IDEV

Independent Development Evaluation
African Development Bank

*From **experience** to **knowledge**...*
*From **knowledge** to **action**...*
*From **action** to **impact***

An IDEV **Country Strategy Evaluation**

Kenya: Evaluation of the AfDB's Country Strategy and Program (2014–2023)

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

November 2023

IDEV conducts different types of evaluations to achieve its strategic objectives

IDEV

Independent Development Evaluation
African Development Bank

*From **experience** to **knowledge**...*
*From **knowledge** to **action**...*
*From **action** to **impact***

An IDEV **Country Strategy Evaluation**

Kenya: Evaluation of the AfDB's Country Strategy and Program (2014–2023)

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

November 2023

ACKNOWLEDGEMENTS	
Task manager:	**Girma Earo Kumbi**, Chief Evaluation Officer, IDEV.2
Team members:	**Konan Alain Ives Delaure N'ghauran**, Evaluation Consultant, IDEV.2; and **Benjamin Camara**, Evaluation Consultant, IDEV.2
Consultant:	ADE Consulting & Advisory Services: Team Leader, **Hubert Cathala**
Internal peer reviewers:	**Andrew Ajuang Anguko**, Chief Quality and Methods Advisor, IDEV.0; **Mohammed Jalaludeen Issahaq**, Principal Evaluation Officer, IDEV.1
External peer reviewer:	**Steve Tabor**, Independent Consultant
Internal Bank Reference Group:	East Africa Regional Development and Business Delivery Office: **Marcellin Ndong Ntah**, Lead Economist, **Zerihun Gudeta Alemu**, Chief Country Economist, **Martin Wafula Nandelenga**, Macroeconomist, **Dejene Demisse**, Principal Country Program Officer, **Emily Muthoni Kilongi**, Water and Sanitation Officer, **Maina Onesmus**, Agricultural Economist, **Mohamud Hussein Egeh**, Principal Agriculture Officer, **Susan Achieng Olang'o**, Social Development Officer, **Janinah Gasanah**, Gender Consultant, **Winfred Gichuru**, Transport Engineer, **Grace Kyokunda**, Chief Investment Officer, **Margaret Kamau**, Principal Climate Change and Green Growth Officer, and **Andrew Muguwa**, Principal Operations Officer; Development Impact & Results Department: **Rudolphe Petras**, Principal Results Officer
Knowledge management and communications officers:	**Jacqueline Nyagahima**, Principal Knowledge Management Officer, IDEV.3; **Marc Ghislain Bappa**, Knowledge Management Officer, IDEV.3; and **Elena Tourino Lorenzo**, Communications Consultant, IDEV.3
Other assistance/contributions provided by:	**Parfait Yao Kouassi**, Team Assistant, IDEV.2; **Ruby Esi Adzobu-Agyare**, Secretary, IDEV.0
Special thanks to:	The evaluation team thanks officials from the National Treasury and Economic Planning and line ministries of Government of Kenya; the staff of executing agencies; representatives of development partners, civil society organizations, private sector agencies, and Bank staff for making themselves available for consultations, providing comments, and feedback about the Bank's work in Kenya.
Division Manager:	**Madhusoodhanan Mampuzhasseril**, IDEV.2
Evaluator-General:	**Karen Rot-Münstermann**

Kenya: Evaluation of the AfDB's Country Strategy and Program (2014–2023) – Summary Report
IDEV Country Strategy Evaluation, November 2023

About the AfDB

The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

About Independent Development Evaluation (IDEV)

The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

Independent Development Evaluation (IDEV)
African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387, Abidjan, 01 Côte d'Ivoire
Phone: +225 27 20 26 28 41
E-mail: idevhelpdesk@afdb.org
idev.afdb.org

Photo Credit: AfDB Group and AfDB Projects on Flickr

Design & layout: GK Graphics (www.gkgraphics.in)

Contents

Contents

List of Figures

List of Tables

List of Boxes

Abbreviations and Acronyms

AADT	Annual Average Daily Traffic
ADB	African Development Bank
ADF	African Development Fund
AFAWA	Affirmative Finance Action for Women in Africa
AFD	Agence Française de Développement
AfDB	African Development Bank Group
AHHD	Human Capital, Youth and Skills Development Department
ASAL	Arid and Semi-Arid Lands
ASDS	Agricultural Sector Development Strategy
CCTO	Central Corridor Transport Observatory
CDN	Country Diagnostic Note
CERSP	Competitiveness and Economic Recovery Support Program
CPIA	Country Policy and Institutional Assessment
CPIP	Country Portfolio Improvement Plan
CRFA	Country Resilience and Fragility Assessment
CSO	Civil Society Organization
CSP	Country Strategy Paper
DP	Development Partner
DRSLP	Drought Resilience and Sustainable Livelihoods Program
EAC	East African Community
ECCE	Country Economics Department
ECST	Statistics Department
EPRA	Energy and Petroleum Regulatory Authority
EPZ	Export Processing Zones
ERSP	Emergency Response Support Program
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
EU	European Union
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GEF	Global Environment Facility
GESIP	Green Economy Strategy and Implementation Plan
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit of Germany
GoK	Government of Kenya
HDI	Human Development Index
HVDC	High-voltage direct current
ICT	Information and Communication Technology
IDEV	Independent Development Evaluation
IPR	Implementation Progress Report
JICA	Japan International Cooperation Agency
JPWG	Joint Coordination Working Group
KAM	Kenya Association of Manufacturers
KBA	Kenya Bankers Association
KCB	Kenya Central Bank
KeNHA	Kenya National Highways Authority
KEPSA	Kenya Private Sector Alliance
KES	Kenyan Shilling
KII	Key Informant Interview
KMRC	Kenya Mortgage Refinance Company
KNES	Kenya National Electrification Strategy
KRB	Kenya Roads Board
KRTCDP	Kenya Rural Transformation Centers Digital Platform
KURA	Kenya Urban Roads Authority
LoCs	Lines of Credit
M&E	Monitoring and Evaluation
MCM	Million Cubic Meters
MERL	Monitoring, Evaluation, Reporting, and Learning

MIC-TAF	Middle-Income Countries Technical Assistance Fund
MSE	Micro and Small Enterprise
MSEA	Micro and Small Enterprises Authority of Kenya
MSME	Micro, Small and Medium Enterprises
MTP	Medium-Term Plan
MW	Megawatt
NDC	Nationally Determined Contribution
NELSAP	Nile Equatorial Lakes Subsidiary Action Program
NITA	National Industrial Training Authority
NRW	Non-Revenue Water
NSO	Non-Sovereign Operation
NTCO	Northern Corridor Transport Observatory
NWSS	National Water Services Strategy
PBC	Performance-Based Contracting
PBO	Program-Based Operation
PCR	Project Completion Report
PDU	Presidential Delivery Unit
PIM	Public Investment Management
PIU	Project Implementation Unit
PPP	Public Private Partnership
PRA	Project Results Assessment
RDGE	East Africa Regional Development and Business Delivery Office
RISP	Regional Integration Strategy Paper
RMLF	Road Maintenance Levy Fund
SEZ	Special Economic Zone
SGR	Standard Gauge Railway
SIVAP	Small Scale Irrigation and Value Addition Project
SME	Small and Medium-sized Enterprise
SNFI	Financial Management and Procurement Policy Department
SNSC	Safeguards and Compliance Department
SO	Sovereign Operation
SSA	Sub-Saharan Africa
TA	Technical Assistance
TFLoC	Trade Finance Line of Credit
TIA	Traffic Impact Assessment
ToC	Theory of Change
ToU	Time of Use Tariff
TTI	Technical Training Institute
TVET	Technical Vocational Education and Training
UA*	Unit of Account
US$	US Dollar
VAT	Value-Added Tax
WASREB	Water Services Regulatory Board
WB	World Bank Group
WSS	Water Supply and Sanitation

* 1 Unit of Account (UA) = 186.91 Kenya Shillings (KES); 1 UA = 1.33 United States Dollars (US$); as at July 2023.


KENTANK

Executive Summary

Introduction

This report summarizes the key findings, lessons, and recommendations of an evaluation of the African Development Bank Group's (AfDB or "the Bank") country strategy and program in Kenya from 2014 to 2023. Over this period, the Bank formulated two Country Strategy Papers (CSPs): the CSP 2014-2018 and the CSP 2019-2023. Each CSP focused on two key objectives. For the CSP 2014-2018, the objectives were to: (i) enhance physical infrastructure for inclusive growth; and (ii) develop skills for the emerging labor market in a transforming economy. For the CSP 2019-2023, the objectives were to: (i) support industrialization; and (ii) enhance skills and capacity development. Under these two CSPs, the Bank approved a total of 59 projects, amounting to Units of Account (UA) 2.96 billion. The Bank's interventions were mainly comprised of sovereign operations (SOs), which represented 78 percent of the portfolio (UA 2.3 billion), while non-sovereign operations (NSOs) accounted for the remaining 22 percent (UA 637.2 million). The Bank's interventions were spread across seven sectors. The transport sector received the largest share of the portfolio (32 percent), followed by water supply and sanitation (18 percent), finance (17 percent), power (13 percent), multi-sector (10 percent), agriculture (6 percent) and the social sector (4 percent).

The main purpose of this evaluation is to inform the design of the next CSP (the CSP for 2024-2028). Accordingly, the evaluation has three objectives: (i) to assess the Bank's contribution to Kenya's development results; (ii) to identify what worked in the Bank's programs, what did not, and why; and (iii) to make recommendations for future strategies and programs.

The evaluation framework is organized around four main Evaluation Questions (EQs) that guided data collection:

i. Development results: What has been achieved by the Bank compared with what it set out to achieve? This area examines the relevance, coherence, effectiveness, and sustainability of the Bank's interventions, and cross-cutting issues. It also explores the effects of the COVID-19 pandemic and other global events (Russia's invasion of Ukraine[1], Horn of Africa droughts, global financial tightening of 2023, etc.) on the Bank's interventions and the country's development achievements.

ii. Managing the Bank's interventions: How and why were the development results achieved or not? This area focuses on efficiency, partnership, and managing for development results aspects of the Bank's support.

iii. Borrower's performance: This area assesses the contribution of project executing agencies, the sector ministries and others responsible for project/program design and implementation.

iv. Drivers of success and lessons: This area examines the key facilitating or constraining factors for achieving development results. This results in key lessons and recommendations to inform future strategies and programs.

Methodology

The evaluation used a theory-based approach to assess the extent to which the Bank's interventions under each pillar of its two CSPs designed and delivered a relevant response to Kenya's development challenges. The evaluation applied international standard evaluation criteria for relevance, coherence, effectiveness, sustainability, and efficiency. It used a four-point scale[2] to rate performance against these criteria. It used five methods to gather data: (i) desk reviews of key documents; (ii) portfolio reviews; (iii) interviews and focus group discussions; (iv) project results assessment; and (v) case studies of seven projects.

The evaluation encountered some limitations and challenges, which included: (i) limited availability of interviewees; (ii) incomplete institutional memory; and (iii) limited document availability. The evaluation team managed to overcome these limitations through triangulation of information from multiple sources, applying the evaluation criteria, and addressing the evaluation questions to a significant extent.

Key Evaluation Findings

Relevance and design

The evaluation found the Bank's support to be well aligned with Kenyan policy, namely its Vision 2030 and its Medium-Term Plans (MTPs). The Bank's goals were aligned with Vision 2030's objective to revitalize the economy by developing infrastructure and supporting the small and medium enterprise (SME) sector (economic pillar of Vision 2030). Furthermore, the Bank's agriculture and finance sector projects, and the importance given to industrialization, skills development and job creation, reinforced a focus on specific sectors, which were aligned with the six priority sectors identified in Vision 2030: Tourism; Agriculture, Livestock and Fishing; Wholesale, Retail and International Trade; Manufacturing; Business Process Outsourcing; and Financial Services. In addition, the evaluation found that the Bank's strategic priority areas at the country level were also well aligned with its own strategies and policies. Bank support to Kenya was found to be well aligned with the Bank's Ten-Year Strategy (2013-2022) and the High 5s.

Interviews and project results assessments also showed that the Bank aligned its support with the needs of beneficiaries and country institutions. Interviews with direct beneficiaries indicated that road and agriculture projects helped them in accessing markets and ensuring timely delivery of agricultural products. In the **water supply and sanitation** (WSS) sector, the water service providers and direct beneficiaries were found to have appreciated the Bank's support through the Kenya Towns Sustainable Water Supply and Sanitation Program, which improved services in multiple towns in Kenya. In the **energy** sector, many new customers connected to the electricity grid. In the finance sector, lines of credit (LoCs) were found to be relevant and met beneficiaries' needs for affordable financing. The Bank's interventions were also assessed as taking into account the Government's and implementing agencies' needs related to capacity building.

The evaluation also found that interventions were adapted over time to respond to changing country and global circumstances. The Bank responded quickly to global events by designing fast-disbursing Program-Based Operations (PBOs) in response to external shocks (e.g., the COVID-19 pandemic, Russia's invasion of Ukraine, economic and financial crises).

However, the evaluation found that the Bank's CSP 2019-2023 set overambitious objectives. For example, the CSP 2019-2023's objective was to promote structural transformation through supporting industrialization. Within the Kenyan economic context, industrialization mostly refers to a process of investment decisions taken by the private sector. Since the Government's role in industrialization is largely limited to enabling private sector activity, rather than directly driving private investment, it is questionable as to what extent the Bank's objective was realistic.

Overall, the **relevance** of the Bank's strategies and programs is rated **satisfactory**.

Coherence

The evaluation found significant internal synergy within each sector of support. The Bank provided successive budget support to tackle the impacts of the COVID-19 pandemic and support the economic recovery program. In addition, coordination and synergy in the **infrastructure** sectors were found to be strong. However, the evaluation identified weak collaboration between sectors in maximizing synergies and portfolio coherence. For instance, the Enable Youth project in the **agriculture** sector and finance projects could have complemented each other in linking trained youth participants to affordable credit from LoC funding, but did not.

The evaluation identified strong coordination with other Development Partners (DPs) at the project level. However, external coherence is a challenge at the sector level given the multiplicity of actors and the limited capacity of Kenyan counterparts to coordinate them. For instance, many DPs are now involved in skills development, including the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the World Bank, Swiss Connect, the Korean Development Agency, the European Union (EU), and more recently the Canadian Aid Agency.

Overall, the **coherence** of the Bank's strategies and programs is rated **satisfactory**.

Effectiveness

Project results assessments and stakeholder interviews confirmed that the Bank's interventions in the **transport** and **energy** sectors helped reduce transport and energy costs, which are key enablers for private sector activity and industrialization. For example, the transit time from Mombasa Port to the Malaba border declined by 16 percent (above the target of 15 percent) from 68 hours in 2017 to 57 hours in 2019, and to the Busia border from 69 hours in 2017 to 66 hours in 2019 (NTCO, 2020). The Isiolo-Moyale axis saw an impressive travel time reduction to an estimated 6 hours from the initial two days before project construction.

In the **energy** sector, the Lake Turkana Wind Power project and the Kenya-Ethiopia electricity highway are currently providing 475 MW to Kenya's electricity generation capacity. Recent data on tariffs show that the cost of energy has effectively dropped, with industrial commercial tariffs from Commercial Industry 1 to Commercial Industry 5 having dropped between 9 and 14 percent since 2018, using off-peak energy. The implementation of this off-peak tariff was made possible in a large part due to the provision of cheap renewable off-peak wind energy such as that produced at night by the Lake Turkana Wind Power Project. In addition, the Last Mile Connectivity Project connected 531,979 additional households in phase 1 and 2 (against a target of 651,454 households).

In the **WSS** sector, about 1.5 million people were provided with access to safe WSS services, although this is well below the CSP's target of 4.3 million. Available data indicate that the number of people connected to safe pipe water increased to 63 percent, which is below the target of 66 percent. In sanitation services, an additional 1.47 million individuals gained access to sanitation facilities, which contributed to the increase in the proportion of people connected to sanitary facilities to 25.5 percent, slightly below the target of 26 percent.

In the **agriculture** sector, project results showed a reduction in food losses as the Bank financed aggregation facilities that were equipped with cold chain infrastructure to preserve the shelf life of fresh agricultural produce. For example, the Small-Scale Irrigation and Value Addition Project (SIVAP) exceeded expectations by reducing post-harvest losses of goat meat, achieving a notable reduction of 5,495 livestock units (livestock off-take per year), surpassing the target (4,913), and reduced poultry losses by 10,684, in line with the initial target. It also achieved a milk loss reduction of 180,435 liters (target of 195,535 liters). In terms of agricultural productivity, SIVAP has already achieved its objectives for crops such as French beans (11 tons per hectare) and watermelon (25 tons per hectare), and it is on track to meet its objectives for green maize, bananas, and tomatoes. The evaluation identified that irrigation projects constructed through the Bank's projects also attracted horticulture companies to engage farmers in contract production.

In the **finance** sector, the Bank achieved satisfactory results at intervention level. Interviews with AfDB staff indicated that targets regarding job creation are expected to have been reached, or to be on course to be reached, by the end of the projects. For example, project documents showed that the Diamond Trust Bank LoC resulted in 3,000 permanent jobs created and sustained by the subprojects of the LoC. However, the monitoring data did not allow to conclude on the share of jobs that were created per type of business (small, medium, corporate), and sometimes did not differentiate between jobs created within the intermediatory banks or within subprojects. Furthermore, the evaluation found that LoCs have only marginally benefited micro-enterprises. The majority of beneficiaries, primarily SMEs, were favored due to the predominant lack of focus on micro-enterprises among the banks to which the AfDB extended LoCs. Micro-enterprises themselves demonstrated limited engagement with these banks to access credit.

In the **multi-sector**, the Bank was found to have played a positive role in providing fiscal space for government public investments and promoting reforms related to industralization and private sector development. The overall fiscal balance as a percentage of Gross Domestic Product (GDP) narrowed, from -8.1 percent in 2020 to -6.9 percent in 2022 (slightly short of the target of -6.6 percent). However, the Bank did little to address the more governance-related bottlenecks affecting infrastructure development in Kenya, such as corruption.

The Bank supported **skills development** through training in Technical Vocational Education and Training (TVET) institutions. The Bank visibly contributed to the development of infrastructure and equipment for skills development at post-secondary education level. In addition, the number of Technical Training Institutes (TTIs) with a complete set of the required equipment in engineering and applied sciences reached 33 as per the initial target. The proportion of employed TVET graduates was 77 percent compared with the target of 60 percent. Interviews, however, showed that only limited efforts were made to ensure that the training provided was aligned with the needs of the labor market. Representatives from the private and public sectors were not involved adequately in curriculum development, equipment choice (in line with curricula), and training through enterprise attachment, for both students and teachers.

Overall, the evaluation rated the **effectiveness** of the Bank's strategies and programs as **satisfactory**.

Knowledge and policy advice

The Bank's policy dialogue in Kenya was mainly focused on addressing fiscal risks by enhancing revenue mobilization and expenditure rationalization, and on debt risks by improving debt management. This was largely undertaken through PBOs: the Competitiveness and Economic Recovery Support Program (CERSP) I and II. However, the evaluation found that the full potential of the dialogue associated with PBOs was not realized. The Bank developed a dialogue with the Government of Kenya (GoK) through the CERSP I and II regular supervision missions, but this dialogue occurred more at a technical than a political level. It was also largely limited to project-related issues, with little effect on broader, socio-economic development-enhancing reforms.

Gender

The evaluation found that, overall, the Bank adequately mainstreamed gender in each sector of intervention, despite some shortcomings. For example, in TVET, the gender balance for students was satisfactory, although this was not the case in relation to tutors. Within the engineering and applied sciences programs, 2,342 women were trained in entrepreneurship skills, well exceeding the target of 1,000 women. However, in the staff trained at Master and PhD levels under the TVET Phase I project, women represented 26 and 21 percent, respectively, which was below the target of 30 percent. Other interventions in agriculture, infrastructure and access to finance also presented a fair degree of social inclusiveness. Women (and youth) were particularly well represented in the access-to-finance project, though data were lacking for some projects on the gender balance of end beneficiaries (clients in the beneficiary banks). However, none of the supported sectors was found to have conducted a gender analysis in relation to the position of women within the sector and the specific constraints that they faced in terms of reaching gender equality.

Environment and climate change

The Bank's program was found to have made a significant contribution to environmental preservation and particularly to climate change mitigation by focusing on clean renewable energy. For example, the program funded solar energy production through the Kopere 40 MW Solar Project, geothermal energy production through the Quantum Power Menengai 35 MW Geothermal Development project, and wind power production through the Lake Turkana Wind Power project. In addition, the Bank supported the establishment and implementation of the Green Economy Strategy and Implementation Plan 2016–2030. The Bank also supported irrigation and value addition in the agriculture sector, which helped farmers, particularly in arid and semi-arid areas, to build resilience to climate change.

Sustainability

The evaluation found the infrastructure and equipment put in place through the Bank's investments to be technically sound. During the interviews and site visits, the evaluation team noted no issues with the technical soundness of any of the investments, whether in transport, power, WSS, TVET or agriculture. Similarly, infrastructure from past AfDB interventions and previous phases of programs was still in use.

In addition, the Government's financial capacity to maintain infrastructure and related equipment was, or is likely to be, satisfactory in the energy, TVET and agriculture sectors. In road transport, however, while the capacity to maintain the road network increased, gaps still exist compared with the maintenance needs of the total road network in the country. Also, there are concerns regarding the high level of non-revenue water (NRW) in the WSS sector. In addition, inadequacy in compensating the people affected by projects was encountered in the transport sector. Despite these shortcomings, the likelihood of **sustainability** of the Bank's strategies and program is rated **satisfactory** overall.

Efficiency

Most of the Bank's interventions encountered delays in project start-up and during implementation. The evaluation found that the project start-up process, particularly from its approval to signature, was lengthy. The project data show that about 76 percent of the operations between 2014 and 2023 were considered delayed, by an average of five months. Although the evaluation found little evidence on cost-benefit analysis after projects' completion, interviews with partners yielded general concerns over the high cost of investment in infrastructure projects. On balance, the **efficiency** of the Bank's strategies and programs was rated **partly unsatisfactory**.

In terms of **partnerships and leverage**, the Bank mobilized resources from other Development Partners and the private sector. In **managing for development results**, the evaluation found that shortfalls still exist at the CSP pillar level although results measurement and reporting are clear at the operations level.

Lessons

Lesson 1: Job creation and industrialization, as strategic objectives in the second CSP, proved to be overly ambitious for a program that provided an average of less than 0.2 percent of GDP in annual approvals during the 2014-2023 period.

The evaluation team found that the Bank registered considerable progress in several aspects of infrastructure development and private sector development. In retrospect, these two areas may have been more appropriate as strategic pillars for the support that the Bank planned and delivered over the past decade. Industrialization and job creation are affected by many more factors than the Bank support could reasonably address.

Lesson 2: Strong counterpart involvement, an emphasis on strategic investments, and a long period of engagement with key institutions in the infrastructure sectors, contributed to impressive results in these sectors.

The benefits from continuity and multi-pronged engagement were assessed to be particularly notable in the transport sector, in which the Bank's technical assistance (TA) contributed not only to important connectivity investments but also to transforming policies and practices within the sector. In the energy sector, path-breaking public-private partnerships (PPPs) demonstrated a pathway to energy independence and a clean energy future. The evaluation found that the trust built up by the Bank and key counterpart agencies over time enabled it to play a catalytic role in these key sectors.

Lesson 3: The problem of start-up and implementation delays has long confounded project implementation in Kenya, leading to efficiency losses. Experience suggests that private sector involvement in infrastructure delivery can help to overcome a number of these constraints to project efficiency.

The Bank and the government are well aware of the problems resulting from project delays and insufficient counterpart funding. This, in part, contributed towards solid support for PPPs in infrastructure delivery. The Bank's experience in this area has been broadly positive, particularly in terms of reducing delays and securing sufficient counterpart funding. More attention to ex-post rate of return assessment may help bring to light the efficiency losses resulting from protracted project delays. Bank portfolio reviews have focused on these issues, but the problems tend to be at a higher level that goes beyond what can be addressed by any specific sector or project team.

Lesson 4: Strong cross-sectoral dialogue and coordination with all development stakeholders, including the private sector and CSOs, bolster the employment prospects of those who receive skills training.

Bank financing for skills and higher education has been relatively successful in augmenting the hardware needed in various tertiary training institutes. However, weak linkages between skills training and entrepreneurship development have limited the extent to which these job training investments were able to generate productive employment. Solid dialogue with economic actors at all stages of an intervention, beyond simple consultation, is conducive to efficient socio-economic processes, such as industrialization or job creation.

Lesson 5: The Kenyan finance context is conducive to private sector development but does not cater sufficiently well for microentrepreneurs.

While the CSP 2019-2023 primarily targets SMEs, the CSP 2014-2018 adopted a broader perspective by including micro-enterprises as potential beneficiaries. However, in practice, the evaluation found that the Bank's emphasis centered predominantly on tier-1 and some tier-2 banks that prioritize SMEs. This leaves a significant financing gap for micro-enterprises, despite their significant presence in the economy and substantial financial requirements. This is a key challenge if Kenya is to foster an inclusive growth process and bring more small-scale firms into the manufacturing sector.

