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**Evaluation of DFID Support to Trade Related Capacity Building
Case study of Kenya**

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Evaluation of DFID Support to TRCB: Kenya Case Study

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EXECUTIVE SUMMARY

- i. This case study of DFID's trade-related capacity building (TRCB) activities in Kenya examined three projects worth £5.5 million; one project, the Kenya Trade and Poverty Programme (KTPP), focused on trade policy capacity building. The two others, Enabling Environment for Business and the Business Partnership Programme, supported the improvement of the business and investment climate in Kenya, in order to enhance the domestic capacity to produce and export. We assessed the relevance, the performance, the impact and the sustainability of each project. We also examined whether and how trade and poverty reduction, gender equality and regional issues were linked in the project.
- ii. The KTPP showed a number of problems, given a number of design flaws. First, the project could have been more relevant to Kenya's trading interests if it had done more regionally as opposed to just focusing on the WTO and if it had been better linked to the supply-side of trade development. Performance of the project was satisfactory in the sense that the activities carried out, mostly workshops, were delivered and perceived by the participants as being of good quality. However, the two core studies which were supposed to guide the workplan were completed too late and not used to inform the implementation of the capacity building activities, as originally intended. In terms of mainstreaming trade policy into the national poverty reduction strategy and improving the government capacity to negotiate and implement trade agreements, the impact of KTPP was weak. There was some impact in terms of improving awareness outside government about the WTO agreements, as some actors mentioned that it allowed them to be better informed and thus to improve the content of their inputs to government policy-making. The linkages made in the KTPP between trade and poverty reduction were relatively weak. For example, the study on trade and poverty in Kenya was not circulated in Kenya. No component of the KTPP explicitly focused on trade and gender.
- iii. The project "Enabling Environment for Business" includes three components, two of them which have been implemented: 1) the simplification of the regulatory environment through studies and policy proposals by the think tank KIPPRA, and 2) the creation of an advocacy group representing all business sectors in Kenya. The objectives of these two components are very relevant: the simplification of the regulatory environment for business in Kenya has been identified repeatedly by research and surveys as a key problem for private sector development in the country. The need for better, less fragmented private sector advocacy was also recognised by stakeholders. The activities under each component were implemented successfully, but their impact in terms of policy change is still minor. Indeed, DFID expected KIPPRA, through its research and policy work, would be able to be an agent of change and that the project would lead to the adoption of simpler regulations for business. While there were some success in earlier phases this has not continued in the present project.

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- iv. The Business Partnership Programme is a challenge fund which supports projects involving commercial organisations. The three sub-projects examined focused on bee keeping and horticulture. The bee keeping is a success story with a direct poverty reduction impact, even though on a small scale. It highlights a number of ways to overcome the obstacles that prevent small producers from accessing domestic and international markets and offers examples of how trade development projects can be linked directly to poverty reduction and gender equality. The sub-projects in horticulture were both responses to international pressures for acceptable working conditions on flower farms in Kenya. Even though they have weak sustainability, given the fact they were not internally driven, they had an impact in terms of helping to maintain access to European markets and to improve some aspects of working conditions such as the use of pesticides on flower farms.
- v. At a more general level, the Kenyan case study shed some light on the questions about DFID's TRCB. DFID's officials are very concerned to identify what is their agency's comparative advantage in TRCB. For stakeholders, one important strength of DFID's approach to TRCB is that it provides its partners the space to define their best trade policy options. Moreover, DFID's willingness to experiment with new formulas such as the partnership with for-profit organisations in the BPP is another strength of the organisation. However, to ensure that the niche that DFID will identify for itself in TRCB is complementary to other actors' work, improvements in donor coordination for TRCB has to take place. We have not observed such coordination on TRCB in Kenya. Moreover, in order to take advantage of the strengths of DFID's programming in private sector development, the trade policy programmes should be better coordinated with support to private sector development. For example, we often heard during our interviews that sanitary and phytosanitary standards (SPS) were very important obstacles for Kenyan exporters. One could envisage how a trade policy project building capacity to participate in discussions on standards at the WTO, the Codex Alimentarius Commission, and regionally, would be accompanied by a private sector development programme which provides support for the producers to improve their capacity to meet these standards.
- vi. Another important question which DFID has to face is whether TRCB projects are contributing to sustainable institutional development or are only short-term activities. From the Kenyan study, we observed that DFID is still struggling to find ways to move beyond technical assistance to long-term trade capacity building. Indeed, the "studies and workshops" model still dominated its trade policy capacity building programming. We should note that most donors are grappling with this same problem. If we look at what the European Union is supporting in Kenya with its programme KEPLOTRADE, it is also based on the same model of specific studies and training workshops for officials and stakeholders. This type of technical assistance is not without positive impact on capacity, and the recipients themselves value them. The development of training programmes in universities or other institutions, as well as the strengthening of institutional mechanisms to develop a national trade strategy, such as the Kenya's

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National Committee on the WTO, are two elements to consider when transitioning toward long-term capacity building.

- vii. Finally, what did we learn about the linkages between TRCB and poverty reduction and gender equality in this case study? Future TRCB in Kenya will also have to improve the linkages between trade policy and poverty reduction in the implementation of a project. The trade and poverty study that was commissioned in the context of the KTPP would have been an excellent starting point to reflect on how to achieve these linkages. Indeed, the sectoral analyses presented in that study clearly indicate how domestic trade reforms or changes in the global trading environment might affect poor producers and workers. However, given the management and design problems encountered by the programme, these studies were not used for that purpose. Moreover, few of the projects examined here made explicit efforts to ensure that TRCB contributed to gender equality. For instance, none of the KTPP activities examined the gendered-differentiated impacts of trade liberalisation, or how export sectors such as cut flowers or garments can be better harnessed to contribute to gender equality. The first step will be to ensure that the gendered dimensions of trade policy and trade development are more visible to stakeholders and to gain better understanding of what measures could achieve this.

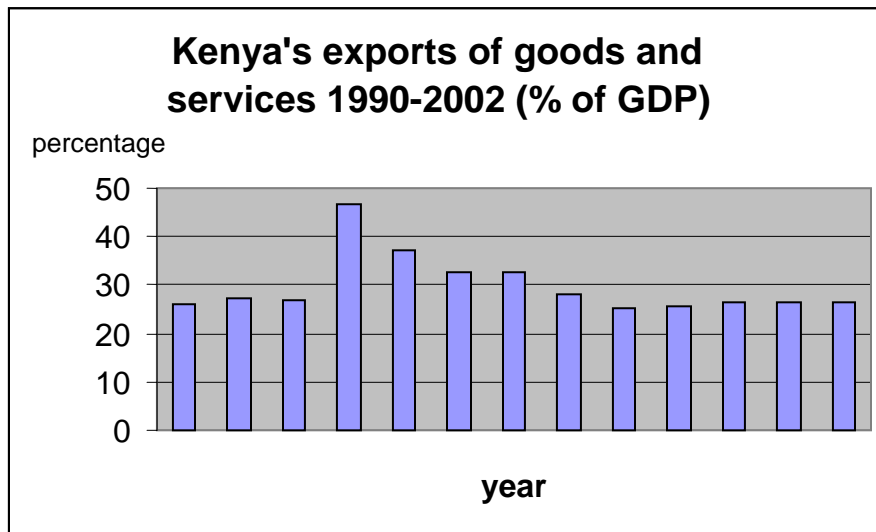
I. INTRODUCTION

1. This country report on DFID's trade programming in Kenya is divided into three parts. The introduction provides background information on the economic and social conditions of the country. It also presents the major initiatives related to trade that are undertaken by other donors in Kenya. The introduction concludes with an overview of DFID's involvement and strategy in the country. The second part examines each project under evaluation according to the criteria of relevance, performance, impact, sustainability and linkages to poverty reduction and gender equality. The third section moves away from the project-level assessment to the country-level evaluation highlighting in particular the lessons to be learned from DFID's TRCB in Kenya.
2. The information used in this report originates from a number of sources. Documentary sources include Kenya's national development strategy, the DFID's Country Assistance Plan, and DFID's project documents. Moreover, the authors conducted semi-structured interviews with 25 stakeholders during a field visit in Nairobi from July 5 to July 16, 2004 (list of interviewees and questionnaire used are found in the Annex). The authors also held a consultation seminar in Nairobi with 20 participants on July 15. The objective of the seminar was to present initial findings to stakeholders to receive feedback and comments. Several officials from the Trade ministry, including the Permanent Secretary, participated in the seminar (see the list of participants in the Annex).

