Evaluation of Danish Support to Framework Conditions for Private Sector Development, 2008-2021

Kenya Country Report

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Front page photo by Anneke Slob.

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List of Abbreviations

ABCK	Association of Biogas Contractors in Kenya
AgroAK	Agrochemicals' Association of Kenya
BAF	Business Advocacy Fund
BER	Business Environment Reform
BMO	Business Membership Organisation
BSPS	Business Sector Programme Support
CBK	Central Bank of Kenya
CoP	Code of Practice
DB	Doing Business
DED	Danida Development Engagement
DFID	Department for International Development
DI	Confederation of Danish Industries
DMDP	Danida Market Development Partnership
DSIF DVFA	Danida Sustainable Infrastructure Finance Danish Veterinary and Food Administration
EAC	East African Community
EAGC	Eastern African Grain Council
ELQ	Evaluation, Learning and Quality department
ESP	Environmental Sector Programme
FC	Framework Conditions
FCDO	Foreign, Commonwealth and Development Office
FKE	Federation of Kenya Employers
FTA	Free Trade Agreement
DGP GBER	Gross Domestic Product Green Business Environment Reform
GG	Green Growth
GGEP	Green Growth & Employment Programme
GoK	Government of Kenya
ICPAK	The Institute of Certified Public Accountants of Kenya
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFU	Investment Fund for Developing Countries
KAHC	Kenya Association of Hotelkeepers and Caterers
KAM	Kenya Association of Manufacturers
KARA	Kenya Alliance of Resident Associations
KCPA	Kenya Coffee Producers' Association
KENTRADE KEPHIS	Kenya Trade Network Agency Kenya Plant Health Inspectorate Service
KEPSA	Kenya Private Sector Alliance
KHPS	Kenya Health Professionals' Society
KIPPRA	Kenya Institute of Public Policy Research and Analysis
KLMC	Kenya Livestock Marketing Council
KNBS	Kenya National Bureau of Statistics

KNCCI	Kenya National Chamber of Commerce and Industry
KSC	Kenya Shippers' Council
KSP	Kenya Society of Physiotherapists
KVA	Kenya Veterinary Association
KUSCCO	Kenya Union of Savings and Credit Cooperatives
MENR/MEF	Ministry of Environment and Natural Resources / Ministry of Environment and Forestry
MESPT	Micro Enterprise Support Programme Trust
MFA	Danish Ministry of Foreign Affairs
MoIT MST	Ministry of Industry and Trade Danish Environmental Protection Agency
MTR	Midterm Review
NEMA	National Environmental Management Authority
NESC	National Social and Economic Council (Kenya)
NCG	Nordic Consulting Group
NRMP	Natural Resources Management Programme
OECD-DAC	Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC)
P4G	Partnering for Green Growth
PIEA PPD	Petroleum Institute of East Africa Public Private sector Dialogue
PSD	Private Sector Development
REISP	Regional Economic Integration Support Program
RETRAK	Retail Trade Association of Kenya
SME	Small and Medium Enterprises
SSC	Strategic Sector Cooperation
STAK	Seed Trade Association of Kenya
TMEA	TradeMark East Africa
ToC	Theory of Change
TOR	Terms of Reference
TP	Thematic Programme
VAT	Value Added Tax

Executive Summary

Background and methodology

The Evaluation of Danish support to framework conditions for Private Sector Development (PSD) in the Global South during the period 2008-2021 is implemented in four countries: Kenya, Mali, Ghana, and Tanzania. For all four country studies, a common theory-based and utilisation-focused approach has been developed. The main data collection methods for the Evaluation were document analysis, interviews with various groups of stakeholders and validation workshops. The country visit to Ghana took place in May 2022, after which a first version of the country report was written and commented upon by stakeholders. The final version of the Kenya report has been fed into the synthesis report for this Evaluation.

The evaluation objectives focus on accountability and learning. On the one hand, the past performance of the Danish interventions is assessed in accordance with the OECD-DAC evaluation criteria (relevance, coherence, effectiveness, impact, sustainability, and efficiency). On the other hand, this Kenya country study aims to feed lessons learned into the ongoing Strategic Framework Denmark-Kenya Partnership 2021-2025.

The sample and analysis in Kenya have been structured around three major framework condition themes where Danish support has been concentrated: 1) Business advocacy 2) trade facilitation and 3) business environment reform (BER) and green growth. Direct support to the private sector is outside the scope of this Evaluation, which means that most of the Danish support for green growth in Kenya has not been analysed in depth.

Kenya: private sector driving economic growth and pushing for changes

Since its Independence in 1963, Kenya has maintained relative stability, despite changes in its political system and periodic post-election violence. To support the planning principles of its economy, Kenya has always based its development on several National Development Plans. From a political perspective, all these plans have emphasised the political acceptance of the role of the private sector in national development. The evolution in the business environment over the evaluation period shows some important improvements but also setbacks. The new 2010 Constitution led to an ongoing process of decentralisation with important central government responsibilities and funds slowly being decentralised to the 47 counties.

The private sector in Kenya is relatively well organised and constitutes for decades an important driver of change in the economy. The private sector is noticeably split into two parts: a formal, large business sector which is relatively healthy and productive, and a massive, informal small business sector. There is also a relatively high number of foreign enterprises, including Danish enterprises. The private sector is organised in various private sector organisations (PSOs) including apex organisations, representative organisations for (big) manufacturing industries, for small and middle businesses and producer and network organisations. These organisations have been involved in public-private sector policy dialogue since 2004.

Danish support to framework conditions

Kenya and Denmark have maintained close bilateral relations since Kenya's Independence in 1963. During the evaluation period (2008-2021), four Danida country strategies (termed country policy or strategic framework) have been guiding the development cooperation: 2005-2010, 2011-2015, 2016-2020 and 2021-2025. In the first two periods there were sector programmes, including business sector support programmes and natural resources management programmes.