Lesson 6: While results measurement and reporting are clear at the operations level, shortfalls exist at the CSP pillar level.

Measuring progress towards higher-level CSP objectives, including socio-economic development, industrialization, skills development, and job creation, is essential to align the Bank's actions more closely with its overarching goals, ensuring that its development efforts contribute meaningfully to the higher-level CSP objectives. While the project-level monitoring was generally satisfactory, there is a need to establish a seamless bridge between project-level achievements and the broader strategic outcomes. This framework will bridge the gap between individual project achievements and broader strategic outcomes, allowing for a more holistic assessment of how these projects collectively advance the CSP's socio-economic, industrial, and skills development objectives.

Lesson 7: Gender mainstreaming efforts in various sectors of intervention demonstrated some success in terms of representation but lacked a comprehensive approach addressing structural gender inequity and socio-cultural constraints.

While the Bank ensured a significant proportion of female beneficiaries in projects, a gender analysis specific to each sector's unique challenges and constraints was missing. This approach limited the effectiveness of gender-related activities and failed to address the root causes of gender inequality. To address this problem, a more holistic and sector-specific gender strategy that goes beyond quotas and tackles the structural issues contributing to gender inequity is necessary.

Recommendations

The evaluation proposes the following recommendations for the next Kenya CSP (2024-2028).

Recommendation 1: Adopt a holistic orientation in designing the Bank's country strategy.

The evaluation has revealed that the strategic objectives of job creation and industrialization, while ambitious, were not fully aligned with the actual support provided, which was limited in scale. Key points for consideration include:

- Focusing the interventions and strategies in core areas where progress has been considerable, such as infrastructure and private sector development.
- Linking skills development efforts more strongly to labor market (and stakeholder) requirements.
- Pursuing the provision of knowledge support to help the GoK clarify and operationalize its strategies that the Bank aims to contribute towards.

Recommendation 2: Strengthen intersectoral coordination to obtain higher-level development results more effectively and efficiently.

Socio-economic development, industrialization, skills development and job creation are fundamentally interconnected and span across multiple sectors. To enhance the Bank's effectiveness and efficiency, it is crucial to improve interaction and coordination with a comprehensive range of economic actors from all sectors, starting with relevant government and parastatal agencies. This coordination will benefit future programs. Key actions may include:

- Undertaking a detailed stakeholder mapping at sector level.

- Developing structured interactions around a clear agenda with a long-term perspective with all concerned ministries, private sector representatives, and CSOs.

Recommendation 3: Develop a strategic dialogue with the GoK, education providers (especially TVET institutions) and industry to catalyze private sector development and job creation.

Dialogue with economic actors (GoK, education providers and industry) at all stages of the operations is essential for efficient skills development and job creation. The priority actions may include:

- Developing a strategic dialogue with the GoK, education providers and industry around policy, legal, institutional, and regulatory reforms.
- Engaging with the GoK at a high level to find lasting solutions to persistent project implementation issues (such as counterpart funding, tax exemptions, and submission of legal opinion).
- Undertaking studies on the Kenyan labor market and its needs.

Recommendation 4: Integrate comprehensive progress towards higher-level CSP outcomes within the Bank's results measurement system.

To guide the Bank's action and measure its results in pillars of action, corresponding objectives need to be integrated within the Bank's country results measurement system in a holistic way. The key priority actions may address:

- Establishing a comprehensive set of indicators and corresponding baseline covering the higher-level pillar-related outcomes that are traceable to AfDB action.
- Using existing statistical reporting systems and identifying proxies for the strategic results that the Bank intends to contribute towards.

Recommendation 5: Review and redefine the Bank's approach to gender in Kenya.

Adopting a quota-based approach to gender-i.e., determining the proportions of women who should benefit from support-proved insufficient to address gender gaps in Kenya. The priority actions here may include:

- Identifying the structural causes of gender inequality in Kenya and their links with the various CSP pillars and sectors.
- Undertaking gender analysis at the sector level.
- Determining a set of cross-cutting actions through which the AfDB will strive to address gender in a systematic and structured way. ■

Management Response

Management welcomes IDEV's evaluation of African Development Bank Country Strategy and Program in Kenya (2014-2023). The evaluation was undertaken concurrently with Management's end-term review of the CSP 2019-2023 Completion Report (CR). Management agrees with the evaluation's lessons, conclusions and recommendations, especially the need to optimize the development impact of Bank projects by improving their effectiveness; improving the financial and economic sustainability of projects e.g., road and water and sanitation; and addressing project start-up and implementation delays. The evaluation also found the need to build-in monitoring and evaluation capacity in projects, to be able to trace progress on the Bank's contribution in cross-cutting issues. The findings are consistent with the conclusions of the CSP 2019-2023 Completion Report and will inform the preparation of the new Country Strategy Paper (2024-2028).

Introduction

Independent Development Evaluation (IDEV) evaluated the Bank's Country Strategy and Program in Kenya for 2014-2023 spanning the implementation of two Country Strategy Papers (CSPs).

Management welcomes the findings of the independent evaluation and is pleased to note that the Bank's CSPs and interventions were relevant in meeting Kenya's development aspirations as articulated in the country's long-term plan (i.e., Vision 2030) of "…transforming Kenya into a newly industrializing middle- income country by providing a high quality of life to all its citizens in a clean and secure environment".

The vision is implemented through successive five-year Mid-term Plans (MTPs) and Sector plans. During the period, the Bank developed two CSPs: CSP 2014-2018 and CSP 2018-2023. The CSP 2014-2018 had two Priority Areas: (i) Enhancing physical infrastructure to unleash inclusive growth and (ii) Developing skills for the emerging labour market of a transforming economy. The CSP 2018-2023 also had two priorities areas: (i) Supporting Industrialization and (ii) Enhancing skills and capacity development.

In addition, the two CSPs had the following overall objectives: (i) reducing the cost of doing business by investing in infrastructure; (ii) supporting private sector development for value addition and job creation through policy, legal, regulatory and institutional reforms; (iii) supporting SME participation in value addition; (iv) improving the employability of youth and women; and (v) addressing capacity and knowledge gaps in identified sectors.

The evaluation also rated the Bank's strategies and programs mostly satisfactory in terms of other dimensions namely coherence, effectiveness, sustainability, and efficiency. However, it found some shortcomings in each dimension.

Overall, Management agrees with the evaluation's findings, conclusions, and recommendations. These observations will inform the preparation of the new programming document i.e., CSP 2024-2028.

Relevance

The Evaluation found that the Bank's CSP was highly relevant to Kenya's development needs. The strategy was well aligned with Kenya's long-term plan (Vision 2030), its successive five-year MTPs, sector plans, regional and continental policies, and Bank's own corporate strategies. Despite positive assessment of the relevance of Bank interventions, the evaluation identified few shortcomings.

More specifically, it seems that the Bank paid little attention, despite acute capacity constraints at the local level, to strengthening institutions and systems needed for effective devolution (decentralization). To respond this concern, Management, indicated that (i) the Bank supported three County Governments in rolling out the pilot phase of the e-procurement system to strengthen their procurement processes as part of the efforts of tackling corruption, and (ii) several energy infrastructure and roads built by the Bank significantly benefited the counties. The Bank will continue to support capacity building in the new CSP 2024-2028 through the priority area 2 "Human Capacity Development" and the cross-cutting theme "Institutional Improvement".

In addition, the evaluation found that the links between outputs and outcomes were weakly developed at the strategic level of the CSPs (2014-2023) i.e., support to industrialization, and skills and job creation had not been the object of detailed strategic and holistic planning. Management observes that Bank's support for Kenya's target of increasing manufacturing share of GDP from 9% to 15% was national target according to the MTP- III (2018-2022). Bank's CSP 2019-2023 supported this by investing in enablers for industrial growth in line with the MTP-III – infrastructure development, policy reforms and human capital development. For the new CSP 2024-2028, the Bank and the Government of Kenya (GoK) agreed that outputs and outcomes of Bank interventions should be linked to measurable targets.

Coherence

The evaluation rated coherence of the Bank's support to Kenya as satisfactory. It found that internally, Bank's portfolio exhibited good coordination and created good synergies within each sector. And externally, coordination was supported by its active involvement in DPs Sector Working Groups (SWGs).

As regards to external coordination, shortcomings highlighted by the evaluation included weak coordination between Bank's skills development projects and similar projects financed by other DPs e.g., GIZ, the World Bank, Swiss Connect, the Korean agency, the EU, and the Canadian Aid Agency.

Management is encouraged by the overall positive assessment and concurs with the findings. For the new CSP 2024-2028, to enhance internal synergies among Bank projects, country team meetings will be effectively utilized. External coordination will be promoted through active participation in DPs SWGs. Further, the Bank will endeavor to sensitize the Government on the need for their effective coordination as multiple actors are involved.

Effectiveness

Management welcomes the overall satisfactory rating of effectiveness for reasonable contributions that the Bank has made at sectoral, pillar and CSP levels. Management is encouraged by the evaluation's findings that Bank's support in road transport contributed to a meaningful reduction in travel cost and transit time

Management agrees with evaluation's findings that the Bank's investments in the energy sector have resulted in reduced energy costs and increased economic competitiveness.

Management agrees with the evaluation's findings that the Bank's investment in water and sanitation showed mixed results in improving access to clean water and sanitation services. Management confirms that when the construction of the Thwake Multipurpose Dam project would be completed by mid-2024, a new water project is planned as an offshoot with the targeting additional 1.3 million residents of towns and villages in Makueni, Kitui and Machakos counties will have access to water supply and sanitation services. The water and sanitation being one of the focus sectors in Priority Area I of the new CSP (2024-2028), investments in the sector will continue to focus on improving access to safe water and sanitation.

Management agrees with the evaluation's findings that Bank has significantly promoted private sector development through improved access to finance for SMEs and supported private companies engaged in the transport and energy sector, thereby achieved satisfactory results at intervention level. However, the evaluation revealed that the Lines of Credit (LoCs) have only marginally benefited micro-enterprises. The micro-enterprises themselves demonstrated limited engagement with the LoC receiving banks to access credit. However, Management wants to put in context the Bank's support to MSMEs. Most local banks lend to micro-enterprises using non-conventional platforms, with digital platforms as the current norm. Different banks come up with special programs to reach market segments within the micro-enterprises sphere Most micro-enterprises are run by individuals as sole proprietorships that are not formally registered, and their borrowing is done on a personal loans basis which makes it difficult to separate consumer borrowing from commercial borrowing. In addition to Banks, there are many lenders that target micro-enterprises in Kenya – mostly digital micro-financiers. Despite availability of various financial options to the micro-enterprises, the Bank allocated 10% of US$100 million line of credit approved for Kenya Commercial Bank to target micro-enterprises through an initiative called 2jiajiri – a slung phrase for "creating jobs through self-employment". Management will endeavor to scale up the initiative subject to its success.

Management concurs with the finding of the evaluation that the Bank support through Policy Based Operations (PBOs) has played a positive role in providing fiscal space for government public investments and promoting reforms related to industrialization and private sector development. Regarding the fight against corruption, the Bank's support through PBOs has significantly contributed to modernizing and enhancing the public procurement process, that resulted in among others, the issuance of an e-procurement policy framework to promote efficiency and transparency, and automation of the procurement process. The roll out of the pilot phase of the e-procurement system to three state departments, two independent offices and commissions, four state corporations, and three County Governments, should also be considered as achievements. Management will continue using PBOs to reinforce public procurement processes.

Management agrees with evaluation's findings that the Bank visibly contributed to the development of infrastructure and equipment for skills development at post-secondary education level that has improved the quality of training. The evaluation also identified two shortcomings. Firstly, there have been limited efforts to ensure that the training provided was aligned to the needs of the labor market. However, Management wants to put the Bank's support to TVET in the right context. The support to TVET over the last 10 years was a systems approach which focused on improving the quality and relevance of STEM training through improvement in infrastructure, training equipment and trainers to revamp TVET. This support has immensely contributed to enrolment in TVET as attested by the evaluation's finding, and also higher employability of TVET graduates as shown by the tracer study. If there was misalignment as alluded to, the enrolment and employment rates would not be improving. Secondly, representatives from the private and public sectors were not involved adequately in curriculum development, equipment choice and training. However, management has a different view on this finding because the Bank supported capacity building of the National Curriculum Development and Assessment Council on development of occupational standards, which is the skills the Council used to develop occupational standards for over 400 trades in collaboration with the industry. Seven of the engineering occupational standards were directly financed by the Bank. The Bank's support for instance, enabled Dedan Kimathi University of Technology to be a Siemens accredited regional training center in mechatronics for East Africa.

Sustainability

The evaluation found no technical soundness issue in any of Bank's investments. It noted that the financial and economic sustainability of Bank's investments were largely satisfactory. However, it noted the following gaps: In roads maintenance, resource allocated by the GoK was enough to finance only 80% of the roads planned; and in water and sanitation, financial sustainability is challenged by the fact that non-revenue water stands high at 45% against the standard 20%, making the water sector lose approximately Kenya Shillings 10.5 billion each year. In institutional capacity and ownership, it found that while Bank's intervention in the financial sector through LoCs contributed to strengthening intermediatory banks to cater for financial needs of SMEs, little data exists to show continuity of lending to SMEs after the LoC expires. In social and environmental sustainability, it found that sustainability is challenged as two projects in the transport sector are presently under investigation by the Bank's Independent Recourse Mechanism for alleged breach of the Bank's Policy on Involuntary Settlement. Management takes note of these findings. For the CSP 2024-2028, the Bank and the GoK have agreed on the need to deepen country dialogue, focusing on domestic revenue mobilization with the view of supporting financial and economic viability of projects; and improving operational efficiency through improving project implementation by ensuring that Bank's policies are strictly adhered to.

Efficiency

The evaluation rated efficiency as partly unsatisfactory due to findings that most Bank interventions encountered delays in project start-ups and during implementation.

Management agrees with the evaluation's findings that the Bank's interventions encountered delays in project start-up and during implementation. The evaluation's observations are consistent with the country portfolio performance review findings that start-up and implementation delays have been the key challenges to the Kenya portfolio. The start-up delays were mostly results of delays in loan signing and fulfilling loan effectiveness conditions, including delays in submitting legal opinion from the Attorney General, and late payments of compensation to the project affected persons (PAPs). The implementation delays are the results of slow commencement of procurement activities, frequent changes in project implementing team members, weak performance of the contractors resulting from non-adherence to the work program and occasional cash flow problems. These challenges tend to reduce the efficiency and timeliness with which the Bank delivers its operations. Management will continue to engage with the GoK and implement actions that would help to resolve the challenges. These include high level engagement with the National Treasury to encourage the office of the Attorney General to minimize delays related to loan signing and ratification after signature. The GoK has to consider streamlined procedures to reduce the number of reviews per loan and assign staff who could participate in loan negotiations as well as work on the loan agreements to the point of issuing the legal opinion. The Bank has already started working with the Government to finance part or the total amounts required for the compensation of PAPs to ensure timely acquisition of right of way and reduce start-up delays. The Government has agreed to provide sufficient budgetary allocation from the proceeds of the loans in the annual budget. This will tackle challenges related to delays of payments to contractors. During project preparation, the Bank will ensure the alignment of counterpart funding requirements with the approved Country Financing Parameters which take into account the budgetary situation of the government.

Furthermore, agreement has been reached with the Government of Kenya to close eight aged projects latest by the end of 2024 and further consolidate the portfolio by focusing on bigger operations. This has been evidenced by the fact that the average size of the proposed sovereign operations in the IOP of the new CSP 2024-2028, has increased from the current average of UA 76.3 million to UA 91.4 million. The appointments of full-time project implementation teams have been undertaken for most projects except a few projects in the agriculture sector. RDGE in collaboration with fiduciary departments (SNFI and SNSC) will continue to provide regular capacity-building to the executing agencies and project implementation teams. The frequency of portfolio performance review meetings will be increased to resolve emerging portfolio issues.

Cross-Cutting Issues

The evaluation of the Bank's strategies and programmes revealed the mainstreaming of cross-cutting issues in the operations.

Management welcomes the evaluation's finding that the CSP took into consideration gender, environment, and inclusivity during the preparation and design of Bank operations. For example, in TVET programs, the gender balance for students was found satisfactory while within the engineering and applied sciences programs, 2,342 women were trained in entrepreneurship skills, thus, exceeding the initial plan of 1,000 women. The use of women and youths in Bank projects was evident across all operations.

On environment, the Bank's programs have significantly contributed to environmental preservation with particular focus on adaptation and mitigation of climate change. This will help Kenya achieve the goal of reaching 100% renewable energy by 2030. Additionally, Bank programs supported irrigation and value addition in the agricultural sector which is crucial in advancing the objectives of climate adaptation and mitigation. The water and sanitation projects supported the protection of water catchment areas through tree planting.

The Bank strategies and programs have mainstreamed inclusivity, with focus on MSME development through access to finance in the CSP 2014-2018, to help narrow income inequality. Furthermore, the evaluation found that some projects in the infrastructure sector included components to promote inclusive growth.

Management takes note of the evaluation's observation that despite adequate situational presence of the gender, environment and inclusivity at the design of the programs and entry level, monitoring and evaluation measures were not adequately mainstreamed to measure progress of the projects. Management takes note of the use of youths in most sectors and projects, as targeted beneficiaries for skills development or access to employment opportunities offered by projects. However, there is inadequate data to enhance monitoring and evaluation on the effect of Bank interventions to reach youths and the impact thereof.

Lessons Learnt

Several lessons were learnt during the period of evaluation of the Bank's strategies and programmes in Kenya.

Management welcomes the seven key lessons drawn by the evaluation of the Bank's strategies and programmes on job creation and industrialization;

strong counterpart financing and engagement in infrastructure projects; implementation challenges; weak linkage of training institutions and entrepreneurship development; mixed financing approach to support SMEs and micro-entrepreneurs; the weak linkage between project achievements and broader strategic outcomes; deepening knowledge products on gender achievements for each financed project. Management has also drawn additional lessons during the CSP mission, notably, the additionality of proactive engagement with the Government in terms of improving governance and resource mobilisation for the Strategy.

Conclusions

Overall, Management welcomes the observations and recommendations of the evaluation of the Bank's strategy and program in Kenya for the period 2014-2023. The findings and lessons learnt from the evaluation are valuable and shall form part of the Bank's engagement with the GoK, DPs, and other stakeholders. and will contribute to the design of the pipeline program. Responses to each of the five key recommendations are provided in the Management Action Record Table below. ■

Management Action Record	
Recommendation	**Management Response**
Recommendation 1: Adopt a holistic orientation in designing the Bank's country strategy.	
The evaluation has revealed that the strategic objectives of job creation and industrialization, while ambitious, were not fully aligned with the actual support provided, which was limited in scale. Key points for consideration include: a. Focusing on the interventions and strategies in core sectors where progress has been considerable, such as infrastructure and private sector development.	**Agreed** – Industrialization is not among the proposed two priority areas of the new CSP 2024-2028, and job creation is not included in these priority areas. Actually, the new CSP 2024-2028 is anchored on two mutually reinforcing **Priority Areas: (i) Boosting Private Sector – led growth through infrastructure development and policy reforms;** and **(ii) Human Capital development.** The Bank's support under the CSP 2024-2028 **will selectively focus on 4 sectors:** (i) transport, (ii) water and sanitation, and (iii) economic governance under Priority Area I, and (iv) skills development under Priority Area II. **Actions :** ▌The new CSP 2024-2028 and its Mid-Term Review (MTR) report will capitalize on achievements in the driving sectors of Kenya's economy (infrastructure development, private sector development, etc.). **(ECCE - Dec 2023)**
b. Linking skills development efforts more strongly to labor market (and stakeholder) requirements.	**Actions :** ▌Through TVET and Entrepreneurship Project, the Bank will conduct skills assessment and develop a national framework for linkages between industry and academia. The Bank will engage with the Government on the ongoing development of a national skills council and sector skills councils to further strengthen the linkages. **(AHHD – Dec 2024)**
c. Pursuing the provision of knowledge support to help the GoK clarify and operationalize its strategies that the Bank aims to contribute towards	The Bank is already generating knowledge and evidence-based policy advice in this respect through the publication of Country Diagnostic Notes, Annual Country Focus Reports, Country Notes for the Annual African Economic Outlook reports, Economic and Sector Work, Policy Notes (see Annex 17 of the new CSP). During the 2019-2023 period, the Bank has also implemented 7 technical assistance and institutional support projects that cover focus areas of the CSP 2019-2023 (see Annex 17 of the CSP 2019-2023 Completion Report). **Actions :** ▌The new CSP has taken this into consideration and will pursue the provision of knowledge to help the GoK clarify and operationalize its strategies that the Bank aims to contribute to as per the indicative non-lending program for the period 2024-2026 (see Annex 2.3 of the new CSP 2024-2028). RDGE will monitor the implementation of this indicative non-lending program, and this will be reported during the MTR of the CSP in 2026. **(RDGE - Dec 2023)**

Management Action Record

Recommendation	Management Response
Recommendation 2: Strengthen intersectoral coordination to obtain higher level development results more effectively and efficiently.	
Socio-economic development, industrialization, skills development and job creation are fundamentally interconnected and span across multiple sectors. To enhance the Bank's effectiveness and efficiency, it is crucial to improve interaction and coordination with a comprehensive range of economic actors from all sectors, starting with relevant government and parastatal agencies. This coordination will benefit future programs. Key actions may include: a. Undertaking a detailed stakeholder mapping at sector level.	**Agreed**. **Actions :** ▌For operational and practical purposes, a detailed stakeholders mapping will be developed at sector/project design stage as appropriate. As much as possible, all the contributors to the project (such as financiers), regulators and targeted beneficiaries will be included in the mapping to create appropriate synergy and avoid duplication. RDGE will ensure the delivery of a detailed stakeholders mapping at each project design stage. **(RDGE, ongoing)**
b. Developing structured interactions around a clear agenda with a long-term perspective with all concerned ministries, private sector representatives, and CSOs.	▌**A structured dialogue mechanism will be established among key stakeholders (ministries, private sector, CSO and financiers).** Country and sector staff in RDGE participate in Sector Working Group, Heads of Commission and Mission meetings. This engagement will be enhanced to strengthen dialogue amongst all actors; e.g., the completion report and proposed pillars for the new Kenya CSP were presented to DPs for their buy-in and possible input/feedback. **(RDGE, ongoing)**
Recommendation 3: Develop a strategic dialogue with GoK, education providers (especially TVET institutions) and industry to catalyze private sector development and job creation.	
Dialogue with economic actors (GoK, education providers and industry), and at all stages of the operations, is essential for efficient skills development and job creation. The priority actions may include: a. Developing a strategic dialogue with GoK, education providers and industry around policy, legal, institutional, and regulatory reforms.	**Agreed**. **Actions :** ▌The Bank will continue to use the platforms of TVET, youth employment sub-sector working group and Higher Education and Research sub-sector working group and other dialogue platforms to strengthen policy and practice. The Bank will also continue support to the critical TVET agencies responsible for curriculum development, quality assurance, and qualifications standards, to strengthen quality in TVET. **(AHHD, ongoing)**

Management Action Record	
Recommendation	**Management Response**
b. Engaging with GoK at high-level to find lasting solutions to persistent project implementation issues (such as counterpart funding, tax exemptions, and submission of legal opinion for loan agreements).	The recent country portfolio performance review has also revealed that start-up and implementation delays have been the key challenges to the Kenya portfolio. **Actions :** ▌The Portfolio Improvement Plan is included in the new CSP (2024-2028) and will be reviewed semi-annually to track progress. The Improvement Plan has included the issues identified by the evaluation and others, to be gradually tackled through (i) continuous dialogue with Government Senior Officers, (ii) using Bank financing for compensation payments to PAPs and (iii) regular capacity development. **(RDGE, ongoing)**
c. Undertaking studies on Kenyan labor market and its needs.	The Bank already undertook tracer studies for TVET and Higher Education and supported the establishment of a database for TVET institutions to conduct their own tracer studies systematically. **Actions :** ▌As part of the development of the new CSP, the Bank has already conducted a number of studies on skills development in Kenya which include tracer studies. The Bank will continue to strengthen labour market studies to support the ongoing and new skills development initiatives. **(AHHD – Dec 2024)**
Recommendation 4: Integrate comprehensive progress towards higher level CSP outcomes within the Bank's results measurement system.	
To guide the Bank's action and measure its results in pillars of action, corresponding objectives need to be integrated within the Bank's country results measurement system in a holistic way. The key priority actions may address to: a. Establishing a comprehensive set of indicators and corresponding baseline covering the higher-level pillar related outcomes which are traceable to AfDB action.	**Agreed**. **Actions :** ▌The Bank's measure of its higher outcomes indicators for the pillars and the corresponding objectives as well as CSP outcome indicators will be aligned to the Bank's Result Measurement Framework indicators and the upcoming Bank's results management framework under finalization process. **(RDGE/ECCE/ECST, Q4 2024)** ▌ECST and ECCE will establish a comprehensive dataset of higher outcome indicators for RMCs within the Bank's Africa Information Highway (AIH), from which the relevant and appropriate outcome indicators can be selected for AfDB action. **(ECST to upload dataset on AIH system by Q4 2025)**
b. Using existing statistical reporting systems and identifying proxies for the strategic results that the Bank intends to contribute towards.	▌The new CSP 2024-2028 and its MTR will identify strategic results that the Bank can achieve throughout the life of the CSP. The Bank will also rely on the national statistical system in performing the monitoring and evaluation of the new CSP 2024-2028. **(ECCE, Dec 2023)**

Management Action Record	
Recommendation	**Management Response**
Recommendation 5: Review and redefine the Bank's approach to gender in Kenya	
Adopting a quota-based approach to gender – determining proportions of women who should benefit from support – has not proved sufficient to address gender gaps in Kenya. The priority actions here may include: a. Identifying the structural causes of gender inequality in Kenya and their links with the various CSP pillars and sectors.	**Agreed**. **Actions :** - The Gender Analytical Note prepared alongside the CSP will help to (i) identify the structural causes of gender inequality in Kenya, and (ii) inform the operations and required actions for the period of the CSP. AHGC 1. will be responsible for monitoring the use of this Gender Analytical Note and the action will be continuous throughout the CSP period. **(AHGC.1, Dec 2025)**
b. Undertaking gender analysis at sector level.	- Development of Gender Profiles will routinely include in depth sectoral analysis for sectors identified in the CSP. **(AHGC.1, ongoing)**
c. Determining a set of cross-cutting actions through which the AfDB will strive to address gender in a systematic and structured way.	- The new CSP will pay particular attention to pillars of the Bank's Gender Strategy in force. These pillars are (i) Empowering women through access to finance and markets; (ii) Accelerating employability and job creation for women through skills enhancement; and (iii) Increasing women's access to social services through infrastructure. **(AHGC.1, Dec 2023)**

Introduction

This report provides a summary of the evaluation conducted on the African Development Bank Group's (AfDB or "the Bank") country strategy and program in Kenya from 2014 to 2023. Over this period, the Bank formulated two Country Strategy Papers (CSPs): CSP 2014-2018 and CSP 2019-2023. Each CSP focused on two key objectives. For the CSP 2014-2018, the objectives were to: (i) enhance physical infrastructure for inclusive growth; and (ii) develop skills for the emerging labor market in a transforming economy. For the CSP 2019-2023, the objectives were to: (i) support industrialization; and (ii) enhance skills and capacity development. Under these two CSPs, the Bank approved a total of 59 projects, amounting to Units of Account (UA) 2.96 billion.