A. Key Economic Indicators

1. External Sector Indicators:
 3. International trade is an important part of the Kenyan economy. Exports of goods and services represent about a quarter of Kenyan GDP. As we can see in Table 1 below, this share has stabilised around 25-26% since 1998. Kenya's key exports are agricultural products (tea, horticultural products, and coffee representing 35% of merchandise exports), and tourism (Central Bank of Kenya, 2004). Africa is its first export market. Other African countries buy almost half of Kenya's exports: its neighbours Uganda and Tanzania are Kenya's leading African trade partners (see Table 2). The European Union is also an important market, being the primary destination for tea, coffee and horticultural products. Kenya's merchandise trade deficit is usually offset by its surplus in the services account. Kenya is not very competitive in manufactured goods, which represent just 8% of its exports. About half of its imports are oil products and machinery/transportation equipments.

Table 1



Source: World Bank, World Development Indicators

Table 2
Destination of Kenya's exports (Selected regions)

	1998	1999	2000	2001	2002
Africa	47.5%	46.8%	46%	49.1%	48.9%
EU	29.9%	31.1%	29.7%	27%	27.5%
Far East Asia	12.6%	12.5%	11.6%	11.1%	11.1%

Source: Kenya Central Bureau of Statistics, www.cbs.go.ke

- Trade reforms in Kenya evolved slowly from an import substitution strategy toward a more open trade regime, beginning in the mid-1980s. However, given the lack of public support and limited political commitment, most trade reforms took place in the late part of the 1990s (Wagacha, 2000, Bird, Kamau and Odhiambo, 2004). The recent trade reforms included the dismantling of import restrictions such as quotas with the shift toward tariffication, the reduction of tariff levels and the elimination of export duties and taxes. Thus, the maximum *ad valorem* tariff rate was lowered from 60% in 1992 to 25% in 1999 and the tariff structure has been simplified (WTO, 2000, page 29). However, the use of the so-called “suspended duties” partially reverses the process of reduction of protectionism (Wagacha, 2000). Suspended duties are variable duties applied on selected

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products in addition to custom duties, which are set on a discretionary basis by the Ministry of Finance and Planning, by request of the domestic industry, and can be as high as 70% on maize, rice, wheat, sugar and milk (WTO, 2000).

5. Tariffs are now the key instrument of Kenyan trade policy, but protection remains relatively high. The simple average of MFN import tariffs is 18%, only 3.7% of tariff lines are duty-free and duty revenues represent still more than half of tax revenue (54%). Manufacturing is the most protected sector with an average tariff of 18.2%, but depending on the definition used, the average tariff on agricultural products is 16.7% or 21.3% (Uruguay round definition). Moreover, all products are subject to an import declaration fee of 2.75% and an additional 1% fee on agricultural imports to support the Kenya Plant Health Inspectorate Service (KEPHIS). A recent study on the evolution of Kenyan trade policy stressed the prevalence of policy reversals and stop-go reforms, which prevented trade expansion and diversification; the effect is especially strong in non-traditional exports (Wagacha, 2002).
6. Kenya is a founding member of the WTO having been a GATT contracting party since 1964. In recent years, Kenya has become more active in WTO negotiations, and often speaks on behalf of the “Africa group”, a coalition of African members. Kenya is also member of the Common Market for Eastern and Southern Africa (COMESA) whose members agreed to create a free-trade area by 2000, a custom union by 2004, to further integration through free movement of capital and labour, the adoption of common standards and regulations, and the adoption of a monetary union in the long term. Kenya, with Uganda and Tanzania, also established the East African Community (EAC) which also aims for economic integration and greater harmonisation between the three countries, as well as undertaking joint projects in infrastructure (WTO, 2000).

2. National Level Indicators

7. Poverty in Kenya remains the most pervasive national problem presenting formidable challenges that call for urgent action. According to the Welfare Monitoring Survey of 1997, the number of poor people totaled 13.4 million which represented 47.7% of the total population. Poverty in Kenya is defined as a characteristic of People who cannot afford basic food and non-food items. In 1997, the absolute poverty line was estimated at Kshs. 1,239.00 per person per month and Kshs. 2,648.00 respectively for rural and urban areas. The incidence of poverty was highest in the rural areas as shown in Table 3 below.
8. The poor in Kenya are characterised by the following:
 - Demographic – Poor households in Kenya have large families.
 - Incomes – Wage employment is a major source of income in urban areas while livestock and crop revenue are the main revenue in rural areas.
 - Expenditure – The poor devote a higher proportion of their income on food.

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- Health – Access to health services by the poor in terms of availability, affordability and physical accessibility of drugs and consultations has been limited due to factors ranging from cost sharing and long distances to health facilities.
- Education – Poverty has been observed to be highest among people without any schooling.
- Water and Sanitation – Two thirds of the rural poor were found not to have access to safe drinking water while 72.2% of the poor were found not to have access to sanitary facilities.
- Women – Gender is an essential element in the eradication of poverty since women have a higher incidence of poverty.

Table 3: Overall Poverty in Kenya in 1997

Region	No. of Households below the Poverty Line	No. of Individuals below Poverty Line
Central Province-Rural	216,047	1,126,826
Coast – Rural	138,691	883,667
Eastern – Rural	382,037	2,280,334
Nyanza – Rural	507,720	2,678,518
Rift Valley – Rural	485,182	2,691,909
Western – Rural	315,074	1,739,131
Nairobi	238,828	959,973
Mombasa	53,438	217,402
Kisumu	31,832	140,407
Nakuru	26,378	113,674
Other Towns – combined	142,469	562,446
Total	2,537,197	13,394,287

Source: Poverty Reduction Strategy Paper for the period 2001-2004

3. Major Donor Initiatives:

In addition to DFID, a number of donors are already supporting trade policy and trade development in the country. Below are the some key initiatives presently being undertaken in Kenya.

The World Bank’s Trade Diagnostic Study

9. The initiative aims at mainstreaming trade into National Development Strategies through country-specific poverty reduction strategies. This involves the process and methods of identifying priority areas for trade and integrating them into the overall country development plan. This process is based on the model of the Integrated Framework, a multi-donor approach to TRCB in least-developed countries (LDCs) which is described in NSI Working Paper 2. This can be an useful tool to identify the constraints to trade,

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but one interviewee noted that this diagnostic study was not being shared with stakeholders.

The Commonwealth Secretariat's Trade Facilitation Capacity Building Programme for Kenya

10. This programme is limited to the funding of consultants with requisite skills in trade capacity building, such as customs and trade facilitation, public sector reform and modernisation, economics, finance and law; it has a budget of £150,000. The specific activities include the production of a manual on standard operating procedures for the planned "one-stop-shop" operation in imports/exports documentation and a handbook on importing and exporting to Kenya along with simplified versions in Kiswahili and English.

UNDP Reducing Poverty by Linking Poor Producers to Markets

11. The long term outcome which this project aims to achieve is to diversify Kenya's export base, generate higher export earnings and assist in reducing poverty through export growth. The project of US\$ 400,000 attempts to improve the linkages between small scale producers, manufacturers and service providers on the one hand and established exporters on the other hand. The activities supported include human resource development in export management, undertaking trade flow analysis, supply and market surveys, export promotion and market contact initiatives including South-South trade and targeted supply-side and marketing assistance to link small-scale producers, manufacturers and service providers to export markets.

USAID's East and Central Africa Global Competitiveness Hub

12. This is a large multi-country project which includes Kenya and is headquartered in Nairobi. The project includes four components. The first one focuses on trade policy capacity building to help East and Central African countries to participate more effectively in the multilateral trading system, including WTO Doha Development Agenda negotiations. On the trade development side, the programme supports 1) the African private sector to take advantage of AGOA, 2) trade facilitation initiatives to promote the creation of a more globally competitive ECA region with a specific focus on the COMESA Free Trade Area and the Northern Corridor, and 3) the development of mechanisms for reducing transportation costs related to trade in East and Central Africa.

USAID's RATES Programme

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13. The USAID supported Regional Agricultural Trade Expansion (RATES) Programme is a 4-year programme whose primary objective is to increase the value/volume of agricultural trade within the East and Southern Africa region and between the region and the rest of the world. RATES focuses on developing commodity-specific regional trade initiatives through innovative private sector/public sector alliances and partnerships and works primarily through regional trade flow leaders such as regional trade associations, national-level trade organisations, private companies and individual entrepreneurs. RATES is currently supporting activities in specialty coffee, maize and pulses, cotton/textiles, livestock and dairy.

EU's KEPLOTRADE

14. The Keplotrade programme aims at strengthening Kenya's institutional capacity for negotiations of Economic Partnership Agreements with the EU, through in-depth analytical studies, training and stakeholder consultations. The programme is coordinated by a Secretariat within the Department of External Trade in the Ministry of Trade and Industry with financial and technical support from the European Union. It began in September 2003 and the EU has committed a budget of 2 million euros for the support of the negotiations which will end with the implementation of the EPAs in 2008. The website of the European Commission's delegation in Kenya specifies that the support is geared specifically at:
 1. The establishment of systematic consultations with Kenya's stakeholders from the public and private sector as well as civil society about its trade with the European Union.
 2. The establishment of effective capacity for indepth analytical studies and research on the legal, commercial and technical aspects of Kenya-EU trade.
 3. Enhanced institutional capacity within the Government of Kenya in dealing with the trade component of the Cotonou Partnership Agreement, with adequately trained staff and physical resources.