These were merged in the third period 2016-2020 in a Green Growth and Employment Thematic programme. In the ongoing strategic framework, the country programme is purely implemented through development engagements with no programme formulated at the thematic or sector level. Under the tag 'Doing Development Differently' Danida development engagements are directly related to the overall strategic objectives. For green growth the strategic objective is green, sustainable and inclusive growth. Under the current strategic framework, support to improving the framework conditions is only provided through Trademark East Africa.

In addition, global Danida programmes provide support to Kenya including the Strategic Sector Cooperation programme, with four sector advisors at the embassy. Furthermore, Danida Sustainable Infrastructure Finance is active in Kenya and has currently one staff member in the embassy. The Trade Council, operating from the Danish embassy, provides support to Danish business and trade counsellors involved in policy dialogue as well and IFU has a considerable investment portfolio in Kenya.

During the evaluation period, a gradual shift from substantial support to framework conditions for private sector development to direct green growth support to specific businesses or segments of the private sector can be seen in the bilateral programming. Strategic sector cooperation is now the main Danish instrument focusing on improving the framework conditions both for Kenyan and Danish enterprises.

Main findings regarding business advocacy

From 2005 to 2020, Denmark provided grant support to business advocacy in Kenya through the Business Advocacy Fund. This support to private sector organisations has been very relevant in the context of the increased interest from the government to include stakeholder consultations in the legislation process. The private sector in Kenya is relatively well-organised and dynamic, which created good conditions for private sector organisations to contribute to the consultative process of developing a national business advocacy agenda thereby supporting the national-level public-private dialogue. Over the 15 years of implementation, around half of the advocacy projects reported a total of 427 specific changes in policies, regulations, taxes, and levies. However, the effects on the private sector of the changes in policies, legislation, and regulation have not been monitored or evaluated. Despite some so-called 'impact assessments' it remains largely unknown to which extent the regulatory changes were implemented and the effects they had on the private sector. In the few documented cases of effectively implemented reforms, many other actors have often been active in addition to the private sector organisation supported by the programme. In these cases, the business advocacy fund played an essential role in contributing to the reforms.

Main findings regarding trade facilitation

Denmark has provided basket-funding support to Trademark East Africa (TMEA) from 2010 onwards. Donors, including Denmark, have set up this independent organisation. Over time, Danish support has gradually focused more on green and inclusive trade. This has created some challenges regarding the alignment between TMEA's strategic plans and the Danish priorities as basket-funding and earmarking require different approaches. Nevertheless, Denmark is considered a loyal, engaged, and flexible donor that has provided very relevant support. TMEA addresses simultaneously the supply-side (government institutions) and the demand side (private sector and civil society) of trade facilitation, which is considered a very adequate approach. There is good evidence of overall outcomes for the private sector: e.g. reduction of time to take goods through Mombasa port and from Mombasa to Northern Corridor border through one-stop border points, keeping borders open during Covid times, improved business competitiveness, more effective trade systems and greener infrastructure

Denmark has contributed to the outcomes in a way that is proportional to the financial contribution. There is also some evidence that TMEA has contributed to overall increased welfare. There is an in-built dilemma regarding the sustainability of this trade facilitation support through a donor-dependent organisation. Various solutions to reduce donor dependence are being considered.

Main findings regarding business environment reform and green growth

Denmark has paid relatively limited attention to traditional business environment reform support i.e. support to the Government of Kenya to contribute to an improved business environment. Already at an early stage, main and relevant attention has been paid to the green enabling business environment for which adequate implementation partners were selected. There is good evidence of many green growth outputs and intermediary outcomes such as new laws, regulations, systems, and tools. Also, capacity building at the central and county level received due attention. Both at the central and county level, it cannot be assessed to what extent Danish support has contributed to mainstreaming aspects related to green growth. There is also evidence of outcomes that are specifically relevant for the private sector, such as green growth reforms for private sector engagement (e.g. new legislation, green procurement for public entities), improved voluntary environmental compliance by the private sector, the development of Environmental Crime Incidents Index, and energy audits. The prospects for sustainability of the results are variable. The sustainability of results may be guaranteed where the private sector reaps the benefits and owns the results. In general, much remains to be done in terms of further adoption and dissemination of green growth reforms in the enabling environment.

Conclusions

1. The relatively favourable business environment context in Kenya has provided a good basis for Denmark's support to an improved green enabling environment for the private sector. The dynamic and growing private sector has been fairly well organised and it has been a key driver of change during the evaluation period, together with a relatively willing Government of Kenya.
2. Denmark provided relevant though somewhat scattered support to framework conditions for green growth, business advocacy and trade facilitation, in addition to substantial direct support to the private sector. Given the Kenyan decentralisation process, Denmark has paid some attention to framework conditions at the country level, but this could have deserved more attention.
3. Denmark's support to framework conditions has led to many outputs such as capacity building of government and private sector organisations, development of new tools, systems and guidelines, new policies and legislation and green infrastructure.
4. There is some evidence of outcomes, such as a few effectively implemented reforms that resulted in reduced costs or risks for the private sector, or new green business opportunities. Especially the support to trade facilitation led to good benefits for the private sector in terms of reduced transport time, although this has probably been at the expense of other countries and ports, especially the port of Dar es Salaam.
5. Since 2005, the Denmark-Kenya country, sector and thematic programmes have all aimed for internal coherence and creating synergies among support components. This has proved to be very challenging in practice and there are many missed opportunities

for synergies. Recently, especially via strategic sector cooperation initiatives in combination with bilateral support at the national and county level, some synergies have been established that are likely to contribute to a more enabling green growth environment.