Previously, IDEV conducted a country strategy evaluation for Kenya covering 2002–2012. The current evaluation (2014-2023) fulfils IDEV's commitment to undertake a country strategy evaluation every 10 years for each regional member country.

The structure of this summary report is as follows: an introduction section briefly outlines the evaluation's purpose, scope, methodological approach, and limitations. This is followed by a section providing the country context, and subsequent sections reviewing the country's and the Bank's strategies and portfolio in Kenya. The next three sections present the evaluation's findings and evidence of the Bank's contribution to development results, reviews of the Bank's management of interventions, and provide an assessment of the borrower's performance. The final section includes a set of conclusions, lessons, and forward-looking recommendations.

The Evaluation's Purpose, Questions, and Scope

The primary purpose of this country strategy and program evaluation is to provide recommendations for the design of the next CSP (2024-2028). The evaluation aims to achieve three key objectives:

i. To assess the Bank's contribution to Kenya's development results;

ii. To identify what worked well in the Bank's programs, what did not, and why; and

iii. To distill lessons and propose recommendations for future programs.

The evaluation framework is organized around four main Evaluation Questions (EQs) that guided data collection. These are:

i. *Development results:* What has been achieved by the Bank compared with what it set out to achieve? This area focuses on what the Bank has achieved on the ground. It examines the relevance, coherence, effectiveness, and sustainability of the Bank's interventions, and cross-cutting issues. It also investigates the effects of the COVID-19 pandemic and other global events (Russia's invasion of Ukraine[3], Horn of Africa droughts, global financial tightening of 2023, etc.) on the Bank's interventions and the country's development achievements.

ii. *Managing the Bank's interventions:* How and why were the development results achieved or not? This area focuses on the efficiency, partnership, and managing for development results aspects of the Bank's support.

iii. *Borrower's performance:* This area assesses the contribution of the project executing agencies, the sector ministries, and others responsible for project/program design and implementation.

iv. *Drivers of success and lessons:* This area examines the key facilitating or constraining factors for achieving development results. It also provides key lessons and recommendations to inform future strategies and programs.

More detailed evaluation questions, organized by evaluation criterion, are presented in the evaluation matrix in Annex 1.

The evaluation's reference period is 2014 to 2023. This period covers two Bank strategy cycles. The evaluation assessed all of the interventions and financing instruments used by the Bank in Kenya during this time. This includes investment projects, budget support, lines of credit (LoC), and institutional capacity-building initiatives. In addition, the evaluation assessed the Bank's analytical work, advisory services, policy dialogue, and aid coordination activities.

The Evaluation's Approach and Methodology

The evaluation used a theory-based approach to assess the extent to which the Bank designed and delivered a relevant response to Kenya's development challenges during the evaluation period. A theory-based approach makes it possible to collect empirical evidence that shows whether the changes anticipated did in fact occur, why those changes took place (or why they did not), and which factors shaped the pathways through which changes materialized. A more detailed description of the evaluation methodology can be found in Annex 2.

The evaluation was undertaken through the following steps:

Desk review of key documentation

The evaluation team conducted an extensive document review. Team members consulted the Government's strategies and plans, the Bank's strategies and programs, secondary materials relevant to the country context, previous evaluations, and Development Partners' (DPs) reports.

Portfolio review

The evaluation team performed a comprehensive analysis of the Bank's portfolio. The team gathered information about the composition and nature of the Bank's portfolio, the distribution of the portfolio, and the portfolio's implementation status.

Interviews and focus group discussions

The evaluation team conducted virtual and in-person interviews and consultations with a wide range of stakeholders within the Bank and in the country. These stakeholders included officials in government ministries and executing agencies, Bank staff, DPs, the private sector, and civil society organizations (CSOs). The evaluation team also interviewed project beneficiaries during project site visits. In total, the evaluation team interviewed more than 150 people through 95 individual or group interviews and 5 focus group discussions (FGD). Annex 3 presents a list of the stakeholders consulted.

Project results assessments

All projects with a disbursement rate exceeding 75 percent, 12 in total, were analyzed using a Project Results Assessment (PRA) grid, derived from the Evaluation Matrix. The PRA primarily relies on qualitative sources of information, such as documentation review, interviews, and focus group discussions conducted with key informants.

Project case studies

The evaluation selected seven projects for the case studies – a representative project from each sector (Annex 2, Table A2.1). Each project that was either completed or at a significant level of disbursement (75 percent and above) has been analyzed in detail through extensive interviews, documentary reviews and a field visit. Through this approach, the evaluation team was able to compare information collected during the documentary phase with the observed realities on the ground.

To assess performance, the evaluation applied a comprehensive set of internationally recognized evaluation criteria to assess performance. These criteria included relevance, coherence, effectiveness, efficiency, and sustainability. The evaluation used a four-point scale[4] (Annex 2, Table-A2.2) to rate performance against these criteria.

The Evaluation's Limitations and Mitigation Measures

The evaluation encountered some limitations and challenges, which are summarized below:

Limited availability of interviewees: A challenge arose from the limited availability of key individuals for interviews. This constraint compelled the evaluation team to resort to remote interviews or rely on desk reviews for certain projects, especially after the planned end of the data-collection mission.

Incomplete institutional memory: The evaluation faced challenges associated with incomplete institutional memory, particularly regarding the earlier part of the 10-year evaluation period.

Limited document availability: The availability of documents posed another constraint during the evaluation process. In some instances, there was a scarcity of relevant project documents such as Implementation Progress Reports (IPRs) and Project Completion Reports (PCRs).

Despite the aforementioned difficulties, the evaluation team managed to overcome these limitations by relying on multiple sources of information. The triangulation of information from multiple sources enabled the team to formulate robust judgments, apply the evaluation criteria, and address the evaluation questions to a significant extent. ■

The Country Context and the Bank's Strategy

The Political Context

Kenya has a rich political history characterized by strategic alliances that have contributed to its stability and democratic transitions, making it one of Africa's most politically stable countries. However, ethnicity significantly influences the balance of power in the country, leading to persistent ethnic divisions and significant regional inequality. Within this context, in 2010, Kenyans voted in favor of a new constitution, the main objectives of which were to decentralize power between the national government and 47 county governments, as well as to introduce a judiciary and electoral body.

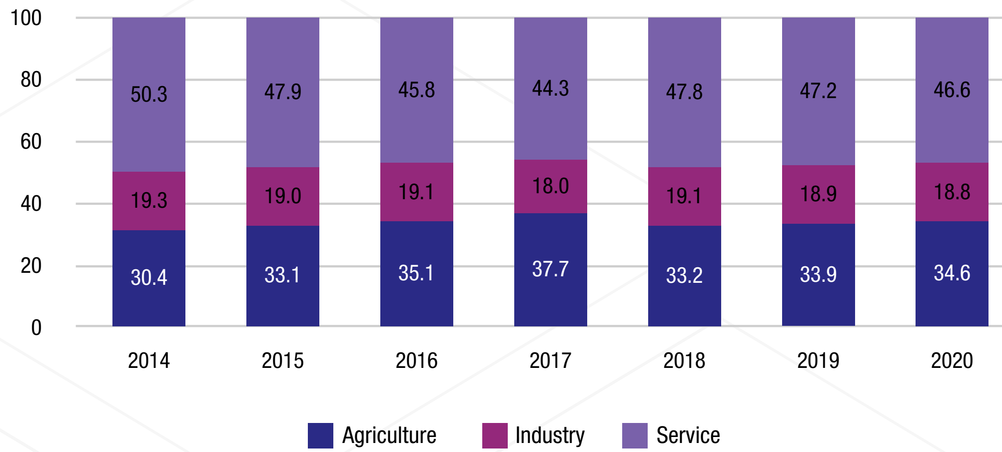
Even though the decentralization process was effectively initiated after the new Constitution was enacted, it has faced significant challenges, including unequal distribution of resources and concerns regarding the ability of county governments to manage their enhanced, new responsibilities. The first election under this new system was administered by the Independent Electoral and Boundaries Commission in March 2013 and the most recent was in August 2022. Kenya concluded a peaceful transition following the 2022 general election won by President William Ruto. However, elections have become more polarized, divisive, and violent, especially when the main candidates are from different ethnic communities.[5]

The Economic Context

Kenya is among the top 10 largest economies by Gross Domestic Product (GDP) in sub-Saharan Africa (SSA). It has also been flagged as the 4th top performing country from the East Africa region in terms of GDP growth in 2022 (5.5 percent), following Seychelles (9.5 percent), Rwanda (8.2 percent) and Uganda (6.3 percent).[6] Between 2015 and 2019, Kenya achieved on average 4.8 percent GDP growth per year.[7] Economic growth was significantly impacted by the COVID-19 pandemic, shrinking by 0.3 percent in 2020. In 2021, Kenya's economy staged a strong recovery, with real GDP growing at 7.5 percent before slowing to 5.5 percent in 2022, the latter attributable to the prolonged drought, increased commodity prices, and tight global financial conditions. Likewise, inflation rose to 7.6 percent from 6.1 percent in 2021 mostly because of the steady depreciation of the Kenya shilling relative to the US dollar, disruptions to global supply chains due to the COVID-19 pandemic, the effects of Russia's invasion of Ukraine, and rising global oil prices, which increased domestic food and energy prices. Public debt also rose to 70 percent of GDP in 2023 from the level of 68 percent in 2021, driven by higher interest payments and exchange rate depreciation.[8]

Since 2005, the services and agriculture sectors have led the growth process. The services sector accounts for the bulk of Kenya's output. In 2020, the services sector contributed 46.6 percent of aggregate GDP, followed by agriculture at 34.6 percent and industry at 18.8 percent. A trend analysis indicates that sectors' share of GDP has remained nearly unchanged from 2014 to 2020 (Figure 1). The country's recovery strategy aims to increase GDP to above pre-pandemic levels. Indeed, GDP is projected to grow by 5.6 percent in 2023 and 6.0 percent in 2024, driven by a strong performance in the services sector and, on the demand side, by a recovery in household consumption.[9]

Figure 1: Sectors' value added to GDP, 2014–2020 (%)



Source: IDEV, on the basis of the AfDB Socio Economic Database, 2023.

The Social Context

In 2022, Kenya had an estimated population of 54 million people.[10] The youth, or persons under the age of 25, account for almost 60 percent of the population. The total fertility rate declined from 4.0 in 2010 to 3.3 in 2021. The country is predominately rural, with less than 30 percent of the population living in urban areas; however, it has been urbanizing rapidly, with an average annual urban population growth rate of 4.2 percent. By 2025, it is projected that more than half of the total population of Kenya will be living in urban areas.[11]

Thanks to solid economic growth, Kenya has significantly reduced poverty in the country. According to World Bank estimates, the proportion of the population living below the national poverty line fell from 46.8 percent in 2005 to 36.1 percent in 2015[12] and to 34.4 percent at the US$1.9/day poverty line in 2019.[13] Nevertheless, Kenya's economic growth is still moderately inequitable, with the country reporting a Gini index score of 40.8 in 2015 compared with 46.5 in 2005. Total unemployment stood at 5.7 percent of the total labor force in 2021,[14] while youth unemployment was estimated at 13.8 percent.[15]

A recent analysis of the Kenya budget for the fiscal year 2022/23[16] indicates that the share of social spending (health, education, social protection, and water and sanitation) to total expenditures is 23.06 percent, and 6.06 percent of GDP, continuing a downward trend since 2019. Social fragility is increasing due to risks associated with inadequate social infrastructure. Some 53 percent of children lack access to education, housing, nutrition, water, and sanitation. This predicament is particularly prominent in marginalized counties such as Turkana.[17] Nevertheless, the country has made some significant progress in reducing the infant mortality rate, which declined from 39 per 1,000 live births in 2010 to 31 per 1,000 live births in 2020, while the maternal mortality rate declined from 432 per 100,000 live births in 2010 to 342 per 100,000 live births in 2017.[18] In 2021, the United Nations Development Program's Human Development Index (HDI) ranked Kenya 152nd of 191 countries, with an HDI score of 0.575, a life expectancy at birth of 61.4 years and 10.7 expected years of schooling, compared with a score of 0.545, 10.3 expected years of schooling and a life expectancy of 60.6 in 2010. [19]

The National Strategies

In 2012, Parliament passed the Kenya Vision 2030, a long-term development strategy that was launched in 2008 to transform Kenya into a middle-income, industrialized, and globally competitive country. It aims to transform the country by 2030 through interventions classified into economic, social, and political pillars. Vision 2030 underscores the Government's desire to achieve middle-income status by accelerating development and improving the quality of life for everyone. The *political pillar* is central to achieving both economic and social pillars. Building a democratic country devoid of conflicts is essential to help bolster industrialization, attract foreign direct investment (FDI), and improve private sector participation. The goal of the *economic pillar* is to build resilience and achieve structural transformation through industrialization and infrastructure development. The *social pillar* outlines the investment in physical and human capital as catalysts for achieving the desired improvements in growth and socio-economic performance.

To achieve Vision 2030, the Government implemented a series of five-year Medium-Term Plans (MTPs):

- MTP I (2008-2012): Incorporated the activities identified in the Report of the National Accord Implementation Committee on National Reconciliation and Emergency Social and Economic Recovery and the country's One-Year Economic and Social Recovery Plan, all of which targeted a quick economic and social recovery.[20]
- MTP II (2013-2017): The theme of this MTP was "Transforming Kenya: Pathway to Devolution, Socio-Economic Development, Equity and National Unity", and it gave priority to devolution as spelt out in the Constitution and to faster socio-economic development, with equity as a tool for building national unity. MTP II also aimed to increase the scale and pace of economic transformation through infrastructure development, with strategic emphasis on priority sectors under the economic and social pillars of Vision 2030.[21]
- MTP III (2018-2022): This MTP is implemented based on the two previous MTPs and aims to contribute to overall inclusive, sustainable economic growth, faster job creation, and reduced poverty and inequality. Its overall goal is to provide socio-economic development through the Big Four Agenda, whose pillars are: 1) industrialization, manufacturing, and agro-processing, to raise the share of the manufacturing sector to 15 percent of GDP; 2) affordable housing focused on delivering at least 500,000 affordable housing units; 3) food and nutrition security, ensuring that all citizens enjoy food security and improve nutrition by 2022; and 4) universal health coverage, allowing all persons in Kenya to use the essential services that they need for their health and wellbeing.[22]
- MTP IV (2023-2027). The theme of this MTP is "Accelerating Socio-economic Transformation to a More Competitive, Inclusive and Resilient Economy: A Bottom-Up Approach".

The Bank's Strategies and Portfolio

The Bank's Country Strategies

Over 2014-2023, the Bank formulated two CSPs for Kenya: CSP 2014-2018, and CSP 2019-2023. Both CSPs address the challenges of unemployment, poverty, and inequality in Kenya through two key pillars (Table 1). Skills and capacity development are common to both pillars. While the CSP 2014-2018 emphasizes infrastructure development, the CSP 2019-2023 focuses on supporting industrialization, with infrastructure development as a key industrialization enabler. Both strategies aim to address unemployment and poverty in Kenya, with a particular focus on private sector development, youth, and women.

Table 1: Overview of the Bank's strategic priorities in Kenya over the two CSP periods

CSP Period	CSP 2014–2018	CSP 2019–2023
Objective	Promote private sector growth and employment opportunities by investing in physical infrastructure and enhancing the Kenyan workforce's employability, focusing on youth and women by developing their skills.	Support Kenya's structural transformation through industrialization to achieve sustainable and equitable growth that addresses ongoing issues such as poverty, unemployment, income inequality, and spatial socio-economic disparity.
Pillar 1	**Enhancing physical infrastructure to unleash inclusive growth:** focused on creating job opportunities by establishing a more conducive environment for job creation in the private sector through investments in physical infrastructure (transport, energy, water and sanitation).	**Supporting industrialization:** focuses on: (i) establishing critical infrastructure, reducing business costs, and implementing policy and regulatory reforms to promote private sector development; and (ii) supporting small and medium enterprises (SMEs) in manufacturing, agro-processing, and housing to increase their participation in value addition.
Pillar 2	**Developing skills for the emerging labor market of a transforming economy:** focused on developing the skills of Kenyan youth, with a focus on Technical Vocational Education and Training (TVET) and persons with a disability.	**Enhancing skills and capacity development:** focuses on: (i) enhancing employability, entrepreneurship, and mentorship programs; and (ii) addressing capacity and knowledge gaps in targeted sectors.

Source: 2014–18 and 2019–23 CSPs.

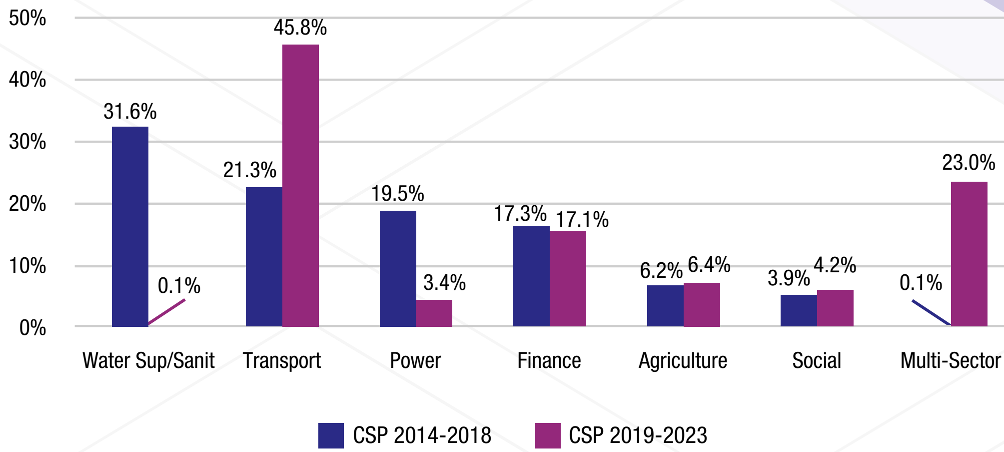
The Bank's portfolio in Kenya

As of July 2023, the Bank's portfolio in Kenya for the period 2014-2023 consisted of 59 approved projects with a total value of UA 2.96 billion. There was a 23-percent decrease in total value approved, from UA 1.68 billion in the CSP 2014-2018 to UA 1.28 billion in the CSP 2019-2023.[23] Furthermore, the number of approved projects was higher during the CSP 2014-2018, with 31 projects, compared with 28 approved projects in the CSP 2019-2023. Kenya's ADF allocation over the 2014-2023 period was UA 442.26 million. In addition, it has received around UA 2 billion from the African Development Bank (ADB) window since its graduation to ADB blend country status in 2016.

The portfolio comprised 49 national projects accounting for 82.6 percent of the total value, while 10 multinational projects accounted for the balance. The Bank's interventions were mainly comprised of sovereign operations (SOs), which represented 78 percent of the portfolio (UA 2 323.64 million), while non-sovereign operations (NSOs) accounted for the remaining 22 percent (UA 637.24 million). Of the total approved amount, funding from the African Development Fund accounted for 20 percent, while funding from the ADB accounted for 73 percent. The other sources of funding include trust funds and special funds, the most significant ones being the Africa Growing Together Fund, the Private Sector Credit Enhancement Facility, and the EU-Africa Investment Facility. In total, resources from loans represented about 95 percent of all amounts approved during the evaluation period. The Bank also provided guarantees (2 percent), grants (2 percent) and equity (0.5 percent).

Most of the interventions approved during the 2014-2023 period are still ongoing. As of July 2023, the Bank's portfolio in Kenya for the period 2014-2023 consisted of 30 ongoing projects (60 percent), 17 projects at approval stage (23 percent), and 12 projects that were closed or completed (16 percent). The Bank's interventions were spread across six specific sectors and one cross-cutting

Figure 2: The Bank's support by sector over each CSP period (%)



Source: IDEV, on the basis of the AfDB Socio Economic Database, 2023.

multi-sector. The transport sector received the largest share of the portfolio (32 percent), followed by water supply and sanitation (WSS) (18 percent), finance (17 percent), power (13 percent), multi-sector (10 percent), agriculture and environment (6 percent), and the social sector (4 percent). Overall, the Bank's interventions were skewed towards infrastructure development, in conformity with the CSPs' pillars. As illustrated in Figure 2, throughout the initial CSP cycle (2014-2018), the WSS, transport, power, and finance sectors constituted the most substantial portion of the portfolio. Meanwhile, agriculture, social, and multi-sector projects collectively received an allocation of about 10 percent of the portfolio. In the second CSP cycle (2019-2023), Bank priorities shifted with an observed reduction in funding provided to the WSS and power sectors, while the share of funding provided to the transport sector more than doubled.

Lessons from the previous country strategy evaluation

Previously, IDEV conducted a country strategy evaluation covering the period 2002-2012. The Bank used some of the recommendations from this evaluation in designing its pillars for the CSP 2014-2018 by focusing on infrastructure, agriculture and education. Furthermore, the Bank mobilized more resources through Public-Private Partnerships (PPPs). However, issues related to implementation delays, analytical work and policy dialogue, and governance, which were also the subject of evaluation recommendations, continued to persist in the subsequent strategies. IDEV's MARS report (2020) also rated three out of six recommendations as "low" on extent of adoption in CSPs. ■

Has the Bank Made the Right Strategic Choices?

Relevance and Design of the Bank's Strategies and Programs

Relevance assessed the extent to which the CSPs' objectives and design responded to beneficiaries', global, country, and partner/institution needs, policies, and priorities, and continued to do so if circumstances change.

The relevance of the AfDB's interventions is rated satisfactory. The Bank support was found to respond to the needs of Kenya and of its population. The logic of the AfDB's intervention was assessed as sound and addressed some of the main issues that were identified as constraints to economic growth, particularly a lack of infrastructure and skills. Evaluation interviews also highlighted a positive perception of the relevance of the AfDB's priorities. Although the design of individual interventions was not deemed to be an issue, limitations were identified in the program level design in reaching its higher-level objectives.

Relevance

The evaluation found the Bank's support to be well aligned with Kenyan policy, namely Vision 2030, its MTP, and the Big Four Agenda. The Bank's goals were found to be aligned with Vision 2030's objective to revitalize the economy by developing infrastructure and supporting the SME sector (economic pillar of Vision 2030). Furthermore, the agriculture and finance sector projects, and the importance given to industrialization, skills development and job creation reinforced a focus on specific sectors that are aligned with the six priority sectors identified in Vision 2030: Tourism; Agriculture, Livestock and Fishing; Wholesale, Retail and International Trade; Manufacturing; Business Process Outsourcing; and Financial Services.