(http://www.delken.cec.eu.int/en/eu_and_kenya/cooperation/trade.htm)

ITC's Export-Led Poverty Reduction Programme

15. This Programme has been implemented since 2002 in a number of developing countries in order to harness the entrepreneurial capacity of producers and linking them to export markets. "Export-led poverty reduction recognises that poor producers – generally micro or small producers – can establish a sustainable foothold in world markets only if their production can stand up to the tough requirements of quality and price dictated by global competition and only if their production is linked to larger producers and/or marketers that can promote and sell their goods or services. EPRP projects help them to meet standards and to establish distribution linkages" (ITC, 2001, page 9). This programme which started in Kenya in 2003 had a budget of US\$ 150,000.

ITC's National Export Strategy

16. The goal of this project is to develop strategies that could be used to improve export performance through increased national competitiveness. Ten sectors strategies covering horticulture, fish, tea, livestock, food and beverages, textiles and clothing, commercial crafts, ICT, tourism and transport services have been developed. Six cross-cutting strategies have also been developed. These have included trade information, trade facilitation, quality management, export packaging, competency development and trade finance. The development of the National Export Strategy was completed in November 2003 with a budget of US\$ 50,000 and the Government of Kenya with the assistance of the World Bank is seeking financial resources for its implementation which is scheduled to start in the second quarter of 2004.

JITAP

17. The first phase of JITAP ended at the end of the year 2002. The implementation of JITAP between 1998 and 2002 led to the formation of a broad based committee on WTO commonly referred to as NCWTO. This committee has a membership of 45 and brings together all stakeholders from the public and private sector, the academia and the civil society. The committee advises the government on all issues to do with multilateral trade issues. It has 11 technical subcommittees which undertake all investigative and analytical work and informs the NCWTO bimonthly. Secondly, JITAP has also undertaken and continues to undertake the development of product strategies to ensure that the results of negotiations such as in market access are not inhibited by supply side constraints.
18. Implementing of phase II has now commenced. A detailed list of the activities undertaken under this programme is provided in Annex 6. The key objective of JITAP II is to build and strengthen the national capacity to integrate Kenya's economy into the emerging multilateral trading system. This will be achieved through the following specific objectives: strengthening capacity for national implementation of the WTO agreements, trade negotiations and related policy formulation.

B. DFID Programmes in Kenya, 1998-2004

19. DFID is one of the main bilateral donors in Kenya. In 2000 and 2001, it was the largest bilateral donor. The Country Strategy Paper adopted in 1998 by DFID in Kenya set out its general approach and the six broad areas where the British government wished to concentrate its development assistance efforts. It stated that if the Government of Kenya adopts and implements broad reforms to improve governance, the UK will increase the level of its support but if progress is not made, significant reduction in assistance will occur. This is what happened in 2001-2002, when DFID suspended its direct budgetary support to Kenya (see Table 4). The first area of focus of the 1998 strategy was

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governance and economic policy reform, but it did not explicitly include trade policy reforms, even though the document acknowledges that trade reforms had been taking place at a very slow pace (DFID, 1998, page 3). Neither did the other areas of the country strategy (improving productive opportunities and living conditions of the urban and rural poor, education, health, civil society) include trade capacity building. The DFID strategy was slightly revised in 2000 after the publication of the Kenya Interim Poverty Reduction Strategy Paper. This time, “helping develop Kenya capacity for trade policy” was included as a way to promote growth opportunities (DFID, 2003, page 5).

20. DFID’s recently completed Country Assistance Plan 2004-2007 for Kenya however does include a more explicit inclusion of trade issues (DFID, 2004). In the Plan, DFID states that its primary goal is to support the implementation of the Economic Recovery Strategy of the Kenyan government. One of the four objectives of the assistance plan is to promote sustainable economic growth with benefits for poor people. It states that DFID will “support the Government’s efforts to facilitate this through improving the regulatory and institutional framework, and developing a robust strategy for private sector development. We will look for ways to continue building Kenyan capacity on trade issues and will explore the potential for further work on non-tariff barriers.” The plan also includes support for the development of “a more coherent approach to addressing the vulnerability of poor Kenyans to shocks and external economic factors” (DFID, 2004, page 13).

Table 4
DFID funding in Kenya 1998-2003

Year	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04 (estimated)
Millions of pounds	30.4	24.2	47.4	24.9	42.4	27

Source: DFID Department Report, Annual

21. The trade capacity building portfolio in Kenya between 1998 and 2003 includes 5 projects, which are worth a total of £5.7 million. Only one project, the Trade and Poverty Programme for Africa, is focused on trade policy. The other ones can be classified as trade development projects: The Umbrella project for an Enabling Environment for Business in Kenya and the Business Partnerships Programme. In addition to these three key projects, we should note that two research projects related to trade were supported by DFID-London during the period under scrutiny. The stakeholders in Kenya did not have much knowledge of them, perhaps because these research projects were managed in the UK. Our focus is therefore on the three main projects.
22. The Small-scale Manufacturing Enterprise Development Project was funded through the Enterprise Development Innovation Fund. It aims at building knowledge and promoting

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the development of brokering for SMEs in Kenya which cannot compete with cheap imports and have difficulties accessing mass marketing channels. The project was undertaken between July 2002 and December 2003 by Intermediate Technology Development Group based in the UK.

23. DFID also supported a research project on gender and ethical horticulture trade in South Africa, Kenya and Zambia in 2002-2004, to the level of £254 000. Ethical Trade in African Horticulture included a study of the impact of codes of conduct in the cut flower industry in Kenya. The objective was to “analyse how ethical trade can enhance the economic and social rights of women and men workers in African export horticulture; and identify best practice in implementing gender-sensitive ethical trade based on worker and stakeholder participation” (Dolan et al, 2003, page 12).
24. Even if we did not do a complete assessment of this project, we did a quick appraisal of the Kenyan component of the project. Given its very explicit focus on gender, we thought it could provide interesting ideas on how to better link trade project to gender equality. Based on 100 semi-structured interviews with workers on five different farm flowers and on 13 focus groups discussions, the study found that that code of practices have more of an impact on the working conditions of permanent workers and that non-permanent workers, the majority of which are women, are least likely to benefit from the codes or national labour law (Dolan, Opondo and Smith, 2004). The study highlighted a number of concerns that are specific to female workers which are not addressed by codes or any formal channels such as the difficulty of balancing productive and reproductive roles, when overtime is compulsory, and frequent and sexual harassment from male supervisors. The study proposes a number of recommendations to employers, buyers, auditing bodies and the national government which aim at improving the contribution of an export sector such as cut flower to gender equality in Kenya.
25. In terms of the impact of such a study on policy change, we cannot attribute the recent improvements of working conditions on flower farms in Kenya to this research project alone, as international campaigns and pressures were simultaneously going on. The final report was distributed among government and stakeholders and was presented to the industry at a workshop in 2003. The industry reacted strongly to the report, but it does not seem that the project included further follow-up activities to ensure that the findings and recommendations influence policies and practices.

II. PROJECT-LEVEL ASSESSMENT

1. Kenya Trade and Poverty Programme (KTPP)

A. Project Parameters

26. This programme was DFID's flagship programme on trade policy capacity building project in Sub-Saharan Africa. It was designed to "enhance the capacity of national governments, sub-regional and regional organisations to formulate, negotiate and implement trade reform strategies that are inclusive and pro-poor." This was an ambitious programme which was originally planned to be implemented in twelve countries with a budget of £7.5 million. In addition to building capacity in national governments, it was also supposed to build capacity outside government, to enable non-governmental groups including the private sector to influence trade policies. This initiative was funded centrally by the Africa Policy Department, as country offices in Africa were reluctant to allocate scarce resources to TRCB.
27. The programme was designed to begin in each country with the conduct of two national level studies 1) on the trade policy and poverty reduction linkages and 2) an institutional and organisational review. Based on the findings of these studies, a menu of activities was supposed to be developed for consideration by the national Project Steering Committee. A Management Contractor, Imani, was appointed in 2001 to design and monitor the programme, and an "Implementing Contractor," Maxwell Stamp, was appointed in 2002 to roll-out the programme in four countries (Malawi, Kenya, Tanzania, Uganda). The Kenyan component, the KTPP, had a budget of £600,000, about a third of which had been spent by June 2004.
28. This programme ran into many delays and problems of implementation. The Output to Purpose Review and an independent review conducted in December 2003 highlighted several problems underlying the difficulties facing the ATPP (Imber and Riffer, 2003). Ambiguities and misunderstandings regarding the respective roles of the Implementing Contractor, the Trade Ministry at the national level, and the Project Steering Committee were key factors. The delays in the preparation of the core studies and the ambiguities regarding their functions were other contributing factors. In spring 2004, DFID therefore decided to suspend ATPP and to take time to restructure the programme, in cooperation with the country offices. We should note that many stakeholders in Kenya considered that they were poorly informed about the status of the programme and some expressed frustration regarding the level of information that was communicated regarding the suspension and restructuring of ATPP.