6. In the bilateral framework conditions support, insufficient attention has been paid to cross-cutting issues such as green growth (excluding the targeted green growth support), gender equality and youth. However, trade facilitation support has paid gradually more attention to gender equality and green growth.
7. Main internal explanatory factors for Denmark's contribution to a greener enabling environment are the relationships with implementing partners, the quality of the programme design, and the flexibility of the Danish support. The quality of M&E and limited Political Economy Analysis are remaining issues of concern despite many efforts of improvement.
8. Efficiency challenges are primarily related to different aid modalities with specific challenges in the government-to-government cooperation that has now been discontinued. Nevertheless, the government remains a key stakeholder in improving the green enabling environment.
9. The embassy has recently embarked on a more integrated and holistic approach to Doing Development Differently, which is ambitious and promising in view of the need for the embassy teams on bilateral cooperation, strategic sector cooperation and the Trade Council to work more closely together. A pragmatic approach has been adopted so far to work better together with some gaps still to be addressed.

Lessons

1. Although the support to framework conditions is not an explicit priority in the Denmark-Kenya Strategic Framework 2021-2025, it remains important from a green growth and trade facilitation perspective and can best be addressed from a focused sub-sector perspective combining county and national level framework conditions. Therefore, (flexible) and targeted support to framework conditions requires continuous attention.
2. In a country with a relatively favourable business environment such as Kenya, which is not very aid-dependent, it is an appropriate choice for a bilateral donor such as Denmark not to focus on too broad business environment reform issues, but to focus on specific areas such as green growth and trade facilitation in order to achieve important outcomes. This requires a sufficient in-depth understanding of the context and good analysis to find the right partners and develop appropriate implementation approaches.
3. There is room for further improvements regarding Danida's procedures for programming, monitoring, and evaluating its support to framework conditions and finding a better balance between the roles of embassy staff and external involvement.
4. In a middle-income country that is not very aid-dependent such as Kenya there is limited room for policy dialogue, which can best be exploited together with the EU Delegation and other EU Members possibly as part of a Team Europe Initiative.
5. The flexibility of the Danish support that is found in Kenya is related to Denmark's ability to adapt its support to emerging needs and opportunities, which acts as a catalyst for obtaining results from interventions supported by other (less flexible/adaptive) funding sources. These opportunities could be more proactively explored.
6. Given Denmark's policies as presented in the 2021 strategic document "The World We Share" and new approaches such as Doing Development Differently that are now being implemented by the embassy in Kenya, it would be good to consider Kenya as a pilot

country (maybe together with one other partner country) for a more integrated and holistic approach from which lessons will be learned in an adaptive process.

1 Introduction

Evaluation focus and objectives

The Evaluation, Learning and Quality department (ELQ) of the Danish Ministry of Foreign Affairs (MFA) launched an evaluation of Danish support for improving framework conditions for Private Sector Development (PSD) in the Global South. This Evaluation was commissioned to Nordic Consulting Group (NCG). The Terms of Reference (ToR) indicated that the Evaluation would consist of four country studies: Kenya, Mali, Ghana, and Tanzania. It should be noted that the Evaluation focuses explicitly on the Danish support to framework conditions, which is only one part of the Danish support to private sector development (PSD). The bulk of the Danish support consists of direct support to the private sector. This direct support is examined from a coherence and relevance point of view but is not the direct focus of this Evaluation.

The evaluation objectives focus on accountability and learning. The first objective requires evaluating past performance of the Danish interventions in accordance with the OECD-DAC evaluation criteria. In addition, it is necessary to understand what has worked and under which circumstances to draw lessons and provide recommendations in the context of Denmark's new development strategy from 2021 "The World We Share". Regarding the second objective related to learning, this Kenya country study focuses specifically on framework conditions for green growth, which has become a main policy priority for Denmark. From 2016 onwards, there is no bilateral PSD programme anymore, but a green growth programme. In addition, coherence and synergies are explored between the bilateral support and the global PSD programmes from a green growth perspective as set out below. This is expected to generate lessons for implementation in Kenya, but also for green growth programmes in other countries.

Evaluation criteria and questions

There are five main evaluation questions related to the OECD-DAC evaluation criteria:

1. Relevance: To what extent has Danish support to framework conditions for PSD responded to the evolving needs and challenges the private sector is facing in partner countries?
2. Coherence: To what extent have there been complementarities and synergies between the various types of Danish support to framework conditions for PSD on the one hand and PSD support by other actors on the other?
3. Effectiveness and impact: What are the results of the Danish support to framework conditions for PSD and what are the main factors affecting the results?
4. Efficiency: What have been main efficiency challenges of the Danish support to framework conditions for PSD and how have these challenges been addressed?
5. Sustainability: To what extent has Danish support to framework conditions for PSD been sustainable?
6. Impact: Is there evidence on (intended or unintended, positive or negative) intermediary impact and overall impact of the Danish support to framework conditions for PSD?

In addition, there are various sub-questions and for each sub-question indicators and data collection methods have been identified in the evaluation matrix (see Annex 2).

Country study Kenya

For the four country studies a common theory-based and utilisation focused approach has been developed.[1] In the inception report, a sample of Danida programmes for each country was identified for in-depth research (see Chapter 2, Table 2.1 and Annex 3)[2]. Emma van Leenen and Jakob Kjærtinge Faarbæk have provided useful assistance in the preparation phase by collecting and analysing programme documents and organising scoping interviews.

The sample and analysis in Kenya have been structured around three major framework condition themes where Danish support has been concentrated:

1. Business Environment Reform (BER) and framework conditions for Green Growth (will be referred to as BER/GG or Green Business Environment Reform (GBER)), i.e., changes in the legislative and regulatory framework for the private sector with a specific focus on green growth;
2. Business advocacy;
3. Trade facilitation.

As indicated above, the linkages to direct private sector support and to global PSD programmes have been taken into account as well, in particular in relation to the first theme (see Annex 3 for the sample).