The infrastructure priority areas of the CSPs focused on three key development enablers: transport, power, and water and sanitation. Projects in the transport sector sought to improve transport infrastructure connectivity, reduce transport costs and time, reduce the cost of doing business, and create jobs for youth and women. Access to energy is a key enabler for all sectors of the economy and critical for industrialization. The WSS sector support sought to contribute to the improvement of the social well-being of the population and enhance the performance of the national economy. Moreover, maintaining its strategic advantage as an African hub requires that Kenya continue to improve its infrastructure-transport, power, water, and digital. It is recognized that despite extensive existing investments in infrastructure, a substantial infrastructure deficit remains. The Bank's CSP 2019-2023 indicated that each year, between US$2 and US$3 billion is invested in infrastructure, while Kenya's infrastructure needs are estimated at between US$7.4 and US$8.3 billion a year.

"AfDB is a key development partner in the water and sanitation sector since 2002. It started with Nakuru Water project in Olbanita. Kenya Towns is the biggest AfDB project in Kenya meant to reach 28 towns", on WSS.

The evaluation also found the Bank's focus on education infrastructure to be relevant in its priority area on skills development and job creation. The Bank's Technical Vocational Education and Training (TVET) infrastructure and equipment programs were designed in close collaboration with the Ministry of Education and responded to a pressing need to accommodate the surge in enrolment in TVET institutions. Indeed, following the reform

(2008) bringing tuition-free secondary education for all students, enrolment at post-secondary education institutions increased by more than 60 percent over the period 2013-2021. In parallel, the Government's investment in infrastructure and equipment was capped at 7 percent of the education budget, creating a gap between the country's need to maintain the quality of the education publicly provided and its financial capacity to do so. The relevance of the AfDB's intervention was further strengthened by the fact that no other DP was active in building schools and very few other DPs were active in supplying educational equipment, with the exception of China.

The evaluation assessed that the Bank's support was also relevant at the specific sector level. The objectives of the transport projects were aligned with the Kenya National Highways Authority (KeNHA) strategy of modernizing its international trunk road, as well as the Kenya Urban Roads Authority (KURA) strategy of modernizing its urban road infrastructure in Nairobi City. The Bank's agriculture sector support was also in line with the Agricultural Sector Development Strategy (ASDS), which aims at positioning the agriculture sector as a key driver for delivering the 10-percent annual economic growth rate envisaged under the economic pillar of Vision 2030. In the energy sector, the focus on renewable energy was fully aligned with the Energy Petroleum and Regulatory Authority's policy. The Bank's WSS support corresponded to a key MTP-III objective, which seeks to increase access to safe drinking water by 66 percent in 2022 and sanitation services by 26.7 percent.

In addition, the evaluation found that the AfDB's support to the private sector and the finance sector was also aligned to Kenyan policy. Finance projects aimed to contribute to private sector development through the provision of lines of credit and trade finance lines of credit (TFLoCs) to Kenyan banks, which used these to increase (long-term) funding to SMEs. Strengthening the capacity of major Kenyan banks, either by bolstering their capacity to provide long-term loans targeted to local corporates and SMEs and/or provide foreign currency loans to banks, provides cross-cutting benefits in terms of economic development. For instance, challenges faced by micro, small and medium enterprises (MSMEs) to accessing sufficient capital to purchase machinery or rent space to carry out their activities were highlighted by the Kenya Bankers Association as being tackled by the support to the finance sector.

Interviews and project results assessments showed that the Bank largely aligned its support to the needs of beneficiary and country institutions. Interviews with direct beneficiaries indicated that road and agriculture projects helped them in accessing markets and ensuring timely delivery of agricultural products. In water and sanitation, water service providers and direct beneficiaries appreciated the support through the Kenya Towns Sustainable Water Supply and Sanitation Program, which improved services in multiple towns in Kenya.

"Enable Youth Project is aligned to the Kenya Youth Development Policy 2019 which provides the duty of the state to assist the youth to access subsidized loans to enhance and improve the economic and entrepreneurial development potential", on alignment with country priorities.

In the energy sector, many new customers connected to the electricity grid. In the finance sector, LoCs were found relevant and met beneficiaries' needs for affordable financing. The Bank's interventions in the governance sector took into account government and implementing agencies' needs related to capacity building to increase accountability and good governance needs effectively. For instance, the National Treasury Capacity Strengthening project focused on strengthening the capacity of the National Treasury, addressing the need for improved economic policy management and transparency in public debt and project management.

The evaluation found that the Bank's strategic priorities areas at the country level were also well aligned to its own strategies and policies.

Bank support to Kenya was well aligned with the Bank's Ten-Year Strategy (2013-2022) and the High 5s, focusing strongly on Industrialize Africa, Light Up and Power Africa, Integrate Africa and Improve the Quality of Lives of Africans, as well as to the Feed Africa initiative. The portfolio mapping to High 5s strategic priorities shows that 32 percent went to Integrate Africa, 32 percent to Improve the Quality of Life for the People of Africa, 13 percent to Light Up and Power Africa, 17 percent to Industrialize Africa, and 6 percent to Feed Africa.

The evaluation also found that the Bank's support to industrialization corresponded to regional and continental policy. The East African Community (EAC) Vision 2050, the EAC Industrialization Strategy 2012-2032, and the EAC Industrialization Policy 2012-2023 recognize the role of micro and small enterprises (MSEs) in regional industrial development, underscoring the need for enhanced competitiveness through innovation and value addition to tap into intra-regional and inter-regional trade opportunities. The African Union Agenda 2063 aims to transform and grow the industrial base of the African continent through value addition of natural resources and sectoral productivity growth, focusing on MSEs and agri-business.

The evaluation found that interventions were adapted over time to respond to changing country and global circumstances. The Bank responded quickly to global events by designing fast-disbursing Program-Based Operations (PBOs) in response to severe domestic shocks (i.e., the COVID-19 pandemic, Russia's invasion of Ukraine, and economic and financial crises). The Bank embarked on health and fiscal assistance in response to the COVID-19 pandemic. At the operational level, the Bank has also adapted its projects to take into consideration the changing country context. For instance, in the transport sector, the Kenol-Sagana-Marua project and Isebania-Kisii-Ahero road projects addressed the issue of improving local trade by constructing access roads. The Outer Ring Road project incorporated design changes at various intersections to improve traffic flow.

Despite this positive assessment of the relevance of the Bank's CSPs, the evaluation identified some shortcomings. First, the Bank paid little attention to devolution (decentralization). Indeed, within the context of devolution, efficient economic development, industrialization, and job creation require a good articulation between the national and county levels. Good progress has been made by the Bank in strengthening the institutions and systems needed for effective devolution, but the evaluation found that key constraints remained. These include acute capacity constraints at the local level, ambiguities in financing arrangements, and weak vertical coordination. None of these was a focus of Bank support. Second, the Bank appears to have given limited attention to devising a strategic approach to fighting corruption through, for instance, strengthening government transparency, more capacity building to link citizens and beneficiaries to effective control mechanisms, ring-fencing Bank projects, and a shared anti-corruption approach with other DPs. Corruption is often perceived by DPs as a significant obstacle to economic development in Kenya.

"The Bank does a lot to train and build capacity of personnel in the Project Implementation Units (PIUs). Depending on the government in power, these can be changed at will without consultation with the Bank. The changes affect consistency and ability to build on knowledge already acquired", on capacity development.

Design of strategic priorities

The evaluation found the strategic intent of the CSP 2019–2023 to be overambitious. For example, the CSP 2019–2023 objective was to promote structural transformation through supporting industrialization. Within the Kenyan economic context, industrialization mostly refers to a process of investment decisions taken by the private sector. Since the Government's role in industrialization is largely limited to enabling private sector activity, rather than directly driving private investment, it can be questioned whether the Bank's objective was achievable.

The evaluation also found the links between outputs and outcomes to be weakly developed at the strategic level of the CSPs. Although established as the pillars of the CSPs over the evaluation period, support to infrastructure development, industrialization, and skills and job creation was not the object of detailed strategic and holistic planning. Despite the relevance of the various sectors to create an environment more conducive to socio-economic development, industrialization and job creation, the design of the AfDB program in terms of linking sector interventions to its higher objectives was not optimized. Complementarities between the catalytic effects of support to power, transport, WSS, TVET and finance exist but they were not found to have been maximized. The lack of a clear industrial strategy and the limited coordination at government level dealing with TVET and job creation did not facilitate a strategic design in relation to the Bank's pillar-level objectives. That is, the design of the program did not give sufficient attention to global coordination of support despite the multidisciplinary nature of the issues addressed. As a result, the design of the AfDB program added limited value to that inherent to sectoral interventions.

The evaluation found that the second CSP made unrealistic assumptions regarding the expected chain of effect from skills development to jobs and industrialization. The lack of a qualified workforce was considered a binding constraint to economic development, industrialization, and job creation. However, while a skilled workforce is a pre-condition for industrial growth to be inclusive, the evaluation did not find evidence that it represented a binding constraint to industrial development. Indeed, most stakeholders and literature[24] indicated that a conducive business environment, access to finance, and market opportunities are important drivers to business expansion and job creation. Although the Bank supported access to finance and improving access to markets, the evaluation did not find evidence of the Bank tackling challenges to the business environment (including taxation and bureaucracy costs). Furthermore, the support, particularly to TVET institutions, was found to lack focus on the evolving needs of the labor market.

"Key constraint is state of the economy. Few people can be employed in the public sector, so we depend on the private sector. The economy is not performing well, we have many companies laying off people every week", on job creation.

Coherence of the Bank's Interventions

Coherence assesses the compatibility of an intervention/strategy/program with other interventions in a country, sector or institution. Internal coherence refers to the synergy and linkages among the Bank's interventions. External coherence considers the extent to which Bank interventions were consistent with the interventions of other DPs. This evaluation examined both internal and external coherence.

The coherence of the Bank's support to Kenya is rated Satisfactory. The Bank's portfolio showed good coordination and synergies within each sector. However, there is scope for improvement in terms of coordination between sectors and program level objectives. The evaluation also identified strong coordination with other Development Partners at the project level. However, external coherence is a challenge at the sector level given the multiplicity of actors and the limited capacity of Kenyan counterparts to coordinate them.

Internal coherence

The evaluation found significant internal synergy within each sector of support. The Bank provided successive budget support to tackle the impacts of the COVID-19 pandemic and the economic recovery program. In addition, coordination and synergy in the infrastructure sectors were found to be strong. The evaluation also found no issues of overlap or incoherence within the Bank's portfolio targeting skills and jobs, despite limited aid coordination.

The evaluation identified, however, weak collaboration between sectors in terms of maximizing synergies and portfolio coherence. For instance, the Enable Youth project and finance projects would have complemented each other well, in the sense that trained Enable Youth participants could have been linked to affordable credit from LoC funding once they presented bankable proposals for funding – but they were not. In addition, there were no documented synergies between the various projects targeting skills training, as the TVET programs were managed with the Ministry of Education (through Technical Training Institutes [TTIs]), separately from the skills development component of the agriculture sector projects (managed by the Ministry of Agriculture) and the infrastructure sectors (where training was organized through county-managed Vocational Training Centers). There was a missed opportunity to use these various skills development programs to support coordination among the various ministries in charge.

External coherence

The Bank was found to have been actively involved in the sector and subsector DP working groups. It is currently chairing the higher education and research subsector working group, which was initiated by the Bank as a complement to two other groups focusing, respectively, on basic education and TVET. The AfDB is also part of the DP Joint Coordination Working Group in Private Sector Development. The Bank further participates in the power, transport and water sector working groups that incorporate corresponding Kenyan authorities (Permanent Secretary, Cabinet Secretary) and meet every three to six months. The groups are generally co-chaired by DPs on a rotational basis.

The evaluation revealed strong coordination with other DPs at the project level. For example coordination and leverage exist where the AfDB finances part of a road with other DPs (World Bank, EU, the Japan International Cooperation Agency [JICA], etc.). The World Bank and the AfDB are jointly involved in the financing of the Horn of Africa Gateway Development Project. The AfDB and the EU are jointly financing the Mombasa–Mtwapa project. Similarly, project-level coordination and leverage have been observed in the agricultural and environment sector where the AfDB has succeeded in mobilizing funds from other DPs to enhance outcomes of the SIVAP and the green zones project. In the finance sector, the Kenya Mortgage Refinance Company (KMRC) project is co-financed with the World Bank. Good coordination is noted with other PBO DPs (especially the World Bank) concerning the design and implementation of PBOs (particularly CERSP). Regular consultation meetings between PBO DPs are undertaken.

However, the evaluation identified that external coherence is a challenge at the sector level, given the multiplicity of actors and limited capacity of the Kenyan counterpart to coordinate them. For instance, many DPs are now involved in skills development, including the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the World Bank, Swiss Connect, the Korean Aid Agency, the EU, and more recently the Canadian Aid Agency. Contrary to the Bank's strategy to support the national curriculum, many other technical and financial partners have been proposing alternative curricula for TVET skills development. There is a DP Joint Coordination Working Group around TVET with an active presence of the AfDB. Nonetheless, while the Bank's efforts to make use of the national system are laudable, there was a missed opportunity for the Bank to capitalize on its historic presence in the sector to lead and coordinate more effectively. ■

Has the Bank Achieved What It Set Out to Achieve?

Effectiveness

Effectiveness assesses the extent to which the Bank's interventions achieved or are likely to achieve their expected objectives and results (outputs and outcomes).

The Bank was found to have made reasonable contributions at the sector, pillar and CSP levels. It achieved results in improving the transport network and bolstering access to energy. It provided some fiscal space and minimized the effect of external shocks. The evaluation found that modest progress has been made in skills development, in improving access to finance by SMEs, and increasing access to WSS services. **Overall effectiveness is rated satisfactory.**

Infrastructure and industrialization

Both CSPs indicated that the Bank would focus on building critical infrastructure (transport, energy, WSS, and agriculture) to enable job creation in the private sector and contribute to industrialization to promote inclusive economic growth. The evaluation assessed the Bank's contribution in creating the necessary conditions for the achievement of results in this priority area. It is worth noting, however, that the effects on socio-economic development, job creation and industrialization are difficult to attribute to AfDB support alone. Annex 4 presents achievement of targets in each sector.

The evaluation found that the Bank's support in the transport and energy sectors contributed to creating a conducive environment for socio-economic development. Projects results assessments and stakeholder interviews confirmed that the Bank's intervention in the transport and energy sectors helped reduce transport and energy costs, which are key enablers for private sector activity and industrialization.

"AfDB projects have improved the economy of Kenya in a big way. The Bank support has mainly been on upgrading international trunk roads to improve regional connectivity. The focus has mainly been on improving the ease of doing business", on transport.

Evidence showed that Bank support to road transport contributed to a meaningful reduction in travel time and transit time. For example, the transit time from Mombasa Port to Malaba declined by 16 percent (against the target of 15 percent) from 68 hours in 2017 to 57 hours in 2019, and the time to Busia border was reduced from 69 hours in 2017 to 66 hours in 2019 (NTCO, 2020). The Isiolo-Moyale axis saw an impressive travel time reduction to an estimated 6 hours from the initial two days before project construction. It also witnessed an increase in traffic from an Annual Average Daily Traffic (AADT) of 800 before construction to AADT 1,400 after construction. The Nairobi Outer Ring-Road project has reduced travel time from 2 hours to 20 minutes (expected 15 minutes), mainly by increasing speed, which rose from 10 kph to 60 kph. Interviews with KeNHA and KURA indicate that both on the ring road and the highway leading to the airport the Bank's support resulted in a reduction in travel time.

Table 2: Average transport tariff per container per km for moving a container from the Port of Mombasa to main destinations in the Northern Corridor member states

From	To	Distance (km)	2016	2018	2020	2021	% Change (2016–2021)
Mombasa	Nairobi	481	1.78	1.62	1.77	0.95	-46.6
Mombasa	Kampala	1,169	1.86	1.79	1.88	1.67	-10.2
Mombasa	Kigali	1,682	2.16	2.23	2.08	1.9	-12.0
Mombasa	Goma	1,840	3.33	3.13	3.53	2.45	-26.4
Mombasa	Juba	1,662	2.86	3.01	2.29	2.17	-24.1

Source: Joint Northern Corridor Transport Observatory (NCTO) & Central Corridor Transport Observatory (CCTO) Report, 2022.

Available data also show that the transport freight rates from Mombasa have continued to decline from 2016 to 2021 suggesting a reduced cost of doing business (Table 2). The Mombasa–Nairobi route and the construction of the Mombasa–Mariakani Road financed by the AfDB have significantly contributed to this important economic result.

The evaluation found that the transport sector support also contributed to the improvement of the trade and commerce environment. The roads developed by the Bank under both CSPs have improved travel within the country, as well as international linkages to various countries such as Uganda, Tanzania, Ethiopia and Somalia. According to the Economic Survey for 2023, the total value of exports in EAC[25] during the period 2018 to 2022 increased from KES 130.0 billion to KES 226.480 billion, respectively. Similarly, the total value of exports to Ethiopia increased from KES 6.667 billion in 2018 to KES 17.826 billion in 2022.

Apart from supporting international trade, the evaluation assessed that the Bank also supported local trade through the construction of market facilities and rural access roads. For example, the Nairobi Outer Ring Road Improvement Project provided market facilities for the informal traders along the corridor. It constructed 250 additional market stalls and expanded eight markets to accommodate road-side traders. The project road also traverses a fruit processing plant in the Kambiti area that processes mangoes and numerous businesses dealing with welding, motor vehicle repairs, maize milling at Kakuzi, and curios. The Bank's roads projects also rehabilitated 212 km of rural access roads, surpassing the target of 89 km, which is helpful in fostering economic activities in remote areas and connecting them to markets and services.

Through investments in the energy sector, the Bank's projects resulted in a reduction of energy costs, which contributes to increased economic competitiveness. The Bank's projects are currently providing 475 MW of Kenya's electricity generation through the Lake Turkana Wind Power and Ethiopia-Kenya Electricity Highway projects. This will likely increase if the currently ongoing projects (Menengai geothermal and Kopere solar) are successfully completed.

Box 1: Lake Turkana Wind Power Project

The project objective was to provide 300 MW of reliable, low-cost wind energy to the national grid, equivalent to over 20 percent of the current installed electricity generating capacity. The project has been completed, and provides 310 MW of energy to the national grid, representing 15 percent of Kenyan electricity consumption during the day and 30 percent at night. It has contributed to decreasing the industrial cost of electricity (leading to a drop in the cost of energy by 14 percent), increased reliability of electricity supply, and access to electricity (bringing electricity access nationally to 78 percent in 2022). It also further diversified Kenya's energy mix away from fossil fuels.

Table 3: Cost of energy

Customer Category	Old Tariff	New Tariff			
	March 2023 -KES/kWh	2022/23 KES/kWh (Year 1)	2023/24 KES/kWh (Year 2)	2024/25 KES/kWh (Year 3)	2025/26 KES/kWh (Year 4)
Commercial & Industrial 1	25.72	27.62	27.38	26.47	26.09
Commercial & Industrial 2	23.14	23.29	23.10	22.32	21.98
Commercial & Industrial 3	23.57	23.35	23.17	22.47	22.16
Commercial & Industrial 4	22.86	22.39	22.22	21.54	21.21
Commercial & Industrial 5	22.18	21.47	21.28	20.60	20.29
Commercial & Industrial 6	19.33	17.53	17.56	17.54	17.45

Source: EPRA, New Tariff Gazette Notice /Press Release, March 2023.

The recent data on tariffs show that the cost of energy effectively dropped, with industrial commercial tariffs from Commercial Industry 1 to Commercial Industry 5 having dropped between 9 and 14 percent since 2018 (Table 3), through the use of off-peak energy.[26] The implementation of this off-peak tariff was made possible in a large part due to the provision of cheap renewable off-peak wind energy, such as that produced at night by the Lake Turkana Wind Power project.[27] The Lake Turkana Wind Power project alone provided 310 MW (the target was 300 MW) to the grid, which has contributed to decreasing the industrial cost of electricity by up to 14 percent.

The evaluation found the increase in power transmission capacity to have been significant. The project results assessment showed that the Kenya–Ethiopia Electricity Highway project alone provided an additional 2,000 MW (100 percent of its target) transmission capacity to Kenya. When the currently ongoing project (the Kenya–Tanzania interconnection) is completed, this will add a further 1,500 MW transfer capacity. In total, the Bank will have provided Kenya with an additional transmission capacity equivalent to 3,500 MW supporting regional energy interconnection. This means more reliable and clean power for developing economic activity.

In addition, the Banks projects were found to have contributed to new connections through the last-mile connectivity initiatives. For example, the Last Mile Connectivity Project connected 531,979 additional households in Phases 1 and 2, although falling short of the target of 651,454 households.

The Bank's power sector projects were found to have significantly contributed to the share of renewable energy in the energy mix of Kenya. Data from the Energy and Petroleum Regulatory Authority (EPRA) show that the share of renewable energy hit the target by reaching 87 percent[28] in 2022[29] (rising from 79 percent in 2017 and 32 percent in 2014[30]) in Kenya's national grid. In addition to the Lake Turkana Wind Power project, this contribution also come from the construction of the new transmission lines through the interconnection.

Notwithstanding the above positive results, the Impact Evaluation of the Last Mile Connectivity Project Phase 1 (conducted by IDEV in 2021) cautioned against extrapolating the effects of electricity provision on SMEs. Despite the project having increased the rate of electrification by 75 percent, the Impact Evaluation found no evidence of impacts on labor market outcomes such as business ownership and job creation. It also found no evidence on the proportion of households owning a business and the proportion of households employed.

The evaluation found that the Bank's support to the WSS sector showed mixed results in improving access to clean water and sanitation services. Although progress was made, the

Bank's efforts to improve WSS access failed to achieve their targets. About 1.5 million people were provided with access to safe water compared with the target of 4.3 million people. Available data indicate that the number of people connected to safe pipe water increased to 63 percent, which was below the target of 66 percent. In sanitation services, an additional 1.47 million individuals gained access to sanitation facilities, which contributed to the increase in proportion of people connected to sanitary facilities to 25.5 percent, slightly below the target of 26 percent. In addition, 19 water treatment plants facilities were established or rehabilitated (against a target of 20). Despite these mixed results, some flagship projects helped to improve access to clean water and sanitation services. For example, the Kenya Towns Sustainable Water Supply and Sanitation Program increased the water supply time from two or three times a week to 16 hours a day by supporting water supply infrastructure in 19 towns and sanitation infrastructure in 17 towns. Case studies and interviews indicated that this project led to an improved quality of life for the people in the towns due to increased access to water supply and sanitation. The ongoing Thwake Multipurpose Water Development Program is also expected to contribute to access to water supply and agricultural development.

The evaluation found that support to the agriculture sector made a positive economic contribution by providing raw materials and creating job opportunities. The SIVAP and the Drought Resilience and Sustainable Livelihoods Program (DRSLP) boosted and secured production through irrigation, as well as complementary infrastructure (i.e., commercial pastures, animal sales yards, boreholes, wells, water pans, rural roads, veterinary laboratories). The latest IPR (May 2023) showed that the SIVAP contributed to the reduction of food losses, given that it financed aggregation facilities equipped with cold chain infrastructure to preserve shelf life of fresh agricultural produce. The project outperformed expectations by achieving a remarkable reduction of 5,495 livestock units (livestock off-take per year) in post-harvest losses of goat meat, surpassing the target of 4,913. In addition, it successfully reduced poultry losses by 10,684, in line with the initial target. It also achieved a milk loss reduction of 180,435 liters (target of 195,535 liters). In terms of agricultural productivity, the project has already achieved its objectives for crops such as French beans (11 tons per hectare) and watermelon (25 tons per hectare), and it is on track to meet its objectives for green maize, bananas, and tomatoes. The SIVAP also promoted growth of community-level cottage processing, value addition and transformation through financing of common interest groups to engage in value addition activities. Among the activities are yoghurt processing and potato value addition. The evaluation identified that irrigation projects constructed through SIVAP attracted horticulture companies engaging farmers in contract production. This in turn led to the emergence of a services sector that provides extension and advisory services, as well as input to the farmers. The project developed new irrigation and drainage services in an area of 2,043 hectares, surpassing its target (1,664 hectares).

The DRSLP was found to have made notable progress in improving water accessibility and rural road development. The project increased the share of people and livestock accessing water in Arid and Semi-Arid Lands (ASALs) from 20 to 27.5 percent, albeit below the target of 30 percent. During the data collection for IDEV's mid-term evaluation of the Jobs for Youth in Africa Strategy, the beneficiaries of the Enable Youth project in Kenya unanimously indicated that they had largely benefited from the training that they had received along their respective agricultural value chain, which had changed the way that they practiced farming and managed their businesses.

The Bank was found to have significantly promoted private sector development through improving access to finance for SMEs and supporting private companies engaged in the transport and energy sectors. Finance accounted for 17.2 percent of the Bank's total portfolio. The Bank achieved satisfactory results at intervention level. For example, the 2023 annual report for the LoC extended to Equity Bank Limited indicates that 5,279 jobs were created (38 percent women) against a target of 691 (outcome 1), and government revenues generated amounted to US$71 million, against an end-target of US$25 million (outcome 2). In terms of outputs, the total number of loans extended to SMEs was 401, against an end target of 130.