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B. Project assessment indicators

1. Relevance

29. The objectives of the programme were seen as relevant by the interviewees. The capacity building activities such as workshops received good response and participation levels. For instance, based on the documents provided by the implementing agency, more than 800 participants were involved in the workshops supported by KTRP. Stakeholders agreed that there was a need to improve the capacity of government officials and non-governmental organisations to participate in the negotiations and implement trade agreements, even though there was a recognition that Kenya already had some capacity in this area. For instance, Kenya already had a multistakeholder forum to discuss trade issues, i.e. the National Committee on the WTO. One interviewee stressed the relevance of the approach adopted by DFID, i.e. giving the national government the flexibility to identify and develop the trade policies which make sense for Kenya. He contrasted it to an approach which “dictates” policy choices.

30. However, a number of concerns were raised regarding the design of the programme. First, given that it was designed at a global level, the programme received little inputs from the country offices or national stakeholders. Second, the reviews done in 2003 stressed the problems of the management structure. Therefore, our study did not dwell further on these design problems which led to the current restructuring of the programme, except to highlight that the stakeholders we met expressed dissatisfaction with the managerial arrangements of the project. Another issue which was raised by many stakeholders (NGOs, private sector, farmers and government officials) was the need to conduct activities such as workshops outside Nairobi.¹ However, the allocation of resources in the workplan did not allow this to occur, nor to pay for the transportation of participants from other regions. Finally, a number of interviewees mentioned that the programme should not only have focussed on the World Trade Organization (WTO)’s agreements as it did, but should also have examined regional trade issues, given that more than half of Kenyan exports are sold in the region.

2. Performance

31. In spite of the administrative problems identified by earlier reviews, a number of activities were conducted, mostly workshops and meetings bringing together a diverse group of stakeholders, including government representatives. We were provided by the Trade Ministry with a list of activities conducted between 2003 and 2004, which included 20 workshops (see summary in the annex). The vast majority of these workshops were delivered by local resources persons or groups. The participants in these workshops

¹ The exception was one workshop organized in Naivasha which brought stakeholders from Kenya, Tanzania and Uganda .

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whom we met gave positive evaluations of the usefulness, the quality and the interactive nature of these activities.

32. However, the two core studies which were supposed to inform the development of the workplan were not delivered on time. The institutional review which was prepared by Maxwell Stamp was completed in 2004 and stakeholders have received copies of the text. The Trade Ministry was planning to hold a workshop on this study, before KTPP was suspended. The second study, the trade and poverty linkages study, was conducted but not completed or circulated. The stakeholders who have read the institutional review considered the document to be of good quality and to offer interesting recommendations on how to address the fragmentation of the trade policymaking process in Kenya.
33. The programme also supported the participation of three individuals in the WTO Ministerial Meeting in Cancun. These participants, as well as other stakeholders, highlighted the capacity building impact of such funding. It is seen as an important way to get practical experience, to learn about trade negotiations and better understand how to develop trade positions.

3. Success/Impacts

34. The impact of the activities conducted under the KTPP on the capacity of stakeholders to formulate trade policy positions and to influence the official trade policy is not entirely clear. Many stakeholders perceive the activities such as the workshop as having had an impact on awareness, i.e. on the knowledge of WTO agreements and some of their domestic implications. For example, it allowed NGOs to examine how WTO agreements might affect national legislation such as on issues of transparency in government procurement and the capacity to favour local businesses over foreign-owned firms.
35. However, when it comes to the impact on the capacity to provide inputs to policymakers, there was no consensus among interviewees. Some mentioned that it led to stakeholders preparing recommendations and providing inputs to policymakers. The preparations for the Cancun Ministerial were given as an example of meaningful involvement of stakeholders. However, others do not see such change. Moreover, it remains very difficult to attribute an increase in awareness or capacity to KTPP, as similar capacity building initiatives were also ongoing. For instance, the National Committee on the WTO which is an important multistakeholder consultation forum was created with the support of JITAP. Some see these initiatives as complementary as different participants were invited and involved, but most stressed the overlap between some of these activities. They were unsure as to what were the differences between KTPP and other donors' TRCB.
36. Regarding the impact of KTPP on the mainstreaming of trade in the national development strategy, the efforts undertaken (two workshops with government officials)

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were not sufficient to overcome fragmentation in policymaking on trade. There is a clear sense among stakeholders that the Ministry responsible for PRSP and the Economic Recovery Strategy, the Ministry of Planning, is not willing to engage seriously in such discussions: “The Ministry of Planning does not see trade as a tool for growth and poverty reduction.”

37. If we look at the Interim PRSP for Kenya presented in July 2000, we note that trade policy received little attention. This observation is similar to the findings of Hewitt and Gilson (2003) namely that the PRSPs prepared up to now have limited coverage of trade issues, do not link trade policy to poverty, and that their trade content is usually limited to a brief discussion of export promotion measures. In the Kenyan document, the issue of regional integration is raised: “Tighter supervision will also be applied to COMESA trade to ensure that the rules are being followed and that Kenyan exports are getting fair access to the markets of COMESA members... Over the medium-term, efforts will be made to harmonise, rationalise, and reduce tariff structures within the region” (Government of Kenya, 2000, page 9). We should also note that, similarly to the seventeen PRSPs reviewed in Hewitt and Gillson (2003), infrastructure such as roads, ports, telecommunications, which are critical to facilitate trade, received more attention, but were not presented as element of a national trade strategy. The Economic Recovery Strategy for Wealth and Employment Creation presented by the Kenyan government in 2003 includes more discussion of trade-related issues. However, it is perceived by stakeholders that trade still does not receive enough attention as a potential tool for economic development.
38. The KTPP did not have the impact it could have had on trade policymaking in Kenya. Our evaluation agrees with the earlier assessment of the ATPP as it was implemented in Tanzania: “So far, the activities under the work plan have been rather ad hoc, unrelated to a long-term policy making process and unlikely to meet the capacity building objectives of the programme. [...] Moreover, the activities have tended to be “traditional”, i.e., workshops and studies on the economics of trade, WTO agreements and current trade negotiations” (page 13, Imber and Ruffer, 2003). Such ad hoc approaches to capacity building may yield some impacts in terms of making the trade policymaking process more inclusive through the provision of training to many non-governmental actors such as business and farmers organisations. Beyond that, we have not observed impacts of the project on other facets of capacity such as research capacity or institution building, or the capacity to implement trade reforms in the country.

4. Sustainability

39. Without donor support, very few capacity building activities would be taking place. The Trade ministry has set aside some limited funding for them, but not sufficient for long-term capacity building. Many interviewees proposed that universities needed to be more involved in trade capacity building to ensure a steady flow of qualified professionals, and

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to build a policy community on trade and development issues. Some proposed that an institution or a programme be created or supported which would provide trade-related training to students, as well as executive education. The need to consolidate and disseminate the trade research already conducted in academia was also underlined.

40. In addition to universities, national organisations receiving training should also be encouraged to share the information they received with their members and use it more in their work at the local level.
5. Linkages to poverty reduction, gender equality and regional integration
41. The implementation of the KTPP included the preparation of a trade-poverty linkages study which was prepared by the Overseas Development Institute (ODI) in London in collaboration with the Institute for Development Studies at University of Nairobi (Bird, Kamau, Odhiambo, 2004). The study offers a good overview of the characteristics of poverty in Kenya and of the trade reforms in recent decades. Even more interesting are the four case studies of the poverty impact of trade reforms in the sugar, horticultural, fisheries and cotton sectors. For instance, in the sugar sector, Kenya will soon have to lift the tariff protecting domestic producers from competition from COMESA countries. “However, Kenyan production prices are three times the average world price and without the tariffs, the inefficient and uncompetitive Kenyan sugar sector would collapse. If this were allowed to happen without the transitional support to supporters and other workers, poverty incidence and severity would climb in some of Kenya’s poorest areas” (Bird, Kamau and Odhiambo, 2004, page 37). Based on existing research, the case studies also discuss the gendered dimension of trade reforms, especially in the fisheries sector.
 42. Despite the quality of the work done in this study, the analysis offered on the linkages between trade and poverty did not influence the conduct of the other activities of the KTPP, as the study was not distributed to stakeholders in Kenya. This was a missed opportunity, as the paper was a very good first step at going beyond general statements about the impact of trade on poverty reduction toward sector-specific policies to mitigate the negative impacts/maximise the benefits of trade reforms for the poor.
 43. If we look at the workshops funded by KTPP, they do not appear to have included a gendered analysis of trade agreements and reforms. Similarly, regional integration issues were side-stepped by the focus on WTO agreements. General discussions about the impact of trade on poor farmers may have taken place in some of the workshops on agriculture, but from the documents we look at there was little specific discussion on issues such as what mitigating and transitional measures should be adopted by the national government.