During the preparation phase, some scoping interviews with key stakeholders such as former ambassadors and the staff at the embassy were organised and documents were collected. The documents dealt on the one hand with the overall development of the private sector in Kenya and on the other hand with specific Danida-funded programmes. Prior to the field visit Mission Preparation Notes were prepared and shared with the embassy and ELK, including the Theory of Change (ToC), the sample, preliminary findings, and gaps in information emerging from document analysis and the work programme for the field visit that took place from 10 to 20 May 2022.

The main data collection methods were document analysis (see Annex 1 for the list of documents) and interviews[3]. The Evaluation Team received very valuable support from the embassy in Nairobi in collecting documents and organising and participating in meetings. In total, 65 persons were interviewed in 44 interviews prior, during and after the mission. These stakeholders included (former) embassy staff, staff at MFA Copenhagen, representatives from government authorities in Kenya at central level, implementing agencies, other donors, and private sector organisations (including nine Business Membership Organisations (BMOs) that received support). The majority of the interviews, even during the country visit, were online as this was the explicit preference of the interviewees. With the experience of the Covid lockdown, most interviewees find working online quite efficient and they were not very interested in online meetings that are not of direct interest to their daily work. All interviews were at central level as a county visit could not be realised[4] . In addition, two meetings with the embassy staff dealing with

[1] A theory-based evaluation is based on an explicit Theory of Change or logic model that explains the theory of a development intervention or set of interventions. Utilisation-focused evaluations are based on the principle that an evaluation should be judged according to how useful it is to its primary intended users.
[2] Aïda Kragh-Jacobsen, who was affiliated with NCG during the initial work on this evaluation, will write her thesis on inclusiveness (gender equality, youth and human right issues) in the BAF Kenya fund, with a specific focus on the last period of 15 years of Danish support. Any relevant findings of this thesis for our evaluation will be included in the final version of the Kenya report.
[3] The list of people interviewed is not included in the final version of the report as this is not compliant with GDPR regulations.
[4] The Evaluation Team aimed to visit one county – Nakuru – to analyse the support to framework conditions at the decentralised level, but the main stakeholders were not available.

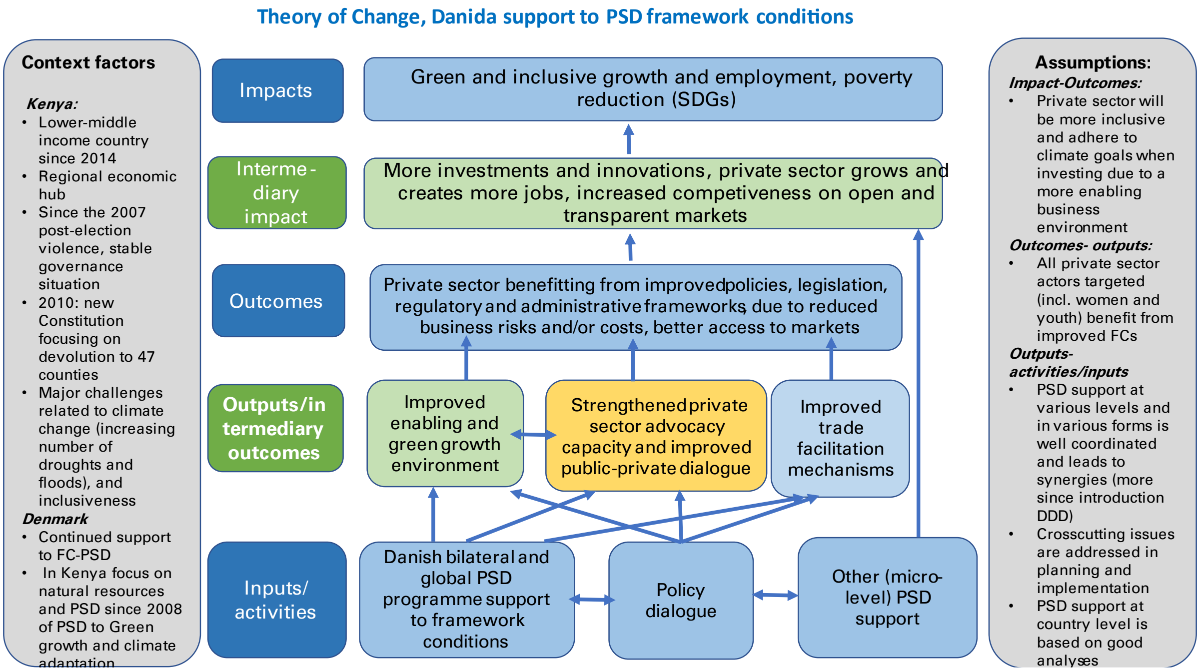
green growth and private sector development took place. One meeting focused on validation of the ToC and a second meeting was a debriefing at the end of the field visit, which allowed the Evaluation Team to validate preliminary findings. Comments of the embassy, ELK and the Evaluation Reference Group have been addressed in the final version of this Kenya country report, while also consistency with the final synthesis report for this Evaluation has been assured.

In this report the findings and conclusions of the Kenya country study are presented. This report is based on careful triangulation of findings from different sources and a debriefing meeting with the embassy staff to validate findings. The report is structured around the evaluation questions and main FC-themes. After a presentation of the Kenyan context and the Danish country strategies and portfolio in Chapter 2, the main relevance, effectiveness, impact, and sustainability questions are assessed for each of the FC-themes in Chapters 3, 4, and 5. In Chapter 6, overall findings regarding remaining evaluation questions and criteria such as coherence and efficiency as well as overarching issues are discussed followed by a final chapter with conclusions and lessons learned.

Theory of Change

During the preparation of the Kenya field visit, the Evaluation Team reconstructed a ToC for Kenya which is based on the overall ToC presented in the inception report. The ToC for Kenya (Figure 1.1) was validated in the briefing session during the field mission with the embassy staff.

