partners)	IFAD	Continuous	IFAD already member of Agriculture Rural Development Donor Group
	Develop mechanisms for cross-learning between projects and non-lending activities as part of the annual portfolio review	IFAD/GOK/Line Ministries/PMUs/Project Thematic Groups	Continuous	IFAD-funded projects have already established various thematic groups that meet regularly
	Integrate M&E systems for IFAD-funded projects with national and county systems (NIMES and CIMES) as well as with close partners such as FAO	IFAD/PMUs/Director M&E State Department of Planning	31 August 2019	IFAD M&E thematic working group already head a session in Sep 2018 with representative from COG to discuss modalities of how to integrate project M& E into CIMES. At the national level discussions have been held with the Director M&E State Department of Planning.
2. Build on IFAD's comparative advantage and retain focus on selected themes and geographic areas.	Continue focusing IFAD's portfolio on Natural Resources Management, value chains and rural finance.	GOK/IFAD	Continuous	This will be reviewed during the design of new Result-Based Country Strategic Opportunity Programme (RB-COSOP). In principle, new RB-COSOP will be aligned to Government priority areas.
	Reduce geographic stretch through greater focus on selected counties in semi-arid areas.	GOK/IFAD	Continuous	
	To ensure stringency in selectivity dialogue on aligning the funding requests with IFAD's comparative advantage in Kenya	GOK/IFAD	Continuous	
	Set realistic time-frames and better sequencing of activities to improve project management as follows: <ul style="list-style-type: none"> Fast-track implementation of Start-up activities to deduce time taken from entry into force to start of project implementation Roll out of the IFAD Client Portal 	Lead and Line Ministries / IFAD / National Treasury	Continuous	

Recommendations	Agreed Actions	Responsibility	Timeframe	Status
3. Address recurrent design and institutional issues undermining programme efficiency within the context of the ongoing devolution process	<ul style="list-style-type: none"> Regularly hold portfolio project management meetings to discuss implementation progress and address challenges 	National Treasury National Treasury / Desk Officers / PMUs / IFAD	30 March 2019 Continuous	
	Design realistic and implementable projects supported by sound technical and institutions analysis	IFAD/GOK	30 September 2019 and continuously thereafter	
	Provide Authority to Incur Expenditures (AIEs) in a timely manner	Accountant General National Treasury and CFOs of Line Ministries	Continuous	Government has improved on delivery of AIEs and facilitation of cash replenishments
	Retain fiduciary controls in small but capable PMUs	National Treasury and Line Ministries	Continuous	
	Foster greater ownership at the county level through participation right from project design and start-ups: <ul style="list-style-type: none"> Involve staff at the county as well as council of Governors in designs and start-ups Cluster counties for launching programmes transcending more than one county Establish Project Facilitation Teams at County level 	National Treasury / Line Ministries / IFAD Line Ministries Line Ministries/PMUs	Continuous Continuous Continuous	Already done for SDCP and UTaNRMP
	Assess Economic Rate of Return and Value for Money by: <ul style="list-style-type: none"> Conduct rigorous Baseline, Mid-term Review and End Term Evaluation Assess physical achievement (targets) vs Expenditure to assess value for money of projects 	IFAD/Line Ministries and PMUs IFAD/Line Ministries and PMUs	Continuous Continuous	Economic rate of return and Value for Money are currently being assessed during supervision mission but PMUs to improve data quality for better assessment
4. In line with the Government's strategic planning, create space and opportunities for engaging the private sector	Involve private sector partners such as Kenya Private Sector Alliance (KEPSA) and Kenya Bankers Association during design	IFAD/GOK	Continuous	Involve private sector at design stage such as KEPSA, Bankers Association, PPP Unit
	Support Public-Private-Producer-Partnerships (PPPPs) to develop strategies for identification and mitigation of risks and transaction costs for all stakeholders	PMUs	Continuous	