2. Enabling Environment for Business in Kenya (The Umbrella Project)

A. Project Parameters

44. The objective of this project is to improve the regulatory environment for business in Kenya, with better enforcement of fewer, simpler but more rational regulations. It builds on the experiences of the two previous phases of the project known as Deregulation I and II which focused on reforms in the licensing area for micro, small and medium enterprises. The second phase of the deregulation was seen as quite successful, and led to the popular Single Business Permit which replaced the multiple licenses and permits which were required to establish a new business. The new phase is intended to build on this success by expanding the reach of the regulatory reforms.
45. The project “Enabling Environment for Business” is often referred to as the “Umbrella Project” as it includes three components. The first component is focused on research and the preparation of policy studies. The Kenya Institute of Public Policy Research and Analysis (KIPPRA) is the project manager and responsible for the implementation of this component. This think tank has close links to the government and is perceived as influential and able to facilitate the adoption of the policy proposals put forward in its studies on regulatory reform. This component called Simplifying the Regulatory Environment for Business (SREB) was intended to receive the largest part of the budget. The project memorandum identified the need for reform in urban planning regulations, health and safety regulation and practices concerning the workplace. It also identified the need to improve financial services through regulatory reforms, but stressed that the project should “respond flexibly to opportunities for regulatory reform as they emerge” (Project memorandum, 2001, page 16). This component is not only meant to support studies about regulatory reform but also to support the implementation of such reforms, as proposed in the studies.
46. The second component, the private sector advocacy component, aimed at improving the capacity of the private sector to put pressure on the government to adopt the reforms needed to improve the business environment. The third component focused on enhancing the capacity of the Government to implement regulatory reforms. This project can be classified as a trade development project under the category “Business support services and institutions”. The project began in 2001 with a budget of £2.9 million. Up to July 2004, £1.6 million had been spent.

B. Project assessment indicators

1. Relevance

47. The simplification of the regulatory environment for business in Kenya has been identified repeatedly by research and surveys as a key problem for private sector development in the country. The earlier incarnations of this project, which were called Deregulation I and II, were seen as very relevant to address the over-regulated business environment and led to the adoption of the Single Business Permit which centralised all licences and permits to establish a new business into one procedure. Prior to this initiative, up to 27 permits were needed to start a new business.
48. The need for better, less fragmented private sector advocacy was also recognised by stakeholders. The private sector advocacy component supported the creation of the Kenya Private Sector Alliance (KEPSA) to address the need for a single voice for business on issues that are of interest to all of them and the need for an interlocutor with the government.

2. Performance

49. Regarding the performance of the first component of the project, Simplifying the Regulatory Environment for Business, the issue of the scope of the KIPPRA research programme needs to be raised. KIPPRA conducted several studies of good quality on broad issues related to the business and investment climate. The work programme of KIPPRA, as presented in the Progress Report of April 2004, covered the areas described in the project memorandum such as financial services and urban planning regulations. However, a very large part of the work programme was designed as responses to government requests on issues affecting the business environment, defined in a much broader manner than an exclusive focus on regulatory reform. The SREB supported work on taxation, exchange rate, agriculture, international trade. This research programme suggests that KIPPRA has interpreted its mandate to support an enabling environment for business in a broad manner (KIPPRA, 2004).
50. The output to purpose review (OPR) therefore noted that “it may appropriate for DFID to simply fund KIPPRA under the broader definition because it is doing good work in promoting the enabling environment - generally - for business. Alternatively, it may be appropriate for DFID to tie its research funding more explicitly to Output 1 of the project Logframe [] and specific demand-driven research studies in this regard” (DFID, 2003, page 7). At the time of the visit, DFID-Kenya was still considering its options.
51. The second component of the Umbrella project, the private sector advocacy, was seen by previous reviews as the most important achievement to date. The funding was used to support the creation of the Kenya Private Sector Alliance (KEPSA) in order to overcome

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the fragmentation of the business community which was not able to come together to defend their common interests, but would rather adopt rent-seeking behaviour in their relations with government. The alliance brings together sectoral associations and has been very active in consultations and participation in policy formulation, despite its still limited capacity. The secretariat is meant to be lean, but the secretariat is without an executive director and has only one professional staff. It appears that the new organisation has been efficient at using the resources available, as KEPSA was able to participate in several processes like the PRSP and the Economic Recovery Strategy and to organise events such as the National Investment Conference by resorting to their board members. KEPSA also organised a workshop on the WTO for its members (supported by KTPP as well). The staff told us that they are now receiving more request for inputs than they can handle, especially since their mandate covers such a wide range of economic issues.

52. The earlier reviews of the Umbrella project stressed that the third component, building the Government of Kenya's capacity on regulatory reform, was lagging behind. KIPPRA is also responsible for this component: it is now completing negotiations with a consulting group to outsource this component. Some of the activities of the workplan are being implemented, such as training for KIPPRA officials on how to conduct regulatory impact assessments.

3. Success/Impacts

53. Earlier phases of the Umbrella project, the Deregulation project Phase I and II, led to the Single Business Permit, which is now implemented all over the country. After achieving such an important impact, the objective was to be more ambitious and to work at broad regulatory reform.

54. The first component of the Umbrella project has not achieved such impacts yet and this raises the question of the role of KIPPRA in the implementation of regulatory reforms. By design, the project expected KIPPRA to play an important role in implementation and influencing the adoption of policy reforms. However, KIPPRA does not perceive implementation to be its responsibility and mandate. Rather, they see that the Institute's impact should be measured by whether their work and proposals are reflected in policy documents; whether these reforms are adopted is, according to them, outside their mandate.² For instance, the development strategy of the new government, the Economic Recovery Strategy, includes a section on regulatory reform. KIPPRA told us that they

² "KIPPRA has grown into a well-respected, influential think tank producing high quality research [but] it is not clear that KIPPRA has the mandate to pursue "implementation" in the way envisaged in the project document and this has had an impact in limited progress achieved on the implementation of the inherited topics such as trade licensing, enactment of the revision of the "12 acts" and the reform of the Mombasa bye-laws (Output to Purpose Review, 2003, page 1).

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were closely involved in the drafting of this strategy as well as other policy documents and they were able to incorporate the proposals from their work in the policy document. All interviewees agreed on the quality of the research work conducted by the think tank, but some wondered if the set of skills required to bring about policy change and implementation was available within this organisation. This raises a broader question about the difficulties for donors in being involved and attempting to influence, domestic policy debates. Donors can support research leading to proposals on trade policy, regulatory and taxation policies and in this way may influence the domestic debates on these topics. However, having an impact in terms of the adoption of new legislation or regulations involves a number of other variables (attitudes of policymakers, institutional barriers to change, mobilisation of citizens' groups...).

55. The impact of the private sector advocacy is clearer as KEPSA is becoming an important actor representing business in Kenya. "The private sector advocacy component has achieved excellent results. The advent of KEPSA as the acknowledged and recognised single voice of business is a welcome advance in ensuring that the interests of the private sector are articulated and recognised by GoK." (OPR, 20 June 2003).
56. For the third component, i.e. building capacity of the government officials, the delays in implementation make it impossible at this point to assess its impact.

4. Sustainability

57. The financial sustainability of the research work of KIPPRA in creating an enabling environment for business in Kenya is on solid ground. KIPPRA has a reputation for solid research and policy analysis and therefore, can attract funds from government and donors. Much of the work on how to improve the investment climate in Kenya supported by component 1 is integrated in the strategic plan of the organisation. Therefore, in its broad interpretation, this type of work will continue to be conducted.
58. The challenge for KEPSA will be to raise funds from its member associations. These contributions, as well as project funding including support for the core costs of the secretariat, could ensure the financial sustainability of the component. The capacity of the organisation to do so will depend on how useful its services are perceived to be by its members. The managers of the Umbrella project are also thinking of how to develop the private sector advocacy component beyond KEPSA, in order to ensure that not all efforts are put in only one initiative. Indeed, it is and will continue to be very difficult to overcome the competing interests and political struggles taking place within KEPSA

5. Linkages to poverty reduction, gender equality and regional integration

59. This project aims at reducing poverty by generating economic growth, based on the assumption that improved regulatory environment and investment climate will lead to better employment opportunities. The linkage to gender equality is also indirect. For

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instance, regulatory reforms and simplification such as the Single Business Permit have had a strong impact in terms of reducing start-up and transaction costs for micro and small businesses. A large proportion of these businesses are owned by women and therefore, such efforts may have a larger impact on women.