Figure 1.1 Reconstructed Theory of Change Kenya



At the lower level of the results chain in the ToC a distinction is made between support to framework conditions for private sector on the one hand and direct support to the private sector on the other (inputs/ activity level), while the policy dialogue is related to both types of support. The support to framework conditions is provided to the three main themes as mentioned above, which form the output level. This level also includes strengthening of the capacity of government and private sector actors. The main focus of the Evaluation is the realisation of outcomes, which are the results for the private sector that benefits from improved framework conditions. In addition, there are some important underlying assumptions regarding the inclusiveness of the support and the coordination of various forms of Danish PSD support.

Evaluation challenges

The Kenya country study met various specific evaluation challenges that are briefly summarised below, while it should be stressed that very valuable information could be collected from a variety of sources that allowed to provide answers to the evaluation questions:

- The core sample in Kenya consisted of many often relatively small-scale interventions. In combination with the vast broad sample, this increased the complexity of the Evaluation especially also in view of the scattered documentation. During interviews references were made to possibly other relevant sub-components of support in previous bilateral programming or via regional programming, but all these linkages could not be explored given the available time and resources. Nevertheless, the sample is sufficiently broad to answer the evaluation questions.
- Although there were limitations to the data collection as indicated above – no field visits and mainly online interviews, which might be related to some kind of mission fatigue in Kenya – still many information sources could be used and this did not affect negatively the overall analysis.
- The Evaluation in Kenya focused on green growth as main FC-theme including the linkages to global PSD-programmes. However, not all Danida green growth support focused on a green enabling environment for the private sector which complicated the assessment (see Chapter 5).
- The utilisation-focus of the Evaluation in Kenya was complicated because – with the exception of one ongoing support- most interventions of the core sample are finalised. This is an explanatory factor for the difficulty organising interviews as set out above.
- With the exception of Strategic Sector Cooperation (SSC), it has been challenging to explore linkages between other global PSD programmes, research projects and multilateral support (see Chapter 5).

2 Overview of Danish PSD Support in Kenya

2.1 Kenya: Improving enabling environment for private sector

Political Context

Since Independence in 1963, Kenya has maintained relative stability, despite changes in its political system and periodic post-election violence. After the first President Jomo Kenyatta, Daniel Arap Moi ruled as President from 1978 to 2002. In the early 1990s a multi-party democracy was installed, but the first elections were deemed not to have been free and fair. In 2002, Kibaki was elected as President. This led to high hopes and was the start of a more open dialogue with the private sector and civil society. However, corruption remained high and in 2005 a big corruption scandal – Anglo-Leasing – became public. The 2007 elections led to enormous violence and temporary suspension of aid. The situation stabilised again. A key political development was the implementation of the 2010 Constitution that heralded a two-tier system of Government, the national and county system. A challenging decentralisation process started that is continuing till today, with important central government responsibilities and funds slowly being decentralised to the 47 counties.

To support the planning principles of its economy Kenya has always based its development on several National Development Plans of which the first National Development Plan covered the period 1964-1970 and this system continues till today[5]. From a political perspective, all these plans[6] have emphasised the political acceptance of the role of the private sector in national development.

Socio-economic context

Kenya's economy has been based on the private sector-led agriculture. Other sectors of significance are tourism and lately a booming services sector. Kenya has a fast-growing population that increased at an annual growth rate of 3% over the period from 2014 to 2020. Kenya has made gains in poverty reduction and the population living below the income poverty line was around 35% in 2019 improving from 42% in 2008. Kenya does not overly depend on ODA which has remained at less than 6% of GNI over the same period.

Before the 2007 elections, the Kenyan economy was regarded as the best performing in a region marked by armed conflicts (Ethiopia, Uganda, and Somalia, Sudan or the Great Lakes region). The post-election disputes led to stagnation of the economy (0.2% GDP growth in 2008), the closure of factories, the accumulation of delays in supplies, cancellation by tour operators in the tourism sector and even to the collapse of the stock market. The economy soon recovered and increased rapidly to on average approximately 5% per year leading to poverty reduction[7]. The Covid-19 shock hit Kenya's economy hard through supply and demand shocks on both the external and domestic fronts and caused activity to slow sharply in 2020 (real Gross domestic Product (GDP) contracted by 0.3% in 2020). Since 2021 a significant economic recovery has been underway, although it remains highly uneven across sectors. Currently, Kenya is facing global pressures including oil prices, and the Ukraine war. In addition, seasonal factors like the August 2022 elections and drought in some parts of the country are now putting considerable

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[5] KIPPRA (2022), Development Plans, p. 4.

[6] Under the current Vision 2030 blueprint, it aims to transform Kenya into an industrialised middle-income country offering a high quality of life to all our citizens. During the evaluation period, there have been three five-year medium-term plans related to Vision 2030, the first for the period 2008–2012, the second for the period 2013-2017 and the third for the period 2018-2022.

[7] The World Bank (2022). The World Bank in Kenya. April, 2022, pg.1, "From 2015 to 2019, Kenya's economy achieved broad-based growth averaging 4.7% per year, significantly reducing poverty (which fell to an estimated 34.4% at the USD 1.9/day line in 2019)".

pressure on the economy. Inflation is creeping to 10% while the Kenya shilling is under depreciation pressure.

Evolution of the business environment

Ever since Independence Kenya proffered a mixed, private-sector-led economy. Lobbying and interest groups have pushed for a variety of reforms. The Ministry of Trade and Industry is the key focal point for government facilitation of business. Others include the National Treasury regulating the fiscal regime for doing business, the Ministry of Agriculture is responsible for regulating agricultural production and trade, while the Competition Authority of Kenya is responsible for fair trade and regulating anti-competitive trade practices.