Most LoC and TFLoC were fully disbursed to the banks (5/6) and one (Equity Bank LoC) was fully repaid to the AfDB. Interviews with AfDB staff indicated that targets regarding job creation were expected to have been reached, or be on course to be reached, by the end of the projects. For example, project documents showed the Diamond Trust Bank LoC (I) resulting in 3,000 permanent jobs created and sustained by the subprojects of the LoC. However, the monitoring data do not allow us to conclude on the share of jobs that were created per type of business (small, medium, corporate), and sometimes did not differentiate between jobs created within the intermediatory banks or within subprojects.

Among the projects financed by the domestic banks that partnered with the AfDB,[31] the main sectors supported relate to agri-business, manufacturing (construction materials, in particular cement, wood, steel) and trade in manufactured products (textile, telecom services). Project document reviews showed that the majority of beneficiary institutions are SMEs (over 260), while a small number of corporate clients (at least eight) have also benefited.

The evaluation found that LoCs and TFLoCs only marginally benefited micro-enterprises because most banks[32] do not focus on them.[33] The AfDB's finance portfolio targeted a series of tier-1 banks and some tier-2 banks,[34] which usually have a strong focus on SMEs, rather than micro-enterprises. Micro-enterprises themselves demonstrated limited engagement with these banks to access credit, instead primarily relying on established microfinance banks, and savings and credit organizations. Micro-entrepreneurs rarely go to banks to request a loan, as these are deemed too expensive, have a short repayment period, or are too time-consuming and difficult to apply for. Interviews with private sector representatives indicated micro-enterprises in Kenya are recognized as having a strong need for finance and represent a significant part of economic activity.[35] However, because the definition of SMEs varies and the AfDB uses the intermediatory banks' own criteria to select SMEs, there is a risk that the AfDB is falling short of supporting micro-enterprises with its finance sector interventions.

"Our people dont go to brick-and-mortar Bank branches. For example, use technology to create credit rating based on behavior. We have saving and credit cooperative society, the cooperative model is very effective in the juakali[36] sector", access to finance.

The two budget support operations-the Competitiveness and Economic Recovery Support Program (CERSP) and the COVID-19 Emergency Response Support Program (ERSP)-played a positive role in providing fiscal space for government public investments and also promoted reforms related to industralization and private sector development. The Bank supported reforms in taxation, public debt, and procurement areas that led to improvements in the Government's fiscal space. The overall fiscal balance as a percentage of GDP narrowed from -8.1 percent in 2020 to -6.9 percent in 2022 (slightly short of the target of -6.6 percent). In addition, the public and publicly guaranteed (PPG) debt service to exports ratio improved from 27.5 percent in 2020 to 21.6 percent in 2022 (surpassing the target of 25.5 percent). The PBOs included triggers related to industrial development, competitiveness, and private sector participation in economic activity. The Government developed the Special Economic Zones (SEZs) Amendment Regulations that operationalize the SEZ Act, the PPP Unit was elevated to a Directorate, and the Public Investment Management (PIM) Regulations covering all phases of the PIM cycle were issued. The reforms implemented through the Bank's support also led to the protection of SMEs through tax reliefs during the pandemic. However, interviews indicated that some measures linked to CERSP triggers, such as the development of SEZs, suffered from insufficient financial allocations. Moreover, the implementation of the SEZs requires substantial provision of basic infrastructural facilities (including roads, power, and water) in the SEZs areas, which are costly.

Through the PBOs, including the CERSP and the ERSP, the Bank supported reforms related to MSMEs. As part of Component 3 "Enhancing Economic and Social Inclusion", the CERSP includes a trigger Approval of Micro and Small Enterprise (MSE) policy. With regards to the ERSP, the intervention supported several measures taken by the Government to support SMEs that had been struggling when the economy was in shutdown, such as the establishment of a Credit Guarantee Scheme. The achievement of the CERSP triggers was largely met: the MSE policy was approved, and the Credit Guarantee Scheme was established.

While the PBOs played a positive role in strengthening PPPs, PIM, and fiscal space for infrastructure, they did little to address the more governance-related bottlenecks affecting infrastructure development in Kenya. Interviewees stressed that many issues affecting infrastructure and PIM were not simply technical in nature, but also "political", such as the tendency to select large flagship projects such as the Standard Gauge Railway (SGR), or continued weaknesses in procurement and anti-corruption efforts.

The PBOs, in particular the CERSP, did not include triggers covering these more governance-related aspects and, in parallel, the policy dialogue was not very regular and took place more at a technical level, which meant that such issues were not raised. As such, policy dialogue associated to the CERSP did not contribute significantly to the sorts of reforms that would have been needed to substantially improve public investment allocation and project implementation.

Skills and capacity development

Both CSPs focused on developing skills and capacity, with an emphasis on TVET, in view of enhancing employability and entrepreneurship.

The Bank supported skills development through training in TVET institutions. At a strategic level, the support from the Bank was found to have strongly contributed to the strengthening of Kenya's TVET system over the past 10 years. This was achieved through the development of the Technical and Vocational Education and Training Authority (TVETA) strategic plan, along with training manuals and accreditation standards. The Economic Survey 2023 reported an increase in the number of TVET institutions in the country from 1,769 in 2018 to 2,401 in 2022. The Bank visibly contributed to the development of infrastructure and equipment for skills development at the post-secondary education level. The execution rate of output was found to be good (enrolment, infrastructure), with the creation of more than 12 faculties in existing and new TVET institutions in all the provinces.[37] In addition, the number of Technical Training Institutes (TTIs) with a complete set of required equipment in engineering and applied sciences reached 33 as per the initial target. The proportion of employed TVET graduates is 77 percent compared with a 60-percent target. Overall, interviews with the Ministry of Education indicated that the Bank's support in the TVET area improved the quality of training. However, the evaluation found shortcomings mainly in the undertaking of a set of studies, research initiatives and the integration of workshops within the curricula. Interviews also indicated a misalignment between the training provided and the needs of the labor market. Representatives from the private and public sectors were said not to be involved adequately

Box 2: Examples of issues in industrial exposure of TVET students

In one training institution funded by the Bank, students complete their industrial attachment by using the institution's equipment outside of class hours, without any involvement of the industry. The institution is also planning to accommodate students from other institutions and become their industrial attachment place. Interviews showed that students are placed in industries that are totally unrelated to their training, such as mechanical engineers doing secretarial work.

Source: Interview with Key informants

in curriculum development, equipment choice (in line with curricula), and training through enterprise attachment for both students and teachers.

"The Bank supported the construction of 12 institutions and expanded the variety of courses in institutions by adding faculties. With phase III, even more space will be opened. Phase III will also develop incubation centers for entrepreneurship skills. Innovation by graduates can then become products on the market", on support to TVET.

For instance, the relevance of the equipment funded was found to suffer at times from a lack of involvement of economic actors to identify the relevant set of training equipment in some specific fields. Also, the evaluation found very limited consultation of the private sector and civil society, as well as some significant public sector actors. The Ministry of Labor and its agency, the National Industrial Training Authority (NITA), historically in charge of industrial training, had limited exchange of information with the TVET authority.

The evaluation also found little analysis of the needs of the labor market. Some analysis (value-chain mapping) was conducted regarding which economic activities were most present in which region. This analysis, however, did not research the size of the labor demand and the extent to which training was an issue. There is an overall lack of data on the labor market status, in part due to a lack of capacity at the level of the National Employment Agency (within the Ministry of Labor). As a result, interviews indicated that the improvement and expansion of TVET colleges and universities is not as business-led as anticipated. The links between the curricula and the practical skill sets required by economic actors were found to remain weak. That is, while students are required to complete a three-month industry attachment in order to graduate, TTIs are facing a challenge in ensuring this compliance. The Bank's project attempted to address this challenge. For example, the TVET Phase II latest IPR (2023) reports that the number of formalized partnerships between TTIs and industries for TVET training in engineering and applied sciences reached the planned target of 50.

In higher education, the Bank's project was found to enhance the quality of education in science and technology. The Bank's support to higher education science and technology project achieved an increased number of engineering programs to 15, surpassing the target (seven) in selected universities. The quality of training in the beneficiary universities significantly improved, with all 15 programs being accredited by the Engineering Registration Board of Kenya. This was achieved thanks to the equipment supplied and the training of staff in the engineering and applied science faculties in selected universities through the Bank's project.

The evaluation revealed critical factors that enabled or hampered the Bank's effectiveness. It highlighted the importance of setting realistic goals and recognizing the limitations of addressing higher-level results, such as job creation and industrialization. In addition, it underscored the role of strong collaboration with counterparts, emphasizing continuity and strategic investments as key enablers. It also pointed to the need to address project delays through private sector involvement, highlighting efficiency gains. The evaluation emphasized cross-sectoral dialogue as a facilitating factor for skills training impact.

Knowledge and policy advice

Policy dialogue

The Bank's policy dialogue was found to have enabled Kenya to address fiscal risks by enhancing revenue mobilization and expenditure rationalization; and debt risks by improving debt management. This was largely undertaken through PBOs: the Competitiveness and Economic Recovery Support Programs (CERSP) I and II. In addition, the Bank also supported two Technical Assistance (TA) programs funded by Middle-Income Countries Technical Assistance Fund (MIC-TAF) to improve the debt management capacity of the National Treasury, namely 'Public Debt Management Project' and the 'National Treasury Capacity Strengthening Project'.

The Bank supported policy reforms, through the PBOs that targeted industrialization and private sector development. This support came in the form of preparation of guidelines, regulations, and PPPs. For example, the Bank supported the guidelines for SEZs that provided clarity on customs facilitation. Other reform support led to the amendment of SEZ legislation, approval and implementation of a green manufacturing strategy, PIM regulations, MSE policy, and a PPP Unit (elevated to a Directorate).

However, the evaluation found that the full potential of the dialogue associated with PBOs was not realized. The Bank developed a dialogue with the GoK through the regular CERSP supervision missions, but this dialogue occurred more at a technical than a political level. It was also largely limited to project related issues, such as the status of activities, with little effect on the broader contents of the reforms.

The evaluation also explored a set of issues for policy dialogue to better guide program implementation and support its coordination in view of attaining higher-level results. In retrospect, some of the issues that could have been covered by Bank policy dialogue included: portfolio links to industrial parks and SEZs; the development of a corridor approach; incentives to industrialization, MSME development and job creation; the articulation of economic development, job creation and industrialization with devolution and the coordination of action at national and county levels; and the transition from cottage to scale (particularly in relation to agro-industry).

The evaluation found limited interactions among the various stakeholders within the industrial sector, the TVET sector and the institutions supporting employment. The limited level of interaction with the Ministry of Industry and Ministry of Labor is particularly surprising, given that industrialization and job creation were presented in the CSP 2019-2023 document as one of the key areas of dialogue. The only dialogue associated with TVET concerned the inclusion of disabled youth in TVET institutions. Interaction with industrial and private sector associations from the formal and informal sector was also found lacking. Within the framework of finance projects, the AfDB was found to be in dialogue with its clients and the National Treasury, but not significantly with other local stakeholders (Ministry of Industry, MSEA, KEPSA, NITA, KBA, etc.), including CSOs. Interviews with partners indicated that it could be beneficial for the AfDB to be more involved in policy reform of the private sector, for instance by supporting reform of the industrialization strategy of the GoK. Interviews indicated that the Banks personnel feel that they are spread too thinly and have prioritized other responsibilities within their individual portfolios, which often include multiple interventions in multiple countries. This spread of responsibilities may limit the relative role of the Bank in policy dialogue.

The evaluation also found no evidence of the impact of Bank policy dialogue on the speed or quality of reforms. Under the CERSP, Bank-supported reforms resulted, for example, in the adoption and publication of the SEZ Amendment Bill of 2021 and the Kenya MSE Policy. However, the evaluation found little evidence of their effects.

Analytical work

Evidence showed that the Bank engaged in bilateral policy dialogue and advice with government counterparts underpinned by its knowledge and technical work. Over the period 2014-2023, 36 non-lending operations were planned: 11 in CSP 2014-2018 and 25 in CSP 2019-2023. In total, the Bank delivered over 50 economic and sector works (ESWs), policy notes/briefs, and technical background papers.

The evaluation found that the Bank supported the production of technical knowledge and manuals of reference in the transport sector. These include: (i) Update of road design and maintenance manuals and Standard Specifications for Kenya; (ii) Development of a bridge management system; (iii) Accident crash data study; (iv) Road infrastructure gap study; (v) Road maintenance study; (vi) Road crash costing model; (vii) Road crash system; and (viii) Road asset management system. Road feasibility studies are also mentioned, as well as a Traffic Impact Assessment (TIA). Though they were financed at individual project level, the above studies played a critical role in informing policy decisions in the road transport sector. The TIA supported the development of TIA Guidelines, which is to be taken to Parliament to form the basis of an Act of Parliament.

The Bank also undertook analytical works in other sectors. For example, these included studies related to higher education, governance, energy, private sector finance mobilization for climate change. In addition, the Bank produced various technical background papers and policy notes/briefs to inform the Bank's work on emerging issues such as COVID-19 and Russia's invasion of Ukraine. Studies such as on export diversification were found to be useful in strengthening the links between the sectoral interventions and the Bank's wider socio-economic development objectives. However, the evaluation found that few ESWs focused on strengthening the link between sectoral interventions and the CSPs' priority areas.

Cross-cutting issues

Gender

The evaluation found that the Bank generally ensured gender mainstreaming in each sector of intervention, despite some shortcomings. For example, in TVET, the gender balance for students was found to be satisfactory, but this was not the case in relation to tutors. Within the engineering and applied sciences programs, 2,342 women were trained in entrepreneurship skills, well exceeding the initial plan of 1,000 women. However, in the staff trained at Master and PhD level under the TVET Phase I project, women represented 26 and 21 percent, respectively, which was below the target of 30 percent. Other interventions targeting skills and jobs in agriculture, infrastructure and access to finance presented a fair degree of social inclusiveness. Women (and youth) were particularly well represented in the access to finance projects, although data are lacking for some projects on the gender balance of end beneficiaries (clients in the beneficiary banks).

In the infrastructure sectors, the evaluation found that efforts were made to ensure that a significant number of women received training within the framework of complementary activities. In the transport sector, the Eldoret Bypass project, out of 270 people who benefited from training, 108 were women. In the WSS sector, stakeholder interviews indicated that around 30 percent of women were included in the projects, and water services providers had 25 percent female managers. In the case of power projects, around 40 percent women employees took part in project implementation in administrative and service tasks. However, the actual achievement rarely reached the 50-percent target mark.

In the agriculture sector, the SIVAP provided small competitive grants for youth and women to establish cottage-level value addition infrastructure through common interest groups. Women groups were found to be well organized and to have accessed grants for potatoes and dairy value addition. However, it was also reported that some of the counterpart financing requested by projects were too high and represented obstacles to the participation of women. For instance, on-farm water reservoirs were constructed as part of the Ndirithi-Aguthi irrigation scheme rehabilitation. The community was expected to contribute towards the project by procuring dam liners and water pumps at an estimated cost of KES 200,000. However, a majority of women households reported that the level of investment required was too high for them.

One of the few interventions that directly focused specifically on women was the Affirmative Finance Action for Women in Africa (AFAWA) initiatives-an AfDB continental initiative supporting access to finance for women and female entrepreneurship. Through AFAWA, the AfDB provides TA to financial institutions to help them support women better (for instance, support in designing specific financial products). Moreover, Task Managers from the finance sector in Kenya work closely with AFAWA in designing interventions and discussing with clients to ensure that women are well-targeted through the LoC. However, it should be noted that this initiative is recent (2021) and therefore only concerns the most recent projects.

None of the supported sectors conducted a gender analysis in relation to the position of women within the sector and the specific constraints that they face in terms of reaching gender equity. Attention to gender was found to be largely limited to ensuring that a significant proportion (often over half) of project beneficiaries are women. None of the sectors was found to have established or implemented a proper gender strategy or action plan. As a result, the structural causes of gender inequity and their socio-cultural roots were not addressed. Furthermore, the May 2023 Country Improvement Plan (CIP) shares this unsatisfactory assessment of the program's gender approach. Although gender mainstreaming is systematically applied to all projects through the Gender Marker System at design, "there has been concern regarding the implementation of specific gender activities highlighted in the project appraisal reports". According to the CIP, this implementation challenge occurs due to the lack of adequate budgets and the capacity of project implementation teams for gender mainstreaming.

Environment and climate change

The evaluation found that the Bank's portfolio in Kenya comprised key sectors at the junction of economic development and environmental preservation. The Bank's program was found to have made a significant contribution towards environmental preservation and, particularly, to climate change mitigation by focusing on clean renewable energy to achieve Kenya's goal of reaching 100 percent renewable energy by 2030. The Bank has for example funded solar energy production through the Kopere 40 MW solar project, geothermal energy production through the Quantum Power Menengai 35 MW Geothermal Development project, and wind power production through the Lake Turkana Wind Power project. The CO2 offset will enable the country to meet its Nationally Determined Contribution (NDC) target and also provide a market for carbon trading in the future from the Lake Turkana wind power project. In addition, the Bank has supported the establishment and implementation of the Green Economy Strategy and Implementation Plan 2016–2030.

"Gender-based approach is effective also in encouraging tree growing with youths and women being on the fore front besides it offers employment to most people", on gender mainstreaming.

The Bank has also made clear efforts towards tackling environmental and climate issues by focusing on mitigation and adaptation measures.

For instance, the Bank supported irrigation and value addition in the agriculture sector. This is helping farmers, particularly in arid and semi-arid areas, build resilience to climate change. Water and sanitation projects involve protection of the water catchment area by the local regulator, including tree planting, with positive conservation and climate change mitigation and adaptation effects.

However, the latest Country Portfolio Improvement Plan (CPIP) notes that projects hardly monitor the climate change and green growth outcomes of AfDB-funded operations. The framework used by the Bank to measure and report on environmental impacts is lacking in specificity. Inadequate budgeting and a lack of capacity among project staff to follow up and monitor climate change-related measures are mentioned as main reasons. To improve on this, the Bank has taken steps to develop a comprehensive Monitoring, Evaluation, Reporting, and Learning (MERL) system to ensure a robust reporting framework for climate change objectives from Bank projects.

Inclusivity

The Bank was found to have given attention to inclusivity in Kenya over the period 2014–2023 in both CSP documents. The Bank's envisaged focus on MSME development through access to finance in the 2014-2018 CSP can be considered as being conducive to inclusivity, but the evaluation did not find strong evidence to state that the Bank's support was able to enhance access to finance for microenterprises. The results of the Growth Diagnostic Report in annex of the CSP 2019-2023 indicate that improvements in industrial GDP (growth) have a greater potential for inclusive growth through employment creation than similar improvements in services sector growth. This finding underscores the importance of focusing on industry-led growth for long-run sustainable and inclusive growth in Kenya.

The TVET interventions were assessed as presenting a good degree of social inclusiveness. By design, most beneficiaries were young people, the gender balance targets for students were mostly met or exceeded, and specific attention was directed to disabled learners. The age targets were met by design, as the program was designed to accompany post-secondary TVET institutions. The contribution of the Bank is also clear, according to all stakeholders, regarding the disability inclusiveness component. Access to TVET for disabled youth was a key achievement of the Bank in the social sector and a component brought into the design.

The evaluation found that some projects in the infrastructure sectors included components to promote inclusive growth. For example, in roads transport, feeder-road projects focused on delivering road projects to the population interior from the main regional road to enhance access to markets and services. This was the case of the Sirari Road project, which improved about 77 km of feeder roads to different remote villages and communities in the project area of influence. Such complementary initiatives often also had a significant drive towards vulnerable populations. In addition, the Eldoret Bypass project identified and trained unemployed youths, women and persons with disabilities to acquire skills. In the power sector, the reduction of energy costs was found to be a factor of greater inclusivity. Under the Kenya Towns Program and Nairobi Rivers Sewerage Improvement project there are components that are pro-poor with interventions in informal settlements through construction of ablution blocks and water kiosks. In its response to the COVID-19 pandemic, the Bank had an overall inclusivity focus through social protection to reduce the vulnerability of poor households to the pandemic's impact.

In a cross-cutting way, youth were found to be involved in most sectors and projects, either as targeted beneficiaries or as beneficiaries of training and employment opportunities offered by projects. However, one can note that although some projects targeted youth, data on how youth were reached are not available in most accessible documentation.

Sustainability

Sustainability refers to the extent to which the interventions' benefits continue or are likely to continue. The main dimensions considered are technical soundness, financial and economic viability, institutional capacity and ownership by beneficiaries, and environmental and social sustainability.

The sustainability of the Bank's support to Kenya's development was assessed as satisfactory overall, despite concerns in the area of financial sustainability. Physical infrastructure and equipment were found to be technically sound. The Government's financial capacity to maintain infrastructure and related equipment was found to be satisfactory, or likely to be satisfactory, in the energy, TVET and agriculture sectors, although gaps exist in meeting the roads maintenance needs. In addition, concerns were expressed regarding the high level of non-revenue water in the WSS sector. Overall, most dimensions of sustainability were assessed positively.

Technical soundness

The evaluation found the infrastructure and equipment in place through the Bank's investment to be technically sound. Benefits from the use of the infrastructure and equipment can be expected to continue after the completion of interventions. During the interviews and site visits, the evaluation team noted no issues regarding the technical soundness of any of the investments, whether in transport, power, WSS, TVET or agriculture. Similarly, infrastructure from past AfDB interventions and previous phases of programs are, to the best of the evaluation team's knowledge, still in use.

In the transport sector, the construction of weighbridges enabled KeNHA to monitor truck loading along its road network and ensure that heavy trucks did not damage the road pavement. KeNHA has introduced weighbridges along the Isiolo-Moyale, Isebania-Kisii-Ahero and Kapchorua Suam-Endebes-Kitale corridors. KeNHA has also installed virtual weighbridges along its trunk road network to enhance real time monitoring of truck loading. The weighbridges are functional and in use on the trunk road network where maximum loads are enforced. These are the roads that were funded by AfDB projects. However, the rest of the network does not have any axle-load monitoring systems.

Financial and economic sustainability

The evaluation assessed tariffs and financial management of infrastructure-related services as largely satisfactory. For example, in roads, the GoK through the road agencies (KeNHA and KURA) put in place robust maintenance strategies using Performance-Based Contracting (PBC). PBC is a framework that allocates a set of kilometers to a contractor to keep it in good condition throughout the year. Road maintenance is financed through the Road Maintenance Levy Fund (RMLF), which is administered through the Kenya Roads Board (KRB). In the fiscal year 2022/23, KRB disbursed KES 67.18 billion to maintain 50,978 km of roads across the country. In the case of KeNHA, which has been the main recipient of Bank transport support, a total of 17,797 km was planned for maintenance. It is important to note, however, that the amount disbursed to KeNHA (KES 27.6 billion) in 2022/23 will mainly be used to maintain about 80 percent of the trunk road network, which is about 17,474 km out of the total 21,874 km. This shows that actual road maintenance is still insufficient compared with the need.

"Level of accountability around infrastructure projects is very high. Kenyans are very aggressive on things that touch on economy, power, water, etc. and other investments. So, the government allows strong institutions, including private sector", on maintenance.

In the energy sector, the tariff-setting arrangements were found to be adequate. Kenya revised its electricity tariffs over the period 2018 to 2023. As a result, energy bills have been increasing since 2018 across all tariff classifications, from domestic lifeline to Commercial & Industrial Cluster 6. This is likely to sustain the maintenance cost of the electrical grid. However, in 2018, the GoK introduced a time-of-use (ToU tariff targeting Commercial & Industrial clusters 2-6) to facilities shifting their production/manufacturing to off-peak hours. By doing so, they enjoy a tariff that is 9-14 percent cheaper. This was designed to encourage manufacturing during off-peak hours and ensure that the peak capacity is fully optimized while the manufacturers increase on their production and revenue streams. However, the electricity utility-Kenya Power and Lighting Company (KPLC)-is still struggling with 23 percent commercial and technical losses. This pushes the cost of energy upwards. The Bank approved the "Kenya Transmission Network Improvement Project" in July 2023 to improve this situation.

The evaluation found concerns regarding the high level of non-revenue water. Based on the latest impact report by the Water Services Regulatory Board (WASREB), non-revenue water[38] (NRW) improved from 47 percent in 2019/20 to 45 percent in 2020/21. Despite being a positive trend, this is far from the National Water Services Strategy (NWSS) target of less than 30 percent NRW and the Vision 2030 goal of less than 25 percent NRW. Given the current NRW of 45 percent and the water sector turnover of KES 23.2 billion, compared with an acceptable sector benchmark of 20 percent, this means that the water sector is losing about KES 10.5 billion annually.

In the finance and TVET sectors, financial models were also found to be sustainable. In TVET, maintenance costs are to be borne by the institutions within their functioning grants and tuition fees. The current capitation level (grant covering student's tuition fees) and global TVET-related budgets appear sufficient to cover training center running costs and infrastructure maintenance costs. In the finance sector, the AfDB attaches great importance to the commercial viability of the banking institution when selecting clients, as shown in appraisal and supervision reports. This commercial viability focus seeks to ensure the repayment capacity of banks and is favorable in terms of long-term solidity of supported financial institutions.