Business Partnerships Programme (BPP) Kenya

A. Project parameters

60. This programme provided matching funds for private sector-led partnerships which contribute to improving the livelihoods of poor men and women in Kenya. Given that working with the for-profit sector is new for DFID, this programme aimed at establishing best practices in business partnership models. The programme included two other tracks: developing strategic approaches to involving the private sector more effectively in DFID's programming in Kenya, and to disseminate and share the learning from the programme within DFID and beyond. This project can be classified as a trade development project under the OECD/WTO category "Public-private sector networking". It encourages partnerships with British and European for-profit organisations. The programme began in July 2000 and ended in March 2004 and had a total budget of £2 million.
61. This programme is linked to the six areas identified in the Kenya Country Strategy Paper and to the DFID White Paper on International Development which identified business partnerships as key, in order to maximise the positive developmental impact of commercial activities in developing countries.
62. This project was based on the challenge fund model. Of the hundreds of ideas put forward, six sub-projects were selected, of which three are directly related to trade. One sub-project dealt with bee keeping. It supported the establishment of a sustainable framework for commercial bee keeping (leasing scheme, commercial extension services, linkages to markets, training and demonstration facilities, etc). The project brought together a business organisation (Honey Care Africa) with the non-government organisation Africa Now, in order to be able to reach small farmers in Western Kenya. The other two sub-projects deal with horticulture. In one case, the Kenya Flower Council developed a project to train smallholders to meet health and safety standards. The other project supported the Horticulture Ethical Business Initiative (HEBI) to perform social auditing on farms. In 2000-2001, there had been a lot of international attention brought to the working conditions on Kenyan flower farms. The bad publicity led the private sector to sit down with NGOs and government to discuss working conditions and health and safety issues. This dialogue led to the creation of HEBI which could receive funding from donors to perform social audits.

B. Project Assessment Indicators

1. Relevance

63. The sub-projects under scrutiny have different levels of relevance for the needs of the primary stakeholders. In the case of the bee keeping project, this project was very

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relevant for smallholders, as this activity is not very labour or land-intensive and therefore, allows farmers to increase their income using their limited assets. We should also note that the mode of partnership between a commercial organisation and a NGO was very relevant to overcome obstacles: the NGO Africa Now had excellent knowledge of the communities in the regions where the project was deployed and allowed Honey Care Africa to reach smallholders whom they could not have reached otherwise.

64. The sub-project which provided training to horticulture farmers to enforce a code of practice (focusing on record keeping to deal with traceability) and to improve practices on chemical waste and health and safety issues was not however seen as relevant by the primary stakeholders, namely the smallholders receiving the training. They expressed preferences for training on production methods and support for better linkages to international markets, instead of or in addition to training on health and safety issues and record keeping
65. The third sub-project can be seen as very relevant to the needs of the farm workers, given the real problem on farms regarding working conditions and health and safety issues. It can also be seen as relevant to the needs of producers whose access to international markets may be blocked or sales diminished in response to exposure of poor working conditions.

2. Performance

66. The sub-projects under evaluation delivered the activities planned in their proposals. The financial support of the Business Partnership Programme allowed Honey Care Africa and Africa Now to successfully conduct and scale-up their activities on many fronts: bee-keeping demonstrations, development of the micro-financing scheme which allows farmer to buy the hives manufactured by the firm, capacity building of training centres, development of extension services, foreign (European) and domestic market development.
67. The training for smallholders was provided by the Kenya Flower Council, a training manager was hired, and training of trainers took place. Similarly, under the HEBI, a code of good practices was developed and used to train auditors.

3. Success/Impacts

68. The bee keeping project had a positive impact on Honey Care Africa as well as on the bee keepers themselves. Bee keeping contributed to poverty reduction in one poor region of Kenya by raising incomes of smallholders in more than 200 households. It improved the firm's capacity to export to Europe by supporting the development and approval of a

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residue plan.³ The approval process is basically completed and Honey Care will now be able to export to Europe. The project also helped the firm to improve its understanding of the domestic market. Interviewees and participants at the national consultation seminar stressed the importance of domestic markets, which can be used as a platform to develop supply capacity and product quality.

69. The support of BPP to the bee keeping project also had important demonstration effects, as there has been a large growth of domestic honey production in recent years. Approximately 90% of the honey sold in Kenya used to be imported and now, in a complete reversal, 90% of the honey is produced domestically. The demonstration effects are going beyond Kenya, as Honey Care has been asked to replicate its model in Tanzania and to provide training in Eastern Europe. The model of the Business Partnership Programme is being used by the World Bank in new work with the private sector. Finally, the BPP brought a lot of international attention to Honey Care Africa which has subsequently received several international prizes.
70. The sub-projects in the flower industry also had important impacts in terms of keeping foreign markets, especially in Europe, open for Kenyan products. The training provided to smallholders aimed at helping them meet European standards. It also had an impact on practices regarding health and safety issues, as well as working conditions on farms. However, in the latter case, the pressures from international campaigns may have been as important as the auditing and training in explaining why flower farms changed their practices.
71. The review of the project assessed that “overall the project has been rich in generating learning for DFID on how to work in partnership with the private sector. However, the learning has been more at the operational level, rather than at the strategic level.”

4. Sustainability

72. Financial and commercial sustainability were clearly built into the design of the bee keeping sub-project; the financing mechanisms and the commercial relationship established between Honey Care Africa and the farmers will continue once the support stops and the partnership with the NGO Africa Now is ended. Donor support helped overcome obstacles to the creation and establishment of the relationship with honey suppliers. Once these relationships are established, the commercial relationship can continue and further develop. For instance, bee keepers have now bought more hives, using the income received at harvesting. Future issues to be dealt will include the acquisition of hives from other companies than Honey Care Africa.

³ For any product of animal origin to be imported into the European Union, the exporting country has to have a residue plan in place which outlines how pesticides and other residues will be controlled and prevented from exceeding certain levels. Kenya was not initially on the list of approved countries for honey, whereas Zambia and Tanzania were.

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73. The sustainability of the sub-projects in horticulture is weaker. The HEBI is still very much donor-driven. Farmers do not see the value-added from complying with codes of practice. One participant to the seminar noted that “if the farmers do not get premium prices when they meet the code of practice standards, they have no incentive to comply or participate.” Codes and auditing were not developed as an important tool to market Kenyan products abroad, but as a response to a crisis created by external factors, i.e. international campaigns exposing working conditions on flower farms. Therefore, there is a weak sense of ownership by farmers of these initiatives.

5. Linkages to Poverty, Gender and Regional Issues

75. In its design, the BPP has a clear poverty focus. One criterion for the selection of the sub-projects is that “initiatives funded under BPP will have to demonstrate their positive impacts on poor people.” The bee keeping project has clear and direct linkages to poverty reduction, by increasing income for poor households in Western Kenya. It also had a direct impact on gender equality as a majority of the bee keepers involved in the project are women, often through women’s groups. Bee keeping is not a traditional female activity, but the type of hives used in this project (Langstroth hives) made it easy for all to take up bee keeping. The project strongly encouraged both women and men to get involved in this activity. For instance, the training facilities are close to where the bee keepers live, making it easier for women who are reluctant to be away from home for several days.

76. The horticulture sub-projects had also a strong gendered dimension, given that the majority of flower farmworkers are female. The Horticulture Ethical Business Initiative highlighted some gender issues. For instance, the training course for auditors examined maternity leave, the problem of working late hours, the need for more female managers and supervisors. The impact on poverty reduction is not as clear-cut, as the initiatives have not led to increased wages for workers per se, but they appear to have contributed to the improvement of working conditions in horticulture.

78. In order to summarise the project level assessment, we proceeded to rank DFID’s TRCB projects in Kenya according to our assessment criteria. The KTPP scored relatively low, given a number of design flaws. First, the project could have been more relevant to Kenya’s trading interests if it had done more regionally as opposed to just focusing on the WTO and was better linked to the supply-side of trade development. Performance of the project was satisfactory in the sense that the activities carried out, mostly workshops were delivered and perceived as of good quality by the participants. However, the two core studies which were supposed to guide the workplan were completed too late and were not used to inform the implementation of the capacity building activities, as originally intended. In terms of mainstreaming trade policy into the national poverty reduction strategy and improving the government capacity to negotiate and implement trade

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agreements, the impact of KTPP was weak. There is some impact in terms of improving awareness outside government about the WTO agreements, as some actors mentioned that it allowed them to be better informed and thus to improve the content of their inputs to government. The linkages made in the KTPP between trade and poverty reduction were relatively weak. For example, the study on trade and poverty in Kenya was never circulated in Kenya. However, the fact that many of the workshops focused on trade and agriculture provided an opportunity to make the linkage. No component of the KTPP explicitly focused on trade and gender.