From 2002 onwards, after the regime change, improvement of the regulatory environment for business in Kenya was a key focus of the government and this was supported by the development partners. The government was more open to dialogue and a National Economic and Social Council with independent experts was set-up to advise the government. Also, evidence-based policymaking became important by making use of studies by, for example, the Kenya Institute of Public Policy Research and Analysis (KIPPRA). Early support focused on "better enforcement of fewer, simpler but more rational regulations"[8]. Hence early successes of such efforts were seen as leading to deregulation with the subsequent introduction of the Single Business Permit which replaced the multiple licenses and permits which were required to establish a new business. Another area of focus was improvement of financial services through regulatory reforms (Central Bank of Kenya and National Treasury).

Despite some regulatory improvements, the GoK was shocked by Kenya's fall on the Ease of Doing Business (DB) ranking to a rank of 129 globally in 2014[9]. Kenya found itself lagging behind other East African and African countries as an investment destination, primarily because of its difficult business environment. This drastic fall in the DB ranking was an impetus for urgent change that had been planned for a long time. Therefore, the the GoK set up a dedicated business reform unit in late 2014 to coordinate the implementation of business reforms For the first time, a Cabinet Secretary reporting directly to the President was appointed to coordinate reforms with a dedicated budget line. Kenya has since achieved several important milestones, reflected in the last DB rankings published, but DB rankings have now been discontinued[10]. Nevertheless, trends are difficult to interpret as the comparative annual World Economic Forum (WEF) Global Competitiveness Report shows a reverse trend as Kenya's score improved from 104 in 2008 to 90 in 2014 and dropping again to 115 in 2020.

Private sector surveys and studies are another source of information on evolution of the business environment. For example, the now annual Manufacturing Priority Agenda by the Kenya Association of Manufacturers (KAM) gives good analyses of constraints to manufacturing sector in Kenya and provides useful policy and regulatory suggestions to make the sector more productive. KEPSA periodically undertook a Business Leaders (CEOs) Confidence Survey that sought to gauge the economic outlook of CEOs, determining their concerns for their businesses, and their view on where the economy is headed. The April 2017 report mentions corruption and political instability related to the upcoming elections in 2017 as top factors that were expected to

[8] Njuguna Ng'ethe, et al (2004). Strengthening the Incentives for Pro-Poor Policy Change: An analysis of drivers of change in Kenya, p. 20

[9] For example, at the release of the 2014 DB report, officials from Industrialization ministry disputed the report saying it did not capture a lot of reforms implemented over the last six months. "This survey is normally done in the first quarter of the year and it is really historical data. Because of the timing most of the things implemented since then have not been included in the report," said Industrialisation secretary Adan Mohammed." See Omondi, Michael (2014). *Kenya scores poorly in ease of doing business ranking*. Business Daily, Nairobi, 29th October, 2014.

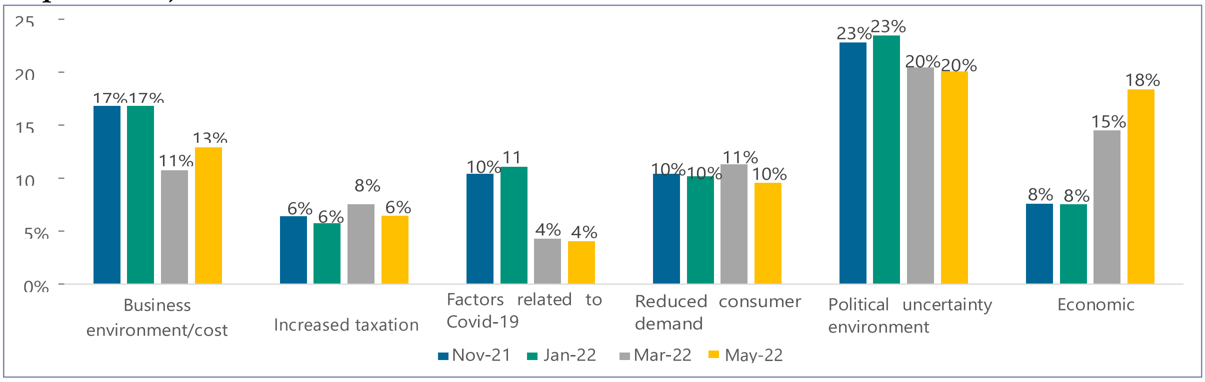
[10] Kenya was ranked the third most improved country globally for three consecutive years (2015, 2016, and 2017). In its last in the series rankings for all economies benchmarked to May 2019, the pace of improvement seems to have been maintained with Kenya ranking a much improved 56 in 2020.

have a high impact on the economy with a high impact score of 70% and 66% respectively. This can be considered against the backdrop of several corruption allegations on public funds. Other factors with above 50% high impact ratings included high interest rates and insecurity. Subsequent comparative surveys were not done.

Since March 2021, the Central Bank of Kenya (CBK) Chief Executive Officers' (CEOs) Surveys[11] have been conducted by its Monetary Policy Committee (MPC). The objective of the Survey is to capture information on top firms' perceptions, expectations and issues of concern. The recent surveys (see Figure 2.1 below) show that in March 2021, the key concern (23%) was political uncertainty which has remained as the single most important concern, followed by the business environment (17%). On the latter, firms are particularly concerned about the stability of the Kenyan Shilling and inflation.

The picture of evolution in the business environment over the evolution period shows some important improvements but also setbacks. Recently, the perception appears to prevail that reforms are stagnant although digitalisation has led to some improvements at national and county level. Foreign businesses report an increase of red tape. However, objective information is not easily available. Kenya is still serving as a regional hub attracting new foreign and domestic investments.

Figure 2.1 Survey results on factors that constrain firms' expansion, 2021 and 2022 (% of respondents)



Source: CBK, 2022.