Institutional capacity and ownership

The evaluation found that the Bank contributed to the counterpart's institutional capacity and ownership. In the finance sector, the AfDB's interventions contributed directly to strengthening the finance sector in Kenya and contributed to banks' growth, as depicted by the evaluation case study of Equity Bank. It did so through a LoC aimed at strengthening the balance sheets of financial intermediaries of particular relevance in a developmental perspective. According to interviewees, the strengthening of the intermediatory banks is expected to contribute to greater lending to SMEs, even after the LoC expires. However, there are few data concerning the continuity of lending to SMEs after expiry of a LoC.

There was also a very specific intervention, aiming notably at supporting the operationalization of the KMRC with the objective of mobilization of local savings for the purposes of funding of affordable mortgages to middle and lower middle-income households in the country. KMRC has refinanced 2,781 mortgage loans for local financial institutions as of September 2022 and is on track towards achievement of its target refinanced mortgage portfolio (69.53%). It has satisfactory progressed in terms of implementation including with respect to set up of institutional systems, staffing and procedures.

Staff training around the various infrastructure projects was assessed as adequate in terms of ensuring future local capacity to run and maintain the infrastructure and equipment provided.

Although the capacity building provided to MSMEs in areas such as financial literacy and business skills, as part of the finance support, is highly appreciated, no review of the quality of the capacity building was conducted. Interviews with some stakeholders highlighted that good practice in terms of capacity building should include providing tailor-made capacity building to MSMEs to ensure that training is adapted to concrete needs of businesses and situations. For instance, a capacity building program by Technoserve through which trainers visited SMEs directly and provided specific advisory services (how to adapt your recipe to make soap; how to organize your shop; how to ensure safe manufacturing practices) was highly appreciated and effective. This practice, however, was not the rule.

In relation to governance /multisector sector support, GoK ownership of CERSP-supported reforms is perceived as strong, which is a good indicator of sustainability. Moreover, there is good evidence that the systems and processes developed through the TA to the Presidential Delivery Unit (PDU) are still in place and functional. The ownership of PPPs such as that observed with the Lake Turkana Wind Power project was also found satisfactory over the lifespan of the wind farm. Interviewed stakeholders indicated that there is a limited timespan (only 15 years) in the energy provision agreements between the private operator and the GoK, which may cause some uncertainty. But Kenya's Least-Cost Power Development Plan aims to replace old power plants with new cleaner and cheaper power plants in the future.

Environmental and social sustainability

The evaluation found that the Bank's projects all complied with environmental and social norms and regulations, producing the needed Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs). The document reviews indicated that the Bank had carried out environmental and social requirements as part of the project approval processes. The ESMPs were implemented to mitigate any negative environmental effects.

The evaluation team recorded that WSS projects involved protection of the water catchment area by the local regulator, including tree planting, with positive conservation and climate change mitigation and adaptation effects.

However, two projects in the transport sector-the Mombasa-Mariakani Highway Project and the Mombasa-Mtwapa-Kilifi-Kwa Kadzengo Dualling (A7) Road under the Multinational: Bagamoyo-Horohoro/Lunga-Malindi Road Project, Phase I-were under investigation by the Bank's independent review mechanism, following complaints by project-affected persons who alleged violations of the Bank's Policy on Involuntary Resettlement. This could have negative long-term effects on the projects if the local populations reject the newly built infrastructure. However, it is also possible that a post-project implementation agreement can be reached with the affected populations, if allegations of their rights having been violated are confirmed. ■


TOPTANK

Has the Bank Undertaken Its Interventions in the Right Way?

Efficiency

Efficiency refers to the degree to which an intervention delivers, or is likely to deliver, results in an economical and timely manner. The evaluation assessed the timeliness in project start-up and completion, as well as returns on public investments.

The efficiency of AfDB support to Kenya over the period 2014 to 2023 was found to be partly unsatisfactory. Most of the Bank's interventions encountered delays in project start-ups and during implementation. Despite generally sound public investment management practices, the evaluation could not compile a comprehensive picture of the returns on public investment in Kenya.

Timeliness

The evaluation found that significant implementation delays occurred during the evaluation period. Many interventions suffered from long delays. Timeliness was found to have been a challenge for most sectors, except the budget support operations. Some projects experienced protracted implementation delays: these included the Kenya-drought resilience and sustainable livelihood program, the Ethiopia-Kenya electricity highway, the Thwake Multipurpose Water Development Program I, and the Sirari Corridor Accessibility and Road Safety Improvement project, all of which are more than eight years old.

The evaluation found the project start-up process, particularly from its approval to signature, to be lengthy. The project data show that about 76 percent of the operations approved between 2014 and 2023 were considered delayed, by an average of five months (Table 4). This may lead an average of 15 months delays to make first disbursement. In addition, the latest CPIP (2023) also indicates that, in 2022, signature delays exceeded the allowable benchmark of 90 days. The average time lapse between approval and loan signing increased to 5.5 months in 2022 from 5.1 months in 2021. The 2023 CPIP also indicates that the average time lapse between approval and first disbursement increased from 14 months in 2021 to 14.8 months in 2022. Interviews indicated that delays by the Kenyan Attorney General's Office to clearing the loan agreement for signature contributed to some of the delays in the project start-up phase.

The evaluation identified key factors that contributed to project delays during implementation. These included, among others: (i) delays in counterpart funding release; (ii) delays in compensation payment (the slow process of land acquisition; land disputes among owners and court cases; delays in relocating utilities; and the slow release of compensation payments at the National Land Commission); (iii) lengthy tax exemption or reimbursement of value added tax procedures; and (iv) frequent personnel changes within PIUs.[39]

Interviews with Kenyan counterparts also indicated that the Bank's procedures required a learning phase in many instances. Interviewees expressed the view that government counterpart agencies required continuous awareness-raising on reporting mechanisms, disbursements, policies and procedures, cross-cutting issues, including environment, climate change, gender and social safeguards. The lack of adequate understanding of the Banks requirements and policy may cause delays in project implementation.

Table 4: Time (months) spent at project start-up[40]

Milestone periods	Indicator	Investment Lending	Institutional Support/ Technical Assistance	Line of Credit	Program Based Operation	All projects
Board's approval to Signature	*Average time*	5.00	3.82	9.63	0.90	5.12
	Range [Min – Max]	[0.97–12.80]	[0.63–7.13]	[3.87–16.33]	[0.30–2.00]	[0.30–16.30]
	% Delayed operations	83%	55%	100%	0%	76%
Signature to Effectiveness	*Average time*	4.49	0.28	4.91	2.12	3.58
	Range [Min – Max]	[0.00–14.93]	[0.00–2.83]	[0.00–13.67]	[0.47–5.20]	[0.00–14.93]
	% Delayed operations	84%	10%	43%	33%	61%
Effectiveness to first disbursement	*Average time*	6.79	9.15	3.95	0.48	6.38
	Range [Min – Max]	[0.27–21.37]	[2.50–18.03]	[0.20–12.93]	[0.13–0.73]	[0.13–1.37]
	% Delayed operations	87%	100%	71%	0%	82%
Approval to first disbursement	*Average time*	15.90	12.74	18.81	3.50	15.04
	Range [Min – Max]	[7.77–31.73]	[3.13–23.53]	[5.13–29.27]	[1.23–6.23]	[1.23–31.73]
	% Delayed operations	100%	88%	86%	33%	92%

Source: IDEV, 2023. Kenya Portfolio Review Report.

Moreover, stakeholders raised concerns that the decision processes within the Bank can also take time, particularly in relation to the issuing of "no objections".

The evaluation noted that Kenya experienced significant global and local events during the evaluation period. These included the roll-out of devolution, the contested elections of 2017, the global COVID-19 pandemic, droughts and floods, Russia's invasion of Ukraine, and periods of high inflation, among others. These exogenous factors also contributed to delays suffered by many interventions.

Returns on public investment

Although returns on public investment are a key determinant of growth, the evaluation team found no studies providing a comprehensive picture of the situation in Kenya.

The evaluation found no evidence on cost-benefit analysis after projects' completion. Most of the completion reports of the completed projects did not provide estimates of the final economic internal rate of return despite their existence at appraisal stage.

Interviews with partners expressed general concerns over the high cost of investment in infrastructure projects. An example given is the Standard Gauge Railway (SGR), mostly financed by China, with long-term returns but high short-term costs. Those projects were plagued by implementation challenges and high costs (comparatively higher than in neighboring countries). Corruption, including in public procurement, was one element mentioned by interviewees as being behind the high cost of investment projects. Public investment management practices were generally found to be sound, but their implementation was often undermined. For example, cost-benefit analyses are not systematically carried out. However, the Bank made efforts to improve the efficiency of public investments by supporting the adoption of PIM Regulations covering all phases of the PIM cycle.

Partnerships and leverage

The Bank mobilized resources from other DPs and trust funds or initiatives at the global and regional levels. Analysis of project data shows that 19 percent of the projects (11 out of 59) involved co-financing or parallel financing partners other than the borrower. In cases where co-financing or parallel financing partners were involved, they typically financed 37 percent of the total project cost, while AfDB funding covered about 52 percent, and the borrower's counterpart contribution (counterpart funding) constituted 11 percent. The share of the Bank's funding includes resources leveraged from trust funds and other initiatives, such as the Africa Climate Change Fund, the Green Climate Fund, the Global Environment Fund, the Climate Investment Funds, the African Financial Alliance on Climate Change, and the Affirmative Finance Action for Women in Africa. The project data estimated the amount of co-financing/parallel financing at about UA 1.8 billion between 2014 and 2023.

Evidence showed that the collaboration of the Bank with other DPs has enabled it to finance and improve transport services in the country. The Bank financed parts of roads with other DPs (World Bank, the EU, JICA, etc.), which complemented its action. For example, the World Bank and the AfDB are jointly involved in the financing of the Horn of Africa Gateway Development Project, and the AfDB and the EU are jointly financing the Mombasa–Mtwapa project. Similar project-level leverage has been observed in the agriculture and environment sectors, where the AfDB has succeeded in mobilizing funds from other DPs to enhance the outcomes of the SIVAP and the Green Zones project. In the finance sector, the KMRC project is co-financed with the World Bank.

However, the evaluation found no systematic effort to leverage the large community of actors involved in skills training and jobs. Within the skills and job creation pillar, the multiplicity of DPs involved in TVET over the period could have been the basis for significant partnerships, collaboration, and synergies, but the evaluation found only one anecdotical piece of evidence of another DP implementing a capacity building program targeting TVET institutions that had benefited from the Bank's intervention in infrastructure and equipment.

Interviews with stakeholders underlined that the AfDB's participation in an intervention brings it credibility and increases the likelihood of participation by other DPs. This included the TVET and power sectors. Moreover, budget support operations were said to have facilitated Kenya's access to commercial markets and finance, at a time when access became much more challenging. However, the evaluation is cautious that although funding of individual projects by multiple DPs is now more common and complementarities are clear, they do not take the place of formal partnerships.

"The Bank should finance PPP projects to assist the government reduce debt financing. This is because the country has been incurring huge bills in terms of loan repayments", on partnerships.

The evaluation also found that the Bank has leveraged significant resources from other DPs and through PPPs in infrastructure sector. In the energy sector, the Ethiopia-Kenya Electricity highway is financed by the World Bank, the Agence Française de Développement (AFD) and the AfDB. The total cost of the project in Kenya, excluding all taxes, duties, and levies, was estimated at UA 527 million. The financing arrangements were as follows: 55.82 percent funded by the World Bank, 14.94 percent by the AFD, 18.10 percent by the AfDB, and the remaining 11.14 percent by the GoK. The Lake Turkana Wind Project was implemented using the PPP framework and enabled the Bank to leverage EUR 625 million of private sector financing from its UA 162 million investment. In transport, the Bank leveraged private funding by providing a senior loan of up to US$150 million for the 175 km Nairobi-Nakuru-Mau Summit Road project.

Managing for development results

The evaluation results indicated that while results measurement and reporting are clear at the operations level, shortfalls still exist at the CSP pillar level.

The M&E processes at the project level were generally found to be satisfactory, with some exceptions. The Bank generally conducted supervision missions twice a year,[41] which comprised of physical visits to project sites to assess progress. Implementation Progress Reports (IPRs) were prepared to show project performance status, findings, key issues, lessons learned, corrective measures and their deadlines. The process also produced the mandatory annual reporting that the AfDB asks its implementing partners to conduct to monitor development results and environmental and social issues.[43] However, the evaluation found no mechanism in place to measure progress in terms of the contribution of these projects to the higher socio-economic results that the Bank is pursuing.

The evaluation found that progress towards higher-level CSP pillar objectives linked to socio-economic development, industrialization, skills development, and job creation were not monitored in a rigorous and comprehensive way. Indeed, a clear set of comprehensive indicators to measure these higher-level objectives has not been determined, including a baseline. The CSP results-based frameworks were built on a sectoral logic with no section dedicated to skills and jobs or labor market issues specifically.

Over the evaluation period, the Bank was found to have supported the development of national capacities and management systems that focus on results, but in a piecemeal fashion. The focus was more on macroeconomic management and debt sustainability, as well as technical aspects of sectoral development. The TA provided to the PDU was found to have generated tangible results, putting new institutional tracking systems in place, which are still being used. Although this TA had the potential to develop strategic political support, it was found to be too short-lived (with too limited budget) to do this in an effective and comprehensive way. ■

Borrower Performance

Borrower performance refers to the contribution of the client government in CSP design, including implementation and management for results, taking into account the country's resources and capabilities.

The evaluation found good ownership and engagement by the Government. This was demonstrated in all infrastructure-related interventions, particularly in the transport, energy and WSS sectors, as well as the agriculture and TVET sectors. A solid integration of the interventions in national strategies strengthened this ownership. Government counterparts were intimately involved in the design of interventions. However, the evaluation noted that the engagement of other relevant Kenyan counterparts (such as private sector actors and CSOs, and even certain public actors in the case of TVET) in the choice and design of the interventions was much more limited. Most of the consultation that was conducted was limited to a few governmental actors.

In general, project implementation capacity was found to be stronger in the infrastructure sectors (transport, power, WSS), which have more experience of working with the Bank and its administrative and financial processes, as well as experienced project implementation teams. They also appeared to have more established strategic plans and processes. For instance, in the case of participating in CSP preparation, the orientation in terms of areas of focus and of infrastructure to develop tended to be much more forthcoming in the transport, power, and WSS sectors.

Interviews indicated that private partners generally showed leadership in terms of project coordination and implementation. The borrower performance within NSOs was satisfactory in the finance sector, as well as in the power sector with Lake Turkana Wind Power project. They naturally took an active part in project design and implementation, and provided timely counterpart financing. They had an embedded interest in obtaining development results and ensured rapid compliance with AfDB guidelines, loan covenants and conditionalities.

The evaluation found that despite the satisfactory level of individual intervention ownership, the timely provision of counterpart funding was a challenge. The project approval procedure requires that the Attorney General gives his opinion before the signature of any financing agreement. Such an opinion can be favorable only if the following three conditions are fulfilled: the amount should have been budgeted, the amount should be in the exchequer, and the interventions should be aligned to strategic priorities. Political changes and budgetary constraints were found to have limited the ability of the Government to engage as fully as expected in the financial aspects of the Bank's interventions. As a result, counterpart funds were rarely produced in time and quantity, leading to significant implementation delays.

"Counterpart funding is supposed to bring ownership and sustainability, which are components of reaching longer term results. However, the delays it causes may well counter the expected positive effects", counterpart funding.

Besides counterpart funding, the Government experienced challenges in its engagements on contract signature, tax exemptions, land acquisition, and coordination. Contract signatures experienced significant delays indirectly linked to counterpart funding, as contracts can only be signed when the provisioned funds are secured. Tax exemptions suffered from the length of administrative procedures that delayed many payments, suspending the implementation progress. Land acquisition issues arose from the delayed involvement of the agency in charge. In addition, inter-ministerial and intersectoral coordination was found insufficient and may have limited the dialogue on TVET, MSME support, skills development, job creation and industrialization, despite the strong multisectoral dimension of such issues. ■

Conclusions, Lessons, and Recommendations

Conclusion

The evaluation concluded that the Bank's support was relevant to the needs of the country and aligned with the Government, beneficiary needs, and Bank corporate strategies. It was designed and implemented in ways that took into consideration a volatile global and country economic situation. Bank interventions were adapted over time to respond to changing country and global circumstances. However, the evaluation found that the second CSP set overambitious objectives. On balance, the evaluation rated **Relevance** as **satisfactory**.

The evaluation found significant internal synergy within each sector but weak collaboration between sectors in maximizing synergies and portfolio coherence. In addition, the evaluation identified strong coordination with other DPs at the project level but not at the strategy/sector level. Overall, **Coherence** is rated as **satisfactory**.

The evaluation rated **Effectiveness** as **satisfactory**. Projects results assessments and stakeholder interviews confirmed that the Bank's interventions in the transport and energy sectors helped reduce transport and energy costs, which are key enablers for private sector activity and industrialization. In the WSS sector, about 1.5 million people were provided with access to safe water and sanitation services, albeit well below the target of the CSPs. In the agriculture sector, the evaluation identified that irrigation projects constructed through the Bank's project attracted horticulture companies engaging farmers in contract production. In the finance sector, the Bank achieved satisfactory results at the intervention level. The Bank was mindful of the need to sustain public spending during times of fiscal stress, with a COVID-19-related response and an economic recovery support program, both of which contributed to multi-partner supported reforms and budget support. However, the Bank did little to address the more governance-related bottlenecks affecting infrastructure development in Kenya, such as corruption.

In skills development, the Bank contributed to physical infrastructure and equipment in TVET development. The Economic Survey (2023) reported an increase in the number of TVET institutions in the country from 1,769 in 2018 to 2,401 in 2022. Interviews, however, indicated that there have been limited efforts to ensure that the training provided was aligned with the needs of the labor market.

The evaluation rated **Sustainability** as **satisfactory**. The evaluation concluded that the infrastructure and equipment in place through the Bank's investments are technically sound. During the interviews and site visits, the evaluation team noted no issues with the technical soundness of any of the investments, whether in transport, power, WSS, TVET or agriculture. The Government's financial capacity to maintain infrastructure and related equipment was found to be satisfactory, or likely to be satisfactory, in the energy, TVET and agriculture sectors. In the transport sector, the Government put in a place a mechanism to maintain road networks, but a gap still exists between road maintenance needs and actual maintenance taking place. In the WSS sector, there is a concern regarding the high level of non-revenue water. The evaluation found that the Bank contributed to the counterpart's institutional capacity and ownership. It also complied with environmental and social norms and regulations in the approval process.

Efficiency is rated **partly unsatisfactory**. Most of the Bank's interventions encountered delays in project start-ups and during implementation. The evaluation also found project start-up processes, particularly from approval to signature, to be lengthy. Although little evidence was found on cost-benefit analysis after project completion, interviews with partners expressed general concerns over the high cost of investment in infrastructure projects.

Lessons

Lesson 1: Job creation and industrialization, as strategic objectives in the second CSP, proved to be overly ambitious for a program that provided an average of less than 0.2 percent of GDP in annual approvals during the 2014–2023 period.

The evaluation team found that the Bank registered considerable progress in several aspects of infrastructure development and private sector development. In retrospect, these two areas may have been more appropriate as strategic pillars for the support that the Bank planned and delivered over the past decade. Industrialization and job creation are affected by many more factors than the Bank support could reasonably address.

Lesson 2: Strong counterpart involvement, an emphasis on strategic investments, and a long period of engagement with key institutions in the infrastructure sectors, contributed to impressive results in these sectors.

The benefits from continuity and multi-pronged engagement were assessed to be particularly notable in the transport sector, in which the Bank's TA contributed not only to important connectivity investments but also to transforming policies and practices within the sector. In the energy sector, path-breaking PPPs demonstrated a pathway to energy independence and a clean energy future. The evaluation found that the trust built up by the Bank and key counterpart agencies over time enabled it to play a catalytic role in these key sectors.

Lesson 3: The problem of start-up and implementation delays has long confounded project implementation in Kenya, leading to efficiency losses. Experience suggests that private sector involvement in infrastructure delivery can help to overcome a number of these constraints to project efficiency.

The Bank and the government are well aware of the problems resulting from project delays and insufficient counterpart funding. This, in part, contributed towards solid support for PPPs in infrastructure delivery. The Bank's experience in this area has been broadly positive, particularly in terms of reducing delays and securing sufficient counterpart funding. More attention to ex-post rate of return assessment may help bring to light the efficiency losses resulting from protracted project delays. Bank portfolio reviews have focused on these issues, but the problems tend to be at a higher level that goes beyond what can be addressed by any specific sector or project team.

Lesson 4: Strong cross-sectoral dialogue and coordination with all development stakeholders, including the private sector and CSOs, bolster the employment prospects of those who receive skills training.

Bank financing for skills and higher education has been relatively successful in augmenting the hardware needed in various tertiary training institutes. However, weak linkages between skills training and entrepreneurship development have limited the extent to which these job training investments were able to generate productive employment. Solid dialogue with economic actors at all stages of an intervention, beyond simple consultation, is conducive to efficient socio-economic processes, such as industrialization or job creation.

Lesson 5: The Kenyan finance context is conducive to private sector development but does not cater sufficiently well for microentrepreneurs.

While the CSP 2019-2023 primarily targets SMEs, the CSP 2014-2018 adopted a broader perspective by including micro-enterprises as potential beneficiaries. However, in practice, the evaluation found that the Bank's emphasis centered predominantly on tier-1 and some tier-2 banks that prioritize SMEs. This leaves a significant financing gap for micro-enterprises, despite their significant presence in the economy and substantial financial requirements. This is a key challenge if Kenya is to foster an inclusive growth process and bring more small-scale firms into the manufacturing sector.

Lesson 6: While results measurement and reporting are clear at the operations level, shortfalls exist at the CSP pillar level.

Measuring progress towards higher-level CSP objectives, including socio-economic development, industrialization, skills development, and job creation, is essential to align the Bank's actions more closely with its overarching goals, ensuring that its development efforts contribute meaningfully to the higher-level CSP objectives. While the project-level monitoring was generally satisfactory, there is a need to establish a seamless bridge between project-level achievements and the broader strategic outcomes. This framework will bridge the gap between individual project achievements and broader strategic outcomes, allowing for a more holistic assessment of how these projects collectively advance the CSP's socio-economic, industrial, and skills development objectives.

Lesson 7: Gender mainstreaming efforts in various sectors of intervention demonstrated some success in terms of representation but lacked a comprehensive approach addressing structural gender inequity and socio-cultural constraints.

While the Bank ensured a significant proportion of female beneficiaries in projects, a gender analysis specific to each sector's unique challenges and constraints was missing. This approach limited the effectiveness of gender-related activities and failed to address the root causes of gender inequality. To address this problem, a more holistic and sector-specific gender strategy that goes beyond quotas and tackles the structural issues contributing to gender inequity is necessary.

Recommendations

The evaluation proposes the following recommendations for the next Kenya CSP (2024-2028).

Recommendation 1: Adopt a holistic orientation in designing the Bank's country strategy.

The evaluation has revealed that the strategic objectives of job creation and industrialization, while ambitious, were not fully aligned with the actual support provided, which was limited in scale. Key points for consideration include:

- Focusing the interventions and strategies in core areas where progress has been considerable, such as infrastructure and private sector development.
- Linking skills development efforts more strongly to labor market (and stakeholder) requirements.
- Pursuing the provision of knowledge support to help the GoK clarify and operationalize its strategies that the Bank aims to contribute towards.

Recommendation 2: Strengthen intersectoral coordination to obtain higher-level development results more effectively and efficiently.

Socio-economic development, industrialization, skills development and job creation are fundamentally interconnected and span across multiple sectors. To enhance the Bank's effectiveness and efficiency, it is crucial to improve interaction and coordination with a comprehensive range of economic actors from all sectors, starting with relevant government and parastatal agencies. This coordination will benefit future programs. Key actions may include:

- Undertaking a detailed stakeholder mapping at sector level.
- Developing structured interactions around a clear agenda with a long-term perspective with all concerned ministries, private sector representatives, and CSOs.

Recommendation 3: Develop a strategic dialogue with the GoK, education providers (especially TVET institutions) and industry to catalyze private sector development and job creation.

Dialogue with economic actors (GoK, education providers and industry) at all stages of the operations is essential for efficient skills development and job creation. The priority actions may include:

- Developing a strategic dialogue with the GoK, education providers and industry around policy, legal, institutional, and regulatory reforms.
- Engaging with the GoK at a high level to find lasting solutions to persistent project implementation issues (such as counterpart funding, tax exemptions, and submission of legal opinion).
- Undertaking studies on the Kenyan labor market and its needs.

Recommendation 4: Integrate comprehensive progress towards higher-level CSP outcomes within the Bank's results measurement system.