79. The Business Partnership Programme projects which we examined generally received better scores. We should note however that in terms of impact on poverty reduction the project supporting commercial beekeeping had a stronger and more direct impact than the projects focusing on flower farms.

80. Regarding the Umbrella Project, we did not score the component focusing on Government of Kenya training, as it had just recently begun. The KIPPRA-implemented component focusing on studies and proposals for regulatory change is seen as relevant and is producing high-quality work. However, the impact in terms of bring about policy change in Kenya has been limited. The question is whether DFID’s expectations regarding the capacity of a research organisation to bring about policy change are realistic. Finally, KEPSA is seen as a relevant initiative, although some challenged whether it is beneficial and feasible to have only one voice for business, even on issues of common interest. The new organisation has been able to perform some representation tasks on a number of policy issues, including policy, but it has been slow to start and still has limited capacity.

Project	Component Ranking from 1 (low) to 4 (high)					
	Relevance	Performance	Success/Impact	Poverty Reduction	Enhance Gender Equality	Support Regional Links
Trade Policy						
KTPP	2	2	2	1	1	1
Trade Development						
BPP	3	3.5	3	3	3	na
Umbrella Project						
SREB	4	2	2	2	1	1
KEPSA	3	2	2	1	1	1

Note - Assessments are based on the following scoring criteria:

Relevance	Performance	Success/Impact/ Poverty Reduction/ Enhance Gender Equality/ Support Regional Links
4 Highly relevant	4 Highly effective	4 Substantial
3 Relevant	3 Effective	3 Moderate
2 Partly relevant	2 Partly effective	2 Modest
1 Irrelevant	1 Ineffective	1 Negligible
na Not applicable	na Not applicable	na Not applicable

III. COUNTRY-LEVEL ASSESSMENT

A. Overall DFID TRCB Cohesiveness and Impact Assessment

81. Based on the documentary research, the interviews and the consultation seminar conducted for this case study, we do not believe that DFID-funded TRCB project had a significant effect on Kenya's capacity to manage trade policy and regulation. The KTPP had some limited impact on the capacity of the private sector and the non-governmental organisations (NGOs) to engage with government on trade policy and this aspect can be considered a strength of DFID's approach, i.e. to ensure that the capacity building is not solely concentrated in public offices, but reaches a larger part of the national policy community. Another strength of the DFID approach in this area is that despite its views that trade has large potential benefits to enhance growth and poverty reduction, it provides its partners with the space to define the best policy options. Nevertheless, the challenge of moving beyond technical assistance to long-term capacity building remains.
82. Indeed, the question of whether TRCB projects are contributing to sustainable institutional development or are only short-term activities is central. From the Kenyan study, we observed that DFID is still struggling to find ways to move beyond technical assistance to long-term trade capacity building. Indeed, the "studies and workshops" model still dominated trade policy capacity building programming. We should note that most donors are grappling with this same problem. If we look at what the European Union is supporting in Kenyan with its programme KEPLOTRADE, it is also based on the same model of specific studies and training workshops of officials and stakeholders. This type of technical assistance is not without positive impact on capacity, and the recipients themselves value them. The development of training programmes in universities or other institutions, as well as the strengthening of institutional mechanisms to develop a national trade strategy, such as the Kenya's National Committee on the WTO, are two elements to consider when transitioning toward long-term capacity building.
83. One of the key issues raised in the country case study is the fragmentation in trade policymaking in Kenya. This fragmentation prevents the adoption of a trade strategy, which is integrated and coherent with the national development strategy (as set out in the PRSPs and Economic Recovery Strategy). This is an important obstacle preventing the linking of trade policy to poverty reduction. There are different potential ways to address fragmentation:
- a) The KTPP institutional review recommended creation of a national structure
 - b) Strengthening the technical capacity of the trade ministry
 - c) Enhancing the profile of trade at the Cabinet level

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84. More positively, it should be noted that the issues of specific competence in some technical areas dictate this spread (rather than fragmentation) and efforts should be made to exploit this diversity of expertise rather than see it as an impediment.⁴ The often cited duplication of effort and wastage of resources can also arise from lack of collaboration by the donor agencies as much as from the spread of responsibilities for trade policies. DFID should exploit its prominence in the country and within the donor community to provide leadership in this area.
85. Future TRCB in Kenya will also have to improve the linkages between trade policy and poverty reduction in the implementation of a project. The trade and poverty study that was commissioned in the context of the KTPP would have been an excellent starting point to reflect on how to achieve these linkages. Indeed, the sectoral analyses presented clearly how domestic trade reforms or changes in the global trading environment might affect poor producers and workers. However, given the management and design problems encountered by the programme, these studies were not used for that purpose. Moreover, few of the projects examined here made explicit efforts to ensure that TRCB contributed to gender equality. For instance, none of the KTPP activities examined the gendered-differentiated impact of trade liberalisation, or how export sectors such as cut flowers or garments can be better harnessed to contribute to gender equality. The first step will be to ensure that the gendered dimensions of trade policy and trade development are more visible to stakeholders and to gain better understanding of what measures could achieve this.
86. Regarding the impact on the capacity of Kenya to engage in international trade, some of the DFID-funded TRCB projects had a positive impact. The sub-project on beekeeping of the Business Partnership Programme is a key example of how DFID support helped traders to face the standards-related obstacles to exporting overseas. Given the place of agriculture in the Kenyan economy, such work on standards is key to improving its capacity to trade. Regarding the question of how to maximise the poverty reduction impact of trade development projects, our study shows that focusing on smallholders can be very effective, but the question of whether this approach can yield results at a larger scale remains.
87. Finally, there is the question of how to better link trade development projects to trade policy projects. DFID could use the recent Kenyan export strategy to guide its TRCB work. The ITC has supported a national process to develop an export strategy for the

⁴ Whereas the Ministry of Trade and Industry is the organization mandated to deal with Trade Development policies, there are a number of other Ministries which address certain trade policies which come under their mandates; this would include Office of the President which oversees capacity building and support for regional development authorities; Ministry of Finance which deals with financial and economic policies, bilateral and multilateral development financing and technical assistance; Ministry of Foreign Affairs which handles International and regional organizations, treaties, conventions and agreements; Ministry of Planning and National Development handles Economic Commission for Africa, New Partnership for African Development (NEPAD) and ACP-EU while Ministry of Agriculture deals with trade related issues affecting agricultural policy and services to list but a few.

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country. This initiative could inform the trade policy for Kenya. It identifies sectors and strategies to strengthen the export position of the country. In order to take advantage of the strengths of DFID's programming in private sector development, the trade policy programmes should be better coordinated to the private sector development. For example, during our interviews sanitary and phytosanitary standards (SPS) were often underlined as the key obstacles for Kenyan exporters. One could envisage how a trade policy project building capacity to participate in discussions on standards at the WTO, the CODEX Alimentarius Commission and regionally would be accompanied with a private sector development programme which provides support for the producers to improve their capacity to meet these standards.

B. DFID Attributions and Contributions

88. Regarding donor coordination, it is clear that this has been lacking in the past. Until recently, most of the TRCB programmes in Kenya were donor-driven. The problem in donor coordination may be more important on the trade policy side, where new initiatives abound. Thus, there appear to be overlap between the KTPP, JITAP and KEPLOTRADE supported by the EU, in terms of building capacity to negotiate trade agreements. These three programmes are not coordinated but all aim at improving the capacity of the government officials and stakeholders to negotiate trade agreements; KEPLOTRADE focuses on the Cotonou and EPAs with the European Union but many of the training activities are directly relevant to multilateral trade: trade policy analysis, trade negotiation techniques, trade formulation processes, etc. Therefore, we see a large number of workshops and training sessions held under different programmes without any assurance that there is no duplication of efforts. In the restructured KTPP, DFID should ensure that there are discussions and coordination with these two other initiatives.
89. The multiplicity of TRCB programmes to improve the capacity of Kenya to negotiate trade agreements make attribution of impact to one donor, especially difficult. But at least donor coordination will increase the chance that such support has a real and long-term impact on capacity building.
90. We should note that in the last two years, changes are evident where an increasing number of donor agencies are now collaborating in specific TRCB programmes. This way, resources will be more effectively utilised and efforts synergised. A good example is the just concluded "World Bank-DFID Growth and Competitiveness Study in Kenya". This collaboration has been received very well by all stakeholders and is likely to create impacts that would otherwise have not been the case.
91. Some of the lessons learnt from DFID TRCB programmes in Kenya focus on the difficulty of developing and implementing programmes which aim to trigger policy change. This could be seen in the DFID work to improve the business environment in Kenya and in the work on integrating trade policy as part of the national development strategy. To promote any meaningful reforms, it is necessary to finance a balanced

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portfolio of activities that support the demand for change by strengthening the institutions and processes through which these demands are expressed. Moreover, governments respond primarily to domestic political and economic pressures whereas donors have rather limited influence. Donors cannot drive change themselves but rather should support domestic drivers of change, provide technical advice and ideas to support reform and provide support to reforms that are genuinely domestically owned.