Characteristics of the private sector

The private sector in Kenya is relatively well organised and an important driver for change of the economy already for a few decades. The private sector is noticeably split into two parts: a formal, large business sector which is relatively healthy and productive, and a massive, informal small business sector that is poorly understood and supported, yet which employs almost nine out of 10 workers. Ownership of private sector activities in Kenya is quite concentrated in several very rich political families that own substantial interests across agriculture, manufacturing, banking, insurance and property markets. Large scale agricultural and manufacturing has been the focus of multinational companies as well as several foreign-owned smaller establishments. Hence there are substantial foreign interests in horticulture, tea and coffee processing. The Indian community has moved into medium and large-scale manufacturing after graduating from wholesale and retail business in the 1970s partly driven by the Africanization policies of the late 1970s where it was the government policy to encourage retail and wholesale businesses to be undertaken by the then emerging African merchant class. Indeed, parastatals like Industrial and Commercial

[11] CBK (2022). Monetary Policy Committee CEOs Survey. May 2022. Pg. 6.

Development Corporation (ICDC) and Kenya Industrial Estates (KIE) were established for the sole development of indigenous trading and small-scale manufacturing.

In terms of employment, smaller enterprises employ the biggest number. According to the Kenya National Bureau of Statistics (KNBS) small and medium enterprises (SMEs) offer employment to an estimated 14 million people, accounting for 84% of employment and comprising 95% of Kenya's business and entrepreneurs. SMEs contribute about 70 per cent to Kenya's GDP.

There also a relatively high number of foreign enterprises, including Danish enterprises. The Danish Trade Council, operating out of the Danish embassy, assists Danish companies in entering and expanding on the Kenyan market. Five sectors are specifically targeted: 1) Agriculture, 2) Water, 3) Technology/ICT, 4) Health, and 5) Energy. The Trade Council is also assisting on IFU investments in Kenya (outside the scope of this Evaluation). The Danish Business Network in Kenya, managed by the Trade Council, is a platform for companies related to Denmark (mainly subsidiaries) and Danes working in Kenyan and international businesses. The objective of the network is to boost the impact of Danish business in Kenya. While Danish and Kenyan private sector operators have to some extent a common interest in an enabling business environment, there are also some diverging interests.

There are several private sector organisations (PSOs) or Business Membership Organisations (BMOs) that are important representatives of the private sector. The Kenya Private Sector Alliance (KEPSA) is the apex body of the private sector in Kenya comprising a majority of organised Business Associations big and small and gives room too many corporate organisations who are also direct members beyond being part of their primary associations. Its membership is with big investors and micro investors alike. Kenya Association of Manufacturers (KAM) is the representative organisation for manufacturing value-add industries in Kenya while its sister association, the Kenyan National Chamber of Commerce and Industry (KNCCI) focusses on promotion of small and middle businesses. There is also a moribund, politics-ridden Federation of JuaKali Associations that aims to represent the interests of informal sector operators. Federation of Kenyan Employers (FKE) which is the employers' organisation in advocacy, industrial relations, employment laws and related value-add services through management, consultancy and training. FKE has been representing employers' interest both locally and internationally since 1959.

In addition, there are many producer and network organisations (such as Agricultural Sector Network (ASNET, the Fresh Produce Exporters Association of Kenya (FPEAK)) and organisations representing specific professionals such as veterinarians, and lawyers and business associations catalysing trade between Kenya and other mother countries e.g. the European Business Council. Many industry-specific BMOs have few or no staff employed and are dependent on the activity level of their members and elected representatives. Most BMOs only have individual members (companies or individuals), but the larger BMOs are apex organisations, and their members include other BMOs. Most apex organisations, however, also have individual members and are therefore accused of 'stealing' members from their own membership organisations.

2.2 Overview of Denmark's support to framework conditions for PSD in Kenya

Kenya and Denmark have maintained close bilateral relations since Kenya's independence in 1963. During the evaluation period, four partnerships or strategic frameworks have been implemented. Table 2.1 below shows continuity in support to specific areas and a gradual development from sector programmes to thematic programmes to an overarching strategic framework.

Table 2.1 Denmark-Kenya Partnership, overview of programming priorities, 2005-2021

Sectors/areas of support	Sector programmes 2005-2010[12]	Sector programmes 2011-2015	Thematic programmes 2016-2020	Strategic objectives 2021-2025
Private sector development	Business Sector Programme Support (BSPS 1)	Business Sector Programme Support (BSPS 2)	Green Growth & Employment Programme (GGEP)	Green, sustainable and inclusive growth
Environment	Environmental Programme Support (EPS)	Natural Resource Management Programme (NRMP)		
Governance	The Kenya Good Governance Programme (KGGP)	Governance	Governance	Democratic governance, human rights and equitable access to services
Health	Health Sector Support Programme	Health	Health	
Peace				Resilience, peace and stability

Sources: Strategic Framework, Denmark-Kenya Partnership and programme documentation.

For the ongoing Strategic Country Framework[13] there are no underlying sector or thematic programme documents anymore under the tag 'Doing Development Differently', but Danida Development Engagements (DEs) are directly related to the overall strategic objectives. For the support to framework conditions for PSD, the support to the BSPS, EPS, NRMP has been considered together with the GGEP and green growth support as indicated in Table 2.2, where also the linkages to the broad sample are indicated (see Annex 3, for a full overview of the core and broad sample).

Table 2.2 Denmark-Kenya Private Sector Development Programmes, core sample: support to Framework Condition themes and relations to broad sample

	Sector programmes BSPS & EPS 2006-2010	Sector programmes BSPS&NRMP 2011-2015	Thematic programme GGEP 2016-2020	Strategic objective green, sustainable and inclusive growth 2021-2025
1.Business advocacy	BAF 1	BAF 2	BAF 3	
2.Trade facilitation		TMEA	TMEA	TMEA

[12] No complete overview available for 2006-2010, no country framework available.
[13] Strategic Framework Denmark-Kenya Partnership 2021-2025.