To guide the Bank's action and measure its results in pillars of action, corresponding objectives need to be integrated within the Bank's country results measurement system in a holistic way. The key priority actions may address:

- Establishing a comprehensive set of indicators and corresponding baseline covering the higher-level pillar-related outcomes that are traceable to AfDB action.
- Using existing statistical reporting systems and identifying proxies for the strategic results that the Bank intends to contribute towards.

Recommendation 5: Review and redefine the Bank's approach to gender in Kenya.

Adopting a quota-based approach to gender—i.e., determining the proportions of women who should benefit from support—proved insufficient to address gender gaps in Kenya. The priority actions here may include:

- Identifying the structural causes of gender inequality in Kenya and their links with the various CSP pillars and sectors.
- Undertaking gender analysis at the sector level.
- Determining a set of cross-cutting actions through which the AfDB will strive to address gender in a systematic and structured way. ■

Annexes

Annex 1: Evaluation Matrix

Key questions and sub-questions	Indicators or elements of analysis	Sources of information
EQ1: Development Results – What has been achieved by the Bank compared with what it set out to achieve?		
Relevance		
ESQ1. To what extent did the Bank's interventions' objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies, and priorities?	▌Relevance and quality at strategic/sector level - Degree of correspondence between listed global and sectoral priorities in the Bank's CSPs and those of the strategic framework of Kenya - Perception of stakeholders on the alignment of strategies with the needs and priorities of Kenya - Stakeholder opinion on quality of CSP - Have Bank activities tackled intervention sectors in a global way? - Clear and explicit identification of target groups within the CSPs and for each sector - Rationale for selecting target groups: (i) detailed analysis of their needs; and (ii) justification of geographical choices. ▌Relevance and quality at the intervention level (project design) - Opinion of stakeholders (and evaluation team) on the alignment of intervention objectives (Bank portfolio) with the needs and priorities of Kenya - Clear and explicit identification of target groups within each intervention - Rationale for selecting target groups: (i) detailed analysis of their needs; (ii) justification of geographical choices; and (iii) justification of the action modalities - Level of correspondence between intervention objectives and needs expressed in CSP and country policies - Opinion of stakeholders on relation between intervention objectives and needs of beneficiaries. ▌Relevance of beneficiaries - Correspondence of beneficiaries with target groups identified in CSP and in country policies - Opinion of stakeholders on how far Bank and GoK strategy papers focus on priority needs.	Documentary review (CSP, national strategies, sectoral strategies, project documents) Interviews (AfDB, GoK, DPs, beneficiaries)
ESQ2. To what extent were the objectives and design of the interventions sensitive to the economic, environmental, equity, social, political economy, and capacity conditions in which they were implemented?	▌Strategic, sector and intervention level - Existence of an assessment of the economic, environmental, equity, social, political economy, and capacity conditions at the level of the individual interventions, sector of intervention and in Kenya. - Specific modalities of intervention adapted to the economic, environmental, equity, social, political economy, and capacity conditions identified. - Level of integration of interventions and sectoral support within pre-existing dynamics - Level of dialogue with stakeholders during implementation of the interventions.	Documentary review (CSP, national strategies, project documents) Interviews with stakeholders
ESQ3. To what extent were the interventions adapted over time in response to changing circumstances?	▌Strategic, sector and intervention level - Number, frequency and nature of adaptations undertaken within interventions (activities, approach, personnel, budget…) - Existence and nature of changing circumstances calling for project adaptations - Existence of committees and monitoring procedures allowing to identify and discuss changing circumstances and needs for adaptation - Operationality of procedures necessary to validate changes - Level of dialogue with stakeholders during implementation of the interventions - Stakeholder opinion on the adequacy of adaptations to changing circumstances	Documentary review (Project documents, contextual studies and reports from GoK and other DPs) Interviews with stakeholders

ESQ4. To what extent were the interventions in the country aligned with the Bank's mandate, corporate strategy and (operational) priorities?	▌ Strategic level beyond country - Strategic alignment and operational translation of intervention objectives and Bank priorities at the regional level (taking into account the principles of regional integration) - Strategic alignment and operational translation of intervention objectives and Bank priorities at global/continental level: (i) Medium-Term Strategy 2008–2012; and (ii) 2013–2022 Ten-Year Strategy and the Results Measurement Framework for a single Bank 2013–2016 - Bank personnel's opinion on adequacy of AfDB continental and regional policy documents in the Kenyan context. ▌ Strategic level in Kenya - Level of correspondence between intervention objectives and objectives specified in CSP - Bank personnel's opinion on quality at entry of CSP (including results framework). ▌ Sectoral/intervention level - Strategic alignment and operational translation of Bank priorities at sectoral level - coherence of interventions with: (i) sectoral transport policy; (ii) sectoral power policy; (iii) the governance policy framework and action plan; (iv) the private sector development strategy; (v) policies on cross-cutting issues (environment, gender, etc.); and (vi) other sectoral strategies.	Documentary review: AfDB regional and continental policy documents (High-Five, MICs, Regional Integration, Medium term, 2013–2022, gender, private sector...), CSP Interviews (AfDB, GoK)
Effectiveness		
ESQ5. To what extent have the Bank's interventions achieved their expected development objectives and results at the sector, region and national levels (both at the output and outcome level)? What are the impacts of the COVID-19 pandemic and other global events on the Bank's interventions and the country's development achievements?	▌ Intervention level - Presence of tangible and demonstrable outputs: execution rate of outputs (percentage of outputs that are reached or are likely to reach the target expected at the end of the projects) - Presence of tangible and demonstrable outcomes: execution rate of direct effects and intermediary effects listed in the projects' logical frameworks - Assessment of additional effects (positive and negative) not expected during the project cycle - Stakeholder and evaluation team opinion on quality of intervention logic in terms of objective attainment - Effects of the COVID-19 pandemic, Russia's invasion of Ukraine and the Horn of Africa droughts on project stakeholder environment and projects' implementation. ▌ Strategic/sector level - Estimated contribution to sector key indicators of: (i) intermediate outcomes; and (ii) long-term results - Effects of the COVID-19 pandemic, Russia's invasion of Ukraine and the Horn of Africa droughts on performance of the AfDB's various sectors of intervention and on the strategic objectives of the AfDB at the sectoral and national levels.	Documentary review (National strategic reports, CSP, country evaluations, project documents) Interviews (Implementing agencies) Field visits (final beneficiaries)

ESQ6. To what extent have the Bank's interventions benefited different target group members (by gender, age and regions)?	▌Intervention level - Perception of beneficiaries on the adequacy of the project with their needs (by gender, age and regions) - Beneficiaries' perception of what has changed for them during implementation and following the intervention ((by gender, age and regions) - Perception of beneficiaries of the AfDB's role - knowledge, visibility, support, added value (by gender, age and regions) - Degree of interventions' ownership by beneficiaries (by gender, age and regions) - Opinion of stakeholders (beyond beneficiaries) on extent of benefits and beneficiaries ((by gender, age and regions) - Number and type of beneficiaries ((by gender, age and regions). ▌Strategic/sector level - Level of correspondence between project beneficiaries and beneficiaries as stated in strategic documents (by gender, age and regions).	Interviews with beneficiaries and stakeholders; Documentary review: project documents, CSP
ESQ7. To what extent have the Bank's interventions contributed to the achievement of development objectives and expected development results of the country, including long-term effects/ impacts (both intended and unintended)?	▌Strategic/sector level - Evidence of the Bank's support contribution to the country development objectives - Perception of stakeholders (GoK, DPs, CSOs) on the Bank's support contribution to the country development objectives ▌Intervention level - Evidence of the interventions' contribution to the country development objectives - Perception of stakeholders (implementing agency, beneficiaries, civil society) on the AfDB interventions' contribution to the country development objectives	Documentary review (project documents, Kenyan development indicators) Interviews (AfDB, GoK, DPs) Field visits (final beneficiaries)
ESQ8. To what extent has the Bank contributed to capacity building, knowledge generation, and systems development in the country beyond lending operations? Has it been catalytic?	▌Strategic, sector level and intervention level - Evidence of capacity building, knowledge generation, and systems development in the country beyond lending operations (i.e., TA, studies, capacity building events, exchanges, dialogue...) - Relevance and quality of the capacity building, knowledge generation, and systems development - Stakeholder opinion on the AfDB's contribution (as opposed to that of other actors) to capacity building, knowledge generation, and systems development in the country beyond lending operations - Stakeholder opinion on the catalytic dimension of Bank support.	Documentary review (project documents, country evaluations) Interviews (AfDB, GoK, DPs) Field visits (project stakeholders)
Sustainability		
ESQ9. To what extent have the achieved benefits continued or are they likely to continue once the Bank's interventions are completed?	▌Strategic/sector level - Attention paid to sustainability and results sustainability factors in the AfDB strategies and policy dialogue - Perception of stakeholders on the importance given to sustainability by the Bank. ▌Intervention level - Technical soundness of investments - Existence of satisfactory institutional arrangements and regulations to ensure infrastructure and equipment maintenance; or territorial management - Degree of institutional sustainability and contribution to capacity building - Influence of the political and governance environment - Degree of ownership and sustainability of partnerships - Degree of environmental and social sustainability - Degree of resilience to exogenous factors and risk management.	Documentary review (CSPs, project documents) Interviews (AfDB, GoK, DPs, Implementing agencies)

Cross-cutting issues		
ESQ10. To what extent are the Bank's interventions inclusive (i.e., bringing prosperity by expanding the economic base widely in terms of age, gender, and geography) in terms of gender and youth equality, and regional disparity?	▌ Strategic level - Explicit and targeted consideration (analysis of the context) in country strategies (CSPs): most vulnerable groups, gender equality, youth employment, regional disparities - Definition of specific objectives, specific indicators, and mobilization of specific skills - Extent to which Bank has worked in the poorest areas of the country ▌ Sector level - Proportion of interventions of the country portfolio in socially redistributive activities - Attention paid to inclusiveness (gender equality, youth employment, geographic disparities) in the other sectors' interventions: definition of specific objectives, specific indicators, and mobilization of specific skills ▌ Intervention level - Importance paid to inclusiveness (gender equality, youth employment, geographic disparities) in the design and implementation of projects (main activities and associated activities): definition of specific objectives, specific indicators, and mobilization of specific skills - Degree of effective intervention inclusiveness (number of project direct and indirect beneficiaries)	Documentary review (CSP, project documents) Interviews (GoK, Implementing agencies) Field visits (final beneficiaries and other field stakeholders)
ESQ11. To what extent are the Bank's interventions environmentally sustainable and support the transition to green growth?	▌ Strategic level - Explicit and targeted consideration in country strategies (CSPs): analysis, definition of specific objectives, specific indicators, and mobilization of specific skills ▌ Sector level - Proportion of interventions of the country portfolio in the "environment" sector - Attention paid to environment in the other sectors' interventions: analysis, definition of specific objectives, specific indicators, and mobilization of specific skills ▌ Intervention level - Importance paid to environment in the design and implementation of projects (main activities and associated activities): analysis, definition of specific objectives, specific indicators, and mobilization of specific skills - Presence of tangible results on the strengthening of favorable environmental factors and / or on mitigating negative environmental factors	Documentary review (CSP, project documents) Interviews (GoK, Implementing agencies) Field visits (final beneficiaries)
EQ1: Development Results – What has been achieved by the Bank compared with what it set out to achieve?		
Design		
ESQ12. To what extent did the Bank make the right choice of interventions in the country?	▌ Strategic, sectoral and intervention level (beyond relevance indicators) - Assessment of the CSPs and intervention quality at entry by the Bank's services (including the quality of the results frameworks and logical matrices) - Perception of stakeholders on the quality of CSPs and interventions - Coherence of ToC and correspondence between ToC, interventions and cross-cutting AfDB activities - Adequacy of financial instruments mobilized in the implementation of the Bank strategy (private sector, ADF, BS, etc.) - Degree of coherence between the needs identified and the activities undertaken to respond to them	Documentary review (CSP, country evaluations, project appraisal reports – PAR, and progress reports) Interviews (AfDB, GoK, DPs)

ESQ13. To what extent has the Bank applied selectivity in designing its country strategy, programme and portfolio, and focused on areas where it brings added value?	- Budgetary share of interventions under the priority sectors of the Bank (global and by sector) - Justification of priority areas and thematic choices (specific issues & constraints; links with the national strategy; consistency / leverage for other DPs) - Specific interventions at critical times (context) - Interventions in fields or specific areas not covered by other DPs and critical for the country - Continuity of the Bank's leadership in selected sectors / thematic - Recognition of AfDB added value in relation to issues addressed	Documentary review (CSP, National strategic documents, project documents) Interviews (AfDB, GoK, DPs)
ESQ14. To what extent has the Bank been innovative in adapting its approach to the country's context and development challenges/ needs?	- Relative shares in the intervention portfolio of each aid modality / fund mobilized and their evolution during the period - Perception of stakeholders on the instruments and approaches mobilized by the Bank, their innovative character and their relevance to the situation of the sector / area of intervention - Comparison between the instruments used by the Bank and those of the other main donors during the period - How far have the latest development concepts, approaches and tools been taken into account in strategic and project design Middle income status: - Quality of analysis and targeting of CSP on middle income status and associated issues (social, economic, political and institutional factors) - Consideration on the causes and consequences of middle-income status in the political dialogue - Assimilation of good practices in approaching middle income status - Inclusion of regional context evolution in approaching middle income status countries - Stakeholder perception on the consideration of middle-income status factors	Documentary review (CSP, regional and continental AfDB policies, the MIC strategy in particular) Interviews (AfDB, GoK, DPs)
Coherence		
ESQ15. To what extent are the Bank's interventions coherent and well-coordinated internally and create synergy among Bank operations?	Sector and intervention level - Importance of explicitly coordinated and synergistic interventions - Degree of liaison / mutual reinforcement between: (i) interventions; (ii) sectors; and (iii) instruments and aid modalities - Degree of liaison between the analytical work carried out and the sectors / themes of intervention - Degree of dissemination of analytical work to stakeholders of funded interventions (knowledge and awareness of the existence of analytical work) - Degree of consideration of lessons learned from analytical work in the design of interventions (integration of lessons learned)	Project documents Interviews with project stakeholders
ESQ16: To what extent are the Bank's interventions harmonised with those of other DPs (avoiding duplication, simplifying procedures, etc.)?	- Degree of sector / thematic specialization of the main DPs and place / role of the Bank - Existence of platforms and initiatives to coordinate aid between DPs - Role and influence of the Bank in the coordination and synergies of support provided - Degree of coordination of interventions among key DPs (design - relevance) - Degree of mutual reinforcement of the results of interventions funded by different development partners including the Bank (execution - effectiveness, impact). - Frequency of joint appraisals - Level of co-financing of activities	Documentary review (CSP, project documents) Interviews (AfDB, GoK, DPs)

Efficiency		
ESQ17. To what extent are the Bank's interventions delivered in an efficient manner (i.e., whether resources and inputs are economically converted to results)?	- Comparison of the benefits obtained compared to the costs (economic rate of return) - Comparison with the costs of alternative / comparable means to reach the objectives of the intervention	Documentary review (project documents) Interviews (implementing agencies) Field visits (final beneficiaries)
ESQ18. To what extent are the Bank's interventions implemented in a timely manner and in compliance with operational standards?	- Compliance with the implementation schedule (comparison of the estimated duration and the actual duration of execution from the date of entry in force) - Duration for intervention approval - Duration before first disbursement - Stakeholder appreciation on the timeliness of the Bank interventions - Bank personnel's opinion on quality at entry of CSP (including results framework)	Documentary review (project documents) Interviews (AfDB, GoK implementing agencies) Field visits (final beneficiaries)
Knowledge and policy advice		
ESQ19. To what extent has the Bank actively engaged in and influenced policy dialogue through relevant advice?	- Explicit and targeted engagement of the Bank for its involvement in policy dialogue (objectives and dedicated resources) - Participation and frequency of meetings / working groups with involvement of the Bank - Role of the Bank in the coordination and synergies between DPs (including leadership within DP working groups) - Stakeholder appreciation of the role of the Bank and its contribution to political dialogue (influence)	Documentary review (CSP, CSP evaluations) Interviews (AfDB, GoK, DPs)
ESQ20. To what extent has the Bank delivered adequate analytical work in support of its interventions, positioning and policy advice?	Strategic, sector and intervention levels - Achievement rate of analytical work (list of analytical work completed / planned) - Relevance of links between analytical works conducted and areas of concentration of Bank assistance - Degree of dissemination and ownership of analytical works (CSP / project design and management) - Perception of stakeholders on the quality and usefulness of analytical work	Documentary review (analytical works) Interviews (AfDB, GoK, DPs)
ESQ21. What has been the impact of the policy dialogue and analytical work delivered?	Strategic and sector level - Existence of new policy documents or orientations integrating issues emanating from policy dialogue and analytical work supported by the AfDB - Existence of development programs integrating issues emanating from policy dialogue and analytical work supported by the AfDB - Development or strengthening of institutions responding to issues emanating from policy dialogue or analytical work supported by the AfDB - Budgetary allocations (or reallocations) resulting from policy dialogue or analytical work supported by the AfDB	Documentary review (Policy documents, country evaluations) Interviews (AfDB, GoK, DPs)
Partnerships and leverage		
ESQ22. To what extent are the Bank's interventions and resources bringing in other players and being leveraged for maximizing development effectiveness at country level?	- Role and importance of the Bank in intervention design, and in terms of facilitation and resource mobilization by other development partners - Role and importance of the Bank's use of different instruments and aid modalities in a context of middle-income status and influence on other development partners	Project documents Interviews (AfDB, GoK, DPs)

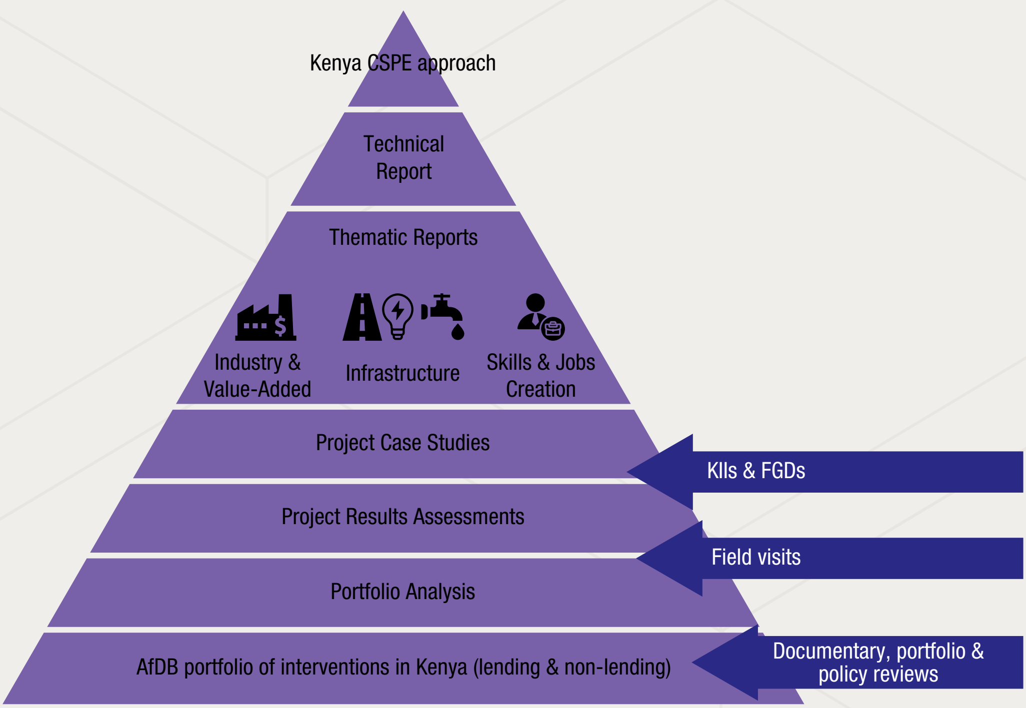
Managing for development results		
ESQ23. To what extent has the Bank successfully implemented a performance management strategy that focuses on performance and the achievement of outputs, outcomes and impacts?	▌Strategic level - Existence of mid-term reviews and other M&E modalities of the Bank portfolio in Kenya - Stakeholder appreciation on the proportionate nature of the means dedicated to the monitoring and evaluation of the AfDB portfolio in Kenya - Frequency of Bank Back to Office reports (BTOR)? ▌Intervention level - Assessment of the quality of the project indicators and M&E systems (realism, clarity and completeness) - Realization and regularity of: (i) supervision reports, (ii) mid-term reports; and (iii) state of execution and results of project reports - Timeliness in providing PCRs for projects concerned	Documentary review (CSP, project documents) Interviews (AfDB, implementing agencies, GoK)
ESQ24. To what extent has the Bank supported the development of national capacities and management systems that focus on results?	▌Strategic level - Attention to development of national capacities and management systems that focus on results in CSP - Role of TA in terms of national institutional building and results management ▌Intervention level - Presence of tangible and demonstrable outcomes in terms of capacity building - Number of capacity building events related to the development of national capacities and management systems that focus on results - Role of TA in terms of project support	Documentary review (CSP, project documents, CSP reviews) Interviews (AfDB, implementing agencies, GoK, DPs)
EQ3: Borrower performance - How has the borrower performed in designing and implementing projects?		
Borrower performance		
ESQ25. To what extent did the borrower partner show leadership in aid coordination/ harmonization?	▌Strategic level - Organization of ODA coordination in the areas of intervention of the Bank - Political dialogue: modality and quality - Clarity of orientations set out in national policies	Documentary review (CSP, national strategies) Interviews (AfDB, GoK, DPs)
ESQ26. To what extent did the borrower partner and other clients participate in design and implementation of interventions (CSP, preparing for AfDB operations, compliance with AfDB loan covenants and conditionalities, timely provision of counterpart funds, following procurement guidelines, etc.)?	- Degree of ownership in the development of successive national strategies covering the evaluation period (role of the Bank and other partners) - Degree of ownership of the implementation of national strategies and the importance of support from the Bank and other development partners in this area - Proportion of aid to the country included in the national budget and change during the period - Perception of the role and contribution of the Bank to the respect of the principle of appropriation - Level of participation in project orientation or management committees - Share of national contribution to intervention budgets - Degree of AfDB intervention alignment with national policies	Documentary review (Project documents, CSP, national policy documents) Interviews (AfDB, GoK, DPs)
ESQ27. To what extent did the country support the management of development results?	▌Strategic, sector and intervention levels - Evidence of measures taken by Kenya to promote the achievement of results or, on the contrary, decisions taken which weakened the interventions of the Bank - Clarity of objectives and indicators set out in national policies - Level of national efforts invested in M&E modalities to follow the attainment of development results	Interviews (AfDB, GoK, DPs) National M&E and policy documents

ESQ28. What are the facilitating or constraining factors to borrower performance?	- Contribution of GoK to success or poor performance of AfDB interventions - GoK opinion regarding enabling factors and constraints (both internal and external) if faced in supporting AfDB funded interventions - Opinion of stakeholders regarding GoK performance in supporting AfDB funded interventions - Opinion of stakeholders on GoK capacity to support AfDB intervention implementation	Documentary review (Project documents, CSP, project progress reports, Country evaluations) Interviews (AfDB, GoK, DPs…)
EQ4: Explanatory factors - What are the drivers of success and lessons learned?		
Drivers of success and lessons		
ESQ29. What are the key factors positively and negatively influencing the achievement of development results?	Strategic, sector and intervention levels - List of key factors positively and negatively influencing the achievement of development results and rational explaining their effect	Documentary review (CSP, national policies, project documents, M&E reports of all types) Interviews (AfDB, GoK, project stakeholders, civil society, private sector representatives, DPs)
ESQ30. What are the key lessons and recommendations that could inform future strategies and programs?	Strategic, sector and intervention levels - List of key lessons learned and recommendations that could inform future strategies and program in Kenya and rational explaining them. - Evidence of lessons learned - Rational for recommendations on basis of key findings	Documentary review (CSP, national policies, project documents, M&E reports of all types) Interviews (AfDB, GoK, project stakeholders, civil society, private sector representatives, DPs)

Annex 2: Evaluation Methodology

The methodological framework for this evaluation builds upon different approaches, assessing results at three levels: the project level (pertaining to the Bank's interventions), the sector/thematic level (relating to the pillars outlined in the two country strategy papers), and the overarching strategic level (concerning the country strategies). Figure A2.1 shows the evaluation's methodological process, activities, and main deliverables.