ANNEXES

1. List of documents consulted

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2. List of interviewees

July 5 to July 16, 2004

	Name	Organisation
1.	Collins Apuoyo	DFID, Nairobi
2.	Elijah Manyara	Ministry of Trade and Industry
3.	Solomon Kuria	Ministry of Trade and Industry
4.	James M. Kiiru	Ministry of Trade and Industry
5.	Duncan Mwangi	Ministry of Trade and Industry
6.	Simon Kamanu	Ministry of Trade and Industry
7.	Dr. Wariara Kariuki	Jomo Kenyatta University of Agriculture & Technology
8.	Dr. Mary Mbithi	University of Nairobi
9.	John Kinuthia	Consumer Information Network (NGO)
10.	Thomas Barasa	Rodi (NGO)
11.	Carol Bwire	Ernst and Young
12.	Dr. Hezron Nyangito	Kenya Institute of Public Policy Research and Analysis
13.	Prof. Mwangi Kimenyi	Kenya Institute of Public Policy Research and Analysis
14.	Mr. Raphael Mwai	Private Public Development Consultants
15.	Paul Kamau	Institute of Development Studies, University of Nairobi
16.	Isabel Mwangi	Institute of Development Studies, University of Nairobi
17.	Paul Jean Louis	Honey Care Africa Ltd
18.	Farouk Jiwa	Honey Care Africa Ltd
19.	Michael Ojiambo	Kenya Freedom from Hunger
20.	George Macharia	Africa Now
21.	Christine Kamau	Kenya Honey Council
22.	Fred Oweggi	Kenya Institute of Public Policy Research and Analysis
23.	George Odhiambo	Kenya National Farmers Union
24.	Margaret Nderitu	Kenya Flower Council
25.	John Njenga	Kenya Flower Council
26.	Mercy W. Karanja	Kenya Federation of Agricultural Producers
27.	Manuel Da Rocha	World Bank (on telephone)
28.	Robert Hale	Africa Now (on telephone)
29.	Catherine Masinde	DFID, Nairobi
30.	Elaine Yong	UNDP Nairobi (on telephone)
31.	Greg Howie	USAID- regional office (on telephone)

3. List of participants at the consultation seminar

Name	Organisation
Dr. Wariara Kariuki	Jomo Kenyatta University of Agriculture and Technology
Caroline Bwire	Ernst and Young
Thamaini B	Joel Consultants
Simon Kamanu	Ministry of Trade and Industry
Githuku Mwangi	Kenya Leadership Institute
Njani Ndiritu	Times Prof. Institute
James M. Kiiru	Ministry of Trade and Industry
Collins Apoyo	DFID, Nairobi
Walter Odera	DFID, Nairobi
W. Muthigani	Kenya Bureau of Standards
Dr. Mokabi	National Council for Science and Technology
Fred Owegi	Kenya Institute of Public Policy, Research and Analysis
Joe Wanjau	Kenya National Chamber of Commerce and Industry
Njeru E. Ngare	Ministry of Trade and Industry
Thomas N. Barasa	RODI Kenya
George Odhiambo	KENFAD
Jonathan Nzuma	Kenya Institute of Public Policy, Research and Analysis
S. K. Kuria	Ministry of Trade and Industry
Chantal Blouin	North South Institute
Ann Weston	North South Institute
Eleanor Fuller	DFID
Isaac Njoroge	Almaco Management Consultants Ltd

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4. Table of key economic and social indicators, 1998-2003

Indicator	1998	1999	2000	2001	2002	2003
Population in millions	28.8	29.5	30.2	30.8	31.5	32.2
Growth of GDP in constant terms	1.8	1.4	0.2	1.2	1.2	1.8
GDP at Market prices (Kshs billion)	694	744	796	879	963	1,092
Total domestic debt (Kshs. billion)	351	371	379	380	410	436
Balance of payments (Current account – Kshs billion)	26,688	(6,303)	(18,090)	(30,119)	(13,950)	4,856
Coffee-marketed production ('000 tonnes)	51.3	64.3	98.0	54.6	45.5	61.2
Tea-Marketed production ('000 tonnes)	294.2	248.8	236.3	294.6	287.1	293.7
Maize-marketed centrally ('000 tones)	218.0	223.8	201.2	461.5	398.0	280.5
Manufacturing output (Kshs billion)	703,000	742,500	661,200	669,600	684,700	726,700
Tourism Earnings – KShs billion	17,509	21,367	16,869	20,660	21,734	22,698
Wage Employment ('000)	1,678	1,688	1,695	1,677	1,670	1,728
GDP per capita – current (Kshs billion)	20,748	21,737	22,691	24,902	26,969	30,075
GDP per capita (constant)	3,556	3,527	3,425	3,399	3,362	3,348

Indices: (1982 = 100)

Item	1998	1999	2000	2001	2002	2003
Export volume	173	186	191	204	226	260
Import volume	179	162	187	222	169	205
Terms of Trade	100	86	84	79	78	81
Consumer prices	106.5	112.6	123.9	131.0	133.6	146.7
Real wages	87.1	94.1	98.5	107.1	120.7	124.2
Agricultural Terms of Trade	107.3	105.2	104.2	89.3	86.8	83.8
Exchange Rate/ US\$/Kshs	62.0	73.0	78.0	78.6	77.1	76.1
Inflation	5.8	10	5.8	2.0	2.0	9.8

Source: Economic Survey, 2004

5. Summary of K TPP activities

Work plan 1 May-December 2003

1. Three workshops on sensitisation of civil society on WTO agreements
2. Publication of user-friendly pamphlets on trade issues
3. Workshop on linkages between trade and PRSP
4. Three policy studies and three workshops on NAMA, SPS and services
5. Regional workshop on civil society participation on trade policy formulation
6. Provision of IT equipment
7. Support for 3 participants to Cancun WTO Ministerial Meeting

Work plan 2 February-May 2004

1. Five workshops on agriculture and WTO agreements
2. Two workshops for private sector to build capacity to participate in trade policy and advocacy (with KEPSA and Kenya National Chamber of Commerce and Industry)
3. Study and four workshops on Export Promotion Council's Strategic Plan
4. Study and two workshops to promote linkages between Ministries involved in Trade issues and PRSP

6. Examples of JITAP Activities

JITAP II is being implemented under five modules:

Module 1 – Institutional Support, Compliance, Policies and Negotiations

The activities under this module include:

- i) Roundtable on Trade and poverty issues
- ii) Regional trade on Trade Facilitation
- iii) Workshop on the compendium of business laws and regulations
- iv) Training events for all the stakeholders on various MTS issues.
- v) Workshop for the formulation of an integrated national trade policy supportive of the national strategy for poverty reduction

Module 2 – Strengthening Multilateral Trading System Reference Centres and National Enquiry Points

The activities under this module include:

- i) Training on the use of the TradeMap tools
- ii) Needs assessment for the strengthening the existing MTS – support institutions and for the establishment of National Enquiry Points on TRIPS and Services
- iii) Provision of additional computers and software and provision of additional reference information materials

Module 3 – Enhancing MTS

Activities under this module include:

- i) Incorporation of MTS curriculum in JKUAT's undergraduate programme
- ii) Identification of priority training requirements for Kenyan MTS stakeholders linked to the Doha work programme.
- iii) Provision of support to IMUTSAR, a Network of Trainers and Experts on MTS NGO.
- iv) Training events to the members of the National Committee on WTO (NCWTO), Reference Centres and NEPs.
- v) Development of a generic MTS curriculum for the academic community and other training institutions.
- vi) Sub-regional workshops on a wide range of MTS issues.

Module 4 – Export Strategies for Goods and Services

The activities under this module include:

- i) Stakeholder consultative workshops.
- ii) Support to the development of a quality code of practice for dissemination in a series of workshops on value-addition and prepacked produce in Horticulture, fish products and honey.
- iii) Workshops on the conduct of market intelligence surveys.
- iv) Support to the development of a National Trade Information Policy.
- v) Formulation and implementation of Services Export Strategy.
- vi) National workshop to understand and apply the commodity diversification guide.

Module 5 – Networking and Programme Survey

- i) Training NCWTO members on the use of the Communication and Discussion Facility (CDF).
- ii) Support for the establishment of MTS websites and networks
- iii) Workshop on regional integration
- iv) Participation of NCWTO members in JITAP video conferences