Figure A2.1: The Evaluation's Methodological Approach

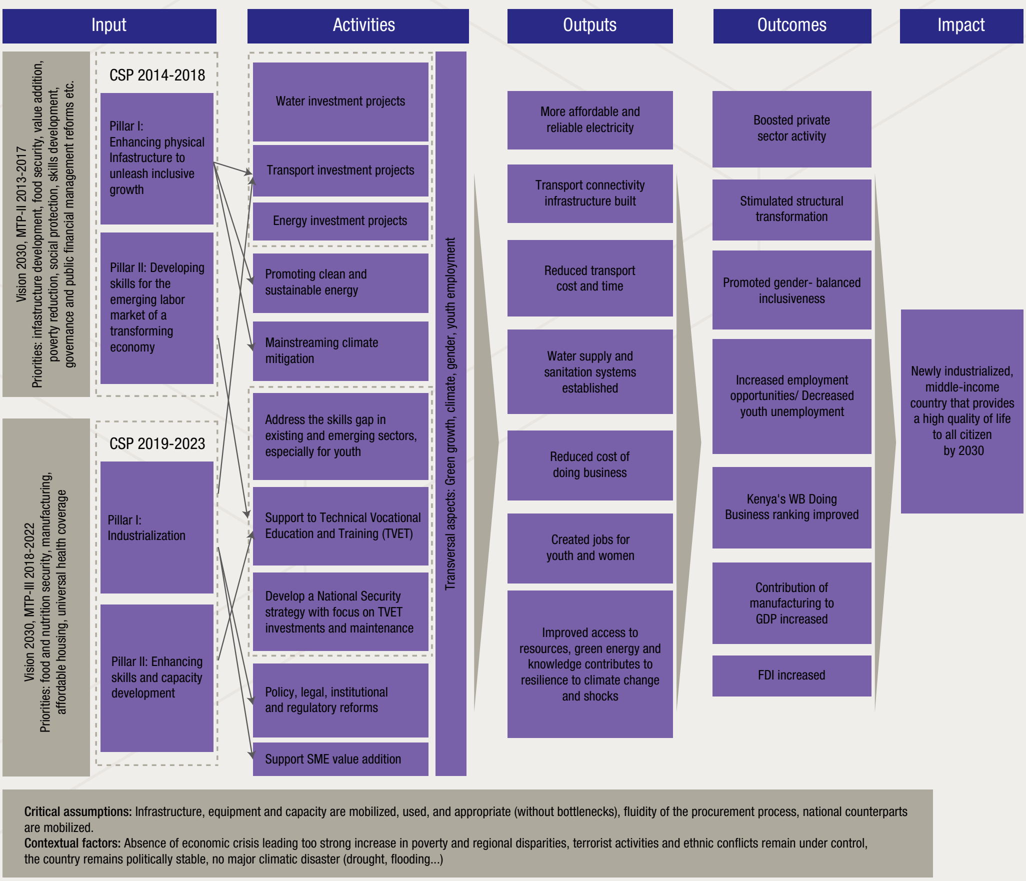


Theory of Change

The analysis of the assistance of the AfDB program in Kenya is structured around a Theory of Change (ToC) approach.[43] The evaluation team developed the ToC (A2.2) based on the CSPs (2014–2018 and 2019–2023), an analysis of policy documents, and discussions with various stakeholders during the inception phase.

To obtain a structured view of the strategy targeted by the Bank in its interventions in Kenya, the evaluation team reconstructed the chain of effects targeted by the Bank in the framework of its strategy from official documents (AfDB and government strategies, AfDB operations and support, etc.). More specifically, the ToC is based on the two Country Strategy Papers (CSPs 2014–2018 and 2019–2023) and ensuring the link with the CSP performance framework indicators in order to assess the contribution of interventions to the objectives defined at the pillar, sector and overall levels. The ToC also aims to examine how the Bank's regional integration strategy, as expressed in the two Regional Integration Strategy Papers (RISP) in East Africa, should be articulated with the Bank's strategy in Kenya. The reconstructed ToC defines the linkages between inputs, activities, outputs and outcomes. It also allows to identify the critical assumptions and risks that can be tested about the conditions under which the outcomes are achieved, and the contextual factors affecting implementation and outcomes. This approach allowed a focus on assessing actual against planned results while identifying where issues occurred along the results chain as well as the assumptions and risks underlying the theory behind the Bank's approach.

Figure A2.2: Theory of Change (2014–2023)



Source: Evaluation team (2023).

The evaluation was also based on the principles of contribution analysis[44], assessing the existence and the degree of the Bank's contribution to observed changes based on a rigorous and systematic analysis of the chain of expected effects. The contribution analysis is based on the ToC. The approach considered not only the results achieved but also the way they were achieved and the reasons for their achievement (or lack thereof).

Data Collection

The evaluation used various methods to collect data: a document review, interviews, focus group discussions, field visits and a workshop with country stakeholders.

- **Document review:** The evaluation team had conducted a systematic review of documents at the strategic, country, thematic, and project levels of the Bank's support in Kenya. This led to: (i) acquiring a comprehensive understanding of the context in which the Bank's assistance was formulated and put into action; (ii) grasping the Bank's Strategy in Kenya; and (iii) delving into the performance of the portfolio for each reviewed thematic area. This analysis was carried out following the structure outlined in the evaluation matrix. The documentary analysis contributed to the compilation of multiple sources of evidence, as detailed in the evaluation matrix (refer to Annex 1).

- **Key Informant Interviews (KIIs):** The evaluation team conducted interviews with various stakeholders, including the country team, staff at the Regional Hub in Nairobi and HQ. Tailored interview questions were formulated and adjusted to fit the context of each interviewee. These questions encompassed themes derived from the evaluation questions, criteria, and indicators, as well as hypotheses, information gaps, and specific concerns highlighted in the literature, portfolio, and project reviews. Key Informant Interviews (KIIs) were also utilized to gather essential evidence concerning non-lending operations

- **Focus Group Discussions (FGDs):** The determination of the relevance, composition, and arrangement of focus groups was made on a case-by-case basis as an integral part of the evaluation process. During the site visits, specific focus groups were organized to address key thematic areas and to gather insights from beneficiaries, project implementing entities (where applicable), and civil society organizations. These interactions served to explore the aspects of relevance, effectiveness, and sustainability of operations.

- **Field Visits & Direct Observation:** A series of site visits were organized in locations beyond capital cities, specifically chosen for a selection of pertinent project case studies that contributed substantial insights to the evaluation. These visits facilitated interactions with pivotal stakeholders engaged in significant Bank initiatives in Kenya.

- **Debriefing with country stakeholders:** Following the data collection mission, the evaluation team organized a debriefing session with the AfDB Kenya country office and the government. The debriefing included the following: (i) providing a report on the status of evaluation work; (ii) presenting and discussing key preliminary/emerging findings; and (iii) facilitating discussions on perspectives and potential recommendations.

Data Analysis

The evaluation team used mixed methods (combining both qualitative and quantitative techniques) within a Pyramidal Approach involving three complementary levels of analysis.

- **Analysis of the portfolio of interventions:** A selection of interventions was analyzed through an analysis grid derived from the evaluation criteria and questions, as well as their structuring into judgment criteria and indicators. The level of analysis was based on the progress of each intervention.

  - Project Result Assessment (PRA): Projects with a disbursement rate exceeding 75 percent underwent analysis using a Project Result Assessment grid derived from the Evaluation Matrix. These assessments were built upon qualitative sources of information, including a review of project documents (such as approval, supervision, and completion reports) and interviews conducted in Kenya. These interviews included focus group discussions with key stakeholders, spanning partnering ministries/agencies, operational units, and final beneficiaries.
  - Synthetic Fiche: All other projects, including those with disbursement rates below 75 percent (including 0 percent), were evaluated using a synthetic fiche. This analysis outlined the project's objectives, its alignment with the intervention logic (sector support, contribution to the three themes, and ToC), any reasons for project delays (if applicable), and how the project incorporated cross-cutting aspects. The necessary information for these assessments was gathered through interviews with key stakeholders and a review of relevant documents.
  - Project Case Studies: In each sector, a project representative of the AfDB's involvement at a significant level of disbursement was comprehensively analyzed. This involved extensive interviews, reviews of relevant documents, and a field visit. The evaluation team visited targeted interventions and compared the information gathered during the document review, interviews and focus group discussions with on-site observations. The chosen projects for these site visits are provided below.

Table A2.1: Seven case studies:their sector and their objectives

Sector	Project Name	Project Objectives
Agriculture	Small Scale Irrigation and Value Addition Project (SIVAP)	The SIVAP broad objective was to contribute to poverty reduction by enhancing agricultural productivity and income, and food security among beneficiaries of these 11 counties. The project has four main components which include: (i) enhanced irrigation infrastructures and water resources development; (ii) improved access to markets and strengthening value chains; (iii) institutional strengthening and capacity development; and (iv) project coordination and management.
Power	Lake Turkana Wind Power Project	The major aim of the project was to substitute a generation of clean and low-cost energy from more expensive plants operating on imported diesel and fuel oil, increase employment of local labor during the construction phase, and upgrade the rural road network, significantly improving access to markets and business opportunities for the local communities, and consequently catalyzing additional jobs and income-generation opportunities in this poor and remote area.
Finance	Equity Bank Limited Support	The project sought to support the growth of on-lending activities by Equity Bank Limited to SME customers in the following sectors: manufacturing, agribusiness, transportation, financial services, telecommunications, construction and the power sector.

Social / Education	Support to TVET and Training for Relevant Skills Development Project Phase II	The overall development objective of the project was to increase access and equity, improve quality and relevance of TVET education and training. The specific objective of the project was to equip youth, at least 50% of them women, with relevant TVET skills for the immediate and emerging labor market needs.
Transport	Kenol – Sagana – Marua Highway improvement Project (Dualling)	The development objectives of the project were to contribute to the country's social and economic development efforts by providing a more efficient and effective transport system and to promote trade and regional integration. The specific objective of the project was to improve road transport services along the corridor by reducing travel time and vehicle operating costs, mitigating traffic congestion and associated emissions, and improving safety along the road.
Water & Sanitation	Kenya Towns Sustainable Water Supply and Sanitation Programme	The major aim of the project is to improve water supply services access, quality, availability and sustainability, and wastewater management in Kenyan cities. Specifically, it aims to contribute to the development of water supply infrastructure in 19 towns, and sanitation infrastructure in 17 towns (where reliable water supply services are already provided).
Multisector/ Governance	Competitiveness and Economic Recovery Support Program	The overarching development objective of the programme was to strengthen resilience and support inclusive post-COVID-19 pandemic economic recovery through improved economic governance and enhanced industrial development and competitiveness.

- **Analysis of the 3 main thematic areas (Industry & Value-Added, Infrastructures, and Skills and Jobs Creation):** Building on the portfolio analysis, desk reviews, PRAs, and project case studies, thematic reports were developed for the most relevant areas supported by the Bank during the 2014–2023 period.

- **Strategic analysis and synthesis:** Based on the portfolio and thematic analyses, as well as other relevant information collected, the team conducted an overall analysis in response to the evaluation criteria and related questions. Subsequently, conclusions, lessons learned, and recommendations were formulated and included in the Technical Report.

For each analysis, the Pyramidal Approach was based on four key principles: scoring, aggregation, triangulation, and sourcing.

- **Scoring:** The scoring was used in the production of PRAs, wherein each criterion encompassed within the intervention assessment grid was assigned a score. The evaluation team used a rating scale to score the performance of the AfDB's interventions. This scoring scale aims to ensure sound qualitative assessment based on evidence derived from the documentary analysis, individual or collective exchanges with stakeholders, general or sector specific development data, descriptive statistics, etc. It makes explicit the basis of the assessment (argumentation), facilitates the comparability between projects and fosters common understanding of the specific intervention's performance. The rating scale has four levels ranging from 1 (unsatisfactory) to 4 (very satisfactory).

Table A2.2: The evaluation's four-point rating scale

Scale	1 Unsatisfactory	2 Partly Unsatisfactory	3 Satisfactory	4 Highly satisfactory
Relevance	Very weak, very inappropriate design and very limited/non-existent alignment	Weak, improper design and limited alignment / several gaps	Rather strong and appropriate design, strong alignment	Very solid and appropriate design, complete alignment
Coherence	Very weak synergy Very weak coordination	Weak synergy Weak coordination	Strong synergy Strong coordination	Best practice for synergy creation and coordination
Effectiveness	Expected outputs not achieved in most cases No or very few targeted results achieved	Expected outputs achieved with significant gaps Few targeted results achieved	Expected outputs achieved in most cases Most targeted results achieved	Expected outputs fully achieved All targeted results achieved
Efficiency	Very significant difference between the ERR and the opportunity cost of capital Very significant gap between planned and actual timing of implementation	Significant difference between the ERR and the opportunity cost of capital Significant gap between planned and actual timing of implementation	Moderate difference between the ERR and the opportunity cost of capital Moderate gap between planned and actual timing of implementation	Little or no difference between the ERR and the opportunity cost of capital Little or no difference between planned and actual timing of implementation
Sustainability	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are not assured	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are hindered by significant risks	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are generally ensured, with minor risks	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are fully assured

Note: ERR = Economic Rate of Return

- **Aggregation:** The aggregation of results and scoring derived from intervention assessment grids is necessary for establishing findings and analysis at both sector and strategic levels. A tailored aggregation approach was applied to answer the Evaluation Questions, including:
  - Observed synergies and complementarities: (i) at specific level; (ii) at country/strategic level; and (iii) between lending and non-lending activities.
  - Weighted judgment on performance according to: (i) the budgetary importance of each intervention; (ii) importance of the criteria and indicators in line with their relevance and role in the evaluation; (iii) the basis of the evidence on which the analysis rests; and (iv) specific contextual factors etc. In this respect the overall score by sector or at portfolio level will not derive from an arithmetical average.

- **Triangulation:** Triangulation was at the core of the data analysis process in order to foster the quality and soundness of the evaluation's findings. Two main triangulation principles were applied throughout the evaluation process at each level of analysis:

- Triangulation of evidence collected by evaluators: the evaluation findings result from the crossing of data collected from different sources and via various collection tools while considering the evolution of observed trends and the specificities of sectors analysed.
- Cross-fertilization of expertise for a multi-sector approach: the evaluation was carried out by experts with extensive and complementary methodological and sector-specific knowledge expertise who each have specific technical knowledge and strategic experience. This has allowed the evaluation team to deepen and widen understanding of the analyzed questions or issues.

Sourcing: The sourcing was of particular importance for the evaluation. The methodological framework was designed to ensure the traceability of argumentative chains. Linkages between data sources, findings and conclusions and recommendations were established and demonstrated using a specific sourcing scheme. From the different sources of evidence, the information was gathered and linked to an indicator informing specific evaluation questions and/or sub-questions. This sourcing scheme includes an approach adapted in accordance with the information sources and data collection tools:

- Regarding the document review, the sourcing was ensured by referencing all documents according to their type (Strategies, portfolio review, Report typology, etc.).
- Regarding real-time field consultation, observations during field visits, interviews and focus groups, all collected data were summarized in a systematic and harmonized manner using a common template (coding book).

This approach has allowed full transparency and traceability of the information on which the assessments are based, thus making more solid the chain of reasoning on which the answer to each Evaluation Question is based.

Annex 3: List of Organizations Consulted

African Development Bank Group

- East Africa Regional Development and Business Delivery Office
- Kenya Country Office
- Office of the Auditor General

Government of Kenya

- The National Treasury
- Ministry of Agriculture and Livestock Development
- Ministry of Cooperatives and Micro & MSME Development
- Ministry of Education
- Ministry of Energy and Petroleum
- Ministry of Environment, Climate Change and Forestry
- Ministry of Labour and Social Protection
- Ministry of Public Services, Gender and Affirmative Action
- Ministry of Roads and Transport
- Ministry of Trade, Investment and Industry
- Ministry of Transport and Roads
- Ministry of Water, Sanitation and Irrigation

Public Organizations / Agencies and State-owned Enterprises

- Athi Water Works Development Agency (AWWDA)
- Kenya Electricity Transmission Company Limited (KETRACO)
- Kenya National Highways Authority
- Kenya Power (KPLC)
- Kikuyu Water Company (KIWACO)
- Local Administration SIVAP
- Micro and Small Enterprises Authority (MSEA)
- PIU Green Zones Development Support Project
- PIU SIVAP
- Tana Water Works Development Agency
- National Industrial Training Authority (NITA)
- Water Resources Authority (WRA)
- Water Service Providers Association (WASPA)
- Water Services Regulatory Board (WASREB)

Development Partners

- Agence Française de Développement (AFD)
- Danish Embassy
- Development Partners Group (DPG) Chair
- European Union
- International Monetary Fund (IMF)
- World Bank Group

Civil Society Organizations

- Association of Informal Artisans and Craftsmen
- Association of Service Providers - Nairobi Slums
- Association of Service Providers (CBD)
- Beneficiaries of SIVAP
- Water Resource Users Association

Private Sector Firms and Professional Associations

- AFAWA (Affirmative Finance Action for Women in Africa)
- Equity Bank
- Fresh Produce Consortium of Kenya
- Kenya Bankers Association
- Kenya Private Sector Alliance (KEPSA)
- Kenya Tea Growers Association
- Nairobi Informal Sector Services providers
- NCBA Bank
- NMEDG – Contractor
- RCG Ltd
- Retail Trade Association of Kenya (RETRAK)
- The African Forum and Network on Debt and Development (AFRODAD)
- Water & Sewerage Company (Gatundu)
- Zhongmei Engineering Group Limited (ZIEC)/JXTEGK

Others

- Howard Humphreys Kenya Limited
- Ivory Towers Facility Management
- Lake Turkana Wind Power
- Machakos Technical Training Institute

Endnotes

1 Language used in the Communiqué issued by the Board of Governors at the AfDB's annual meetings in May 2022; Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

2 The ratings are 1 - Unsatisfactory, 2 - Partly unsatisfactory, 3 - Satisfactory, and 4 - Highly satisfactory.

3 Language used in the Communiqué issued by the Board of Governors at the AfDB's annual meetings in May 2022; Algeria, China, Egypt, Eswatini, Namibia, Nigeria and South Africa entered a reservation and proposed "Russia-Ukraine Conflict".

4 The ratings are 1 – Unsatisfactory, 2 – Partly unsatisfactory, 3 – Satisfactory, and 4 – Highly satisfactory.

5 BTI. 2022. Kenya Country Report. https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2022_KEN.pdf

6 AfDB. 2023. East Africa Regional Economic Outlook 2023. https://www.afdb.org/en/documents/east-africa-economic-outlook-2023

7 World Bank. 2022. Kenya Overview. https://www.worldbank.org/en/country/kenya/overview

8 AfDB. 2023. East Africa Regional Economic Outlook 2023. https://www.afdb.org/en/documents/east-africa-economic-outlook-2023

9 AfDB. 2023. East Africa Regional Economic Outlook 2023. https://www.afdb.org/en/documents/east-africa-economic-outlook-2023

10 AfDB Socio Economic Database. 2022. https://dataportal.opendataforafrica.org/Social_Data_Country

11 UN-Habitat. 2022. https://unhabitat.org/kenya

12 World Bank. 2022. Poverty headcount ratio at national poverty lines (% of population). https://data.worldbank.org/

13 World Bank. 2022. Kenya Overview. https://www.worldbank.org/en/country/kenya/overview

14 World Bank. 2022. Unemployment, % of total labor force. https://data.worldbank.org/

15 World Bank. 2022. Unemployment, youth total (% of total labor force ages 15-24). https://data.worldbank.org/

16 UN Human Rights Office. 2022. https://www.ohchr.org/sites/default/files/2022-09/Human-Rights-Based-Analysis-of-Kenya-Budget-2022-23.pdf

17 AfDB. 2023. Kenya 2023 Country Diagnostic Note.

18 AfDB Socio Economic Database. 2022. https://dataportal.opendataforafrica.org/

19 United Nations Development Program. 2022. Human Development reports. https://hdr.undp.org/

20 Government of Kenya. First Medium-Term Plan (2008-2012). https://vision2030.go.ke/wp-content/uploads/2018/06/kenya_medium_term_plan_2008-2012-1.pdf

21 Government of Kenya. Second Medium-Term Plan (2013-2017). https://vision2030.go.ke/wp-content/uploads/2018/06/Second-Medium-Term-Plan-2013-2017.pdf

22 Government of Kenya. Third Medium-Term Plan (2018–2022). https://vision2030.go.ke/wp-content/uploads/2019/01/THIRD-MEDIUM-TERM-PLAN-2018-2022.pdf

23 The year 2023 being still ongoing.

24 Including the Bank's 2019–2023 CSP in Annex 12, stating that "lack of human capital is not a constraint to Kenya's growth".

25 Uganda, Tanzania, Burundi, South Sudan Rwanda.

26 Following a threat by KAM and economic lobby groups that some industries would relocate to other countries with cheaper energy, a time of use tariff was implemented as from 2018 targeting the high consuming industries. The tariff was cheaper during the off-peak period mostly from 5.00pm in the evening to 7.00am in the morning and led to 9–14 percent reduction in the bills. The tariff only applies to high consumer industries from 1 to 5 tariffs and not to smaller consumers.

27 Which sells its electricity to Kenya power at 8.528 euro cents per kWh.

28 However, in 2019, similar to countries in Sub-Sahara Africa, the gap in electricity access between rural and urban areas in Kenya was still large. Specifically, around 43 percent of the rural population do not have access to electricity against only 9.2 percent in urban areas (Kenya national Bureau of Statistics – 2019 Census).

29 In its recent National Electrification Strategy (KNES, 2018), the GoK targeted an access rate of 100 percent by 2022.

30 For a 2014 per capita consumption of 130 kWh per month.

31 The partner banks are Commercial Bank of Africa, Credit Bank of Kenya Ltd, Diamond Trust Bank, Equity Bank (Kenya) Ltd, Kenya Commercial Bank Ltd and Kenya Mortgage Refinance Company (KMRC).

32 KCB was identified as the preferred bank for SMEs now, by several stakeholders (notably business associations).

33 Equity Bank for instance does not put a strong emphasis on them anymore.

34 Tier 1 banks are large banks that have hundreds of billions in assets and are not likely to collapse financially. Tier-2 banks are medium-sized banks while tier-3 banks consist of small banks.

35 The informal sector representing 86 percent of jobs according to the Kenya Bureau of Statistics, 2021.

36 Informal sector of artisans, traders and small business owners.

37 The TVET Phase I and II were designed before the devolution and project site were distributed over the former provinces.

38 Non-Revenue Water is the difference between the amount of water put into the distribution system and the amount of water billed/unbilled as authorized consumption. It comprises of both commercial (apparent) losses and physical (real) losses. It is an operational indicator contributing to the sustainability question of the utilities and therefore is a significant measure that facilitates evaluation of the efficiency of operations by the utilities.

39 The SIVAP PIU has for example had nine coordinators, five program officers, four program accountants and 33 M&E officers over the period 2017–June 2020. As a result, the Bank intervened and requested the ministry to maintain the staff.

40 The identification of delayed operations was carried out by calculating the duration in months that elapsed for operations to be processed in their respective stages, as indicated in the table. This was done in comparison to a reference point of two months for the first three indicators. For the last indicator (Approval to first disbursement), in accordance with Presidential Directive No. 02/2015, the analysis used a reference point of six months for the processing of operations from approval to the first disbursement. The calculated percentage was derived by considering the total number of delayed projects within each project category as the numerator, and the sum of projects that were delayed and those that were on time as the denominator.

41 Only once in the case of the finance sector.

42 Although reporting on gender issues still appears to represent a challenge for various projects.

43 A theory of change approach explains how an intervention, or a series of interventions, expects to produce results. The theory identifies the sequence of events and results (the outputs and outcomes) that are expected to occur because of the intervention. This sequence becomes the program logic or logic model. A theory of change also identifies the mechanisms of change, as well as the assumptions, risks, and context that might foster or hinder the change.

44 Contribution Analysis is a theory-based evaluative approach particularly suited to the evaluation of complex interventions. It consists of progressively formulating "contribution claims" in a process involving policy stakeholders, and then testing these hypotheses systematically using a variety of methods (which may be qualitative or mixed).

IDEV

Independent Development Evaluation
African Development Bank

An IDEV **Country Strategy Evaluation**

About this evaluation

Independent Development Evaluation (IDEV) conducted an evaluation of the African Development Bank Group's (AfDB or "the Bank") country strategy and program (CSP) in Kenya for the period of 2014-2023. The primary purpose of the evaluation is to provide recommendations for the design of the next CSP (2024–2028).

Over this period, the Bank formulated two Country Strategy Papers (CSPs): CSP 2014–2018 and CSP 2019–2023, and its interventions were mainly comprised of sovereign operations, which represented 78 percent of the portfolio (around US$3 billion), while non-sovereign operations accounted for the remaining 22 percent (around US$847 million), spread across seven sectors.

The Bank's goals were found to be aligned with Kenya's Vision 2030's objective to revitalize the economy by developing infrastructure and supporting the Small Medium Enterprise sector (economic pillar of Vision 2030). Overall effectiveness was rated satisfactory as the Bank was found to have made reasonable contributions at the sector, pillar, and CSP levels. Most of the Bank's interventions encountered delays in project start-ups and during implementation. In addition, little evidence was found on cost-benefit analysis after project completion, interviews with partners expressed general concerns over the high cost of investment in infrastructure projects.

Among others, the evaluation recommended the adoption of a holistic orientation in designing the Bank's country strategy, review, and redefinition of the Bank's approach to gender in Kenya, and strengthening of intersectoral coordination to obtain higher-level development results more effectively and efficiently.

IDEV
Independent Development Evaluation
African Development Bank

African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387, Abidjan 01, Côte d'Ivoire
Phone: +225 27 20 26 28 41
E-mail: idevhelpdesk@afdb.org

Design & layout: GK Graphics (www.gkgraphics.in)

idev.afdb.org