3.Business environment reform / Green growth	National PSD Strategy and National Economic and Social Council **MENR NEMA**	**MENR NEMA**	**MENR/MEF NEMA**	**Actual green DEs: Linkages to framework conditions**
			Coherence with Global PSD programmes: SSC, DMDP, P4G and Trade Council	

Sources: Programme documentation.

The table shows that – except for BER support – there has been continuity in the support to FC themes. However, support to the Business Advocacy Fund (BAF), to the Ministry of Environment and Natural Resources (MENR) renamed Ministry of Environment and Forestry (MEF) and to the National Environmental Management Authority (NEMA) has come to an end in 2020/2021. The tables above also show the gradual shift in the Denmark-Kenya partnership with gradually a less explicit focus on PSD (and FCs), and a shift towards green growth and inclusiveness agenda. For the most recent Strategic Framework 2021-2025, it is even stated that the focus is on implementors i.e. direct support and not on framework conditions anymore, which explains the substantial changes in programming. In addition, the emphasis is now on a holistic approach also in view of the explicit attention for Doing Development Differently (see Chapter 6).

3 Business Advocacy

In this chapter the relevance, effectiveness, and sustainability of Danish support to business advocacy in Kenya is assessed in line with the evaluation matrix (see Annex 2) followed by some explanatory factors. In Chapter 6, coherence, efficiency and impact are assessed for all three FC-themes.

Main findings regarding Danish contribution to business advocacy in Kenya:

- Business advocacy support in Kenya has been very relevant in the context of an increased interest from government to include stakeholder consultations in the legislation process and in a period where the devolution prompted counties to take on a more important role in local economic development and in regulating the business environment.
- The private sector in Kenya is relatively well-organised and dynamic, which created good conditions for BAF to contribute to the consultative process of developing a national business advocacy agenda thereby supporting the national level public-private dialogue.
- As a consequence of the demand-driven nature of the fund, the objectives in relation to the policy and regulatory changes aimed for were very broad.
- The programme strengthened the advocacy capacity of the BMOs, but with the exception of a few of the larger organisations they were not all able to continue the same quality of advocacy without external funding.
- BAF reported 427 specific changes in policies, regulations, taxes and levies in relation to 140 business advocacy projects supported out of the 295 projects supported in total.
- The effects on the private sector of the changes in policies, legislation and regulation, have not been monitored or evaluated. Despite some so-called 'impact assessments' it remains largely unknown to which extent the regulatory changes were implemented.
- It is likely that within specific sectors or sub-sectors effects for the private sector have been realised. In the case of effectively implemented reforms, often many other actors have been active in addition to the BAF-funded BMOs, while BAF contributed to the reforms.
- Despite considerable efforts, BAF only contributed modestly to increasing the sustainability of the BMOs, which might be related to unrealistic BAF-objectives in this regard and the inherent challenge for such associations to achieve financial sustainability while continuing professional business advocacy.

3.1 Main features of business advocacy support

Three phases of support to business advocacy have been provided through the Business Advocacy Fund (BAF) from 2006 to 2020, as indicated in Table 3.1 below.

Table 3.1 Danida support to the Business Advocacy Fund in Kenya, 2006-2020

Component	DK funding (mio DKK) *	Other funding (mio DKK)	Period	Phase	Co-funders
BAF I	20	-	2006-2010	BSPS I	None
BAF II	56	2.2	2011-2016	BSPS II	UK
BAF III	57	-	2016-2021	GGEP	None

Source: Programme documentation, including completion reports.
* Based on actual expenditures, except BAF I, which is based on the budget.

The Business Advocacy Fund was established in 2006 with the aim of improving the business environment in Kenya. BAF provided support to business advocacy projects, capacity building in relation to advocacy of business membership organisations (BMOs), sustainability support to BMOs and media training. BAF was implemented by an externally recruited fund manager. The fund manager contract was tendered for each phase and won by the same company for all three phases. In addition to the DKK 132.6 million provided by Denmark over the 15 years, DFID provided approximately DKK 2.2 million in funding for BAF 2, earmarked for climate change related activities.

3.2 Relevance

BAF 1 was initially only focused on capacity development of Business Membership Organisations (BMOs) but following a technical review in 2008, BAF was expanded to include support to BMO advocacy projects aligned with the priorities of the national Private Sector Development Strategy. The support to advocacy projects subsequently became the main focus of the programme but BAF continued with capacity building and developed an elaborate series of training courses in advocacy and BMO governance, media contact etc, which were offered to BMOs. Training was used as a way of getting the programme known among the BMOs, and often the initial discussions around a possible advocacy support would start in connection with the training. Strengthening the BMOs is considered relevant for their members but also for the public sector. As described below, some of the BMOs were already engaged in a dialogue with government whereas for others, this was relatively new, and especially the systematic approach was new.

It was only with President Kibaki from 2003 onwards that BMOs were invited and encouraged to play a more active role representing the 'demand-side' of reforms playing a role in policy formulation and development of legislation and regulations (see Section 2.1). From 2010 it became a constitutional obligation of government units responsible for policy formulation to ensure adequate public participation. Public hearings are considered critical when developing a policy.[14] BMOs are therefore regularly called upon to prepare submissions to government as part of the legislation process. Some of the larger BMOs were already engaged in public-private dialogue and are likely to have continued this without BAF support, which raises questions regarding the additionality of the support.

Through grant funding, BAF provided an opportunity for the BMOs to better prepare for such submissions by undertaking research, but also by playing a more proactive role approaching government on specific issues on the basis of policy briefs and publishing evidence-based research. The BAF Fund Manager did not play a strong role in suggesting issues but was adamant that the BMO should 'own' the issue and that it should be in line with the interests of their members. The BAF Board on occasions suggested issues that the fund manager should consider. Nevertheless, unlike the business advocacy funds in Tanzania and Ghana, BAF-Kenya did not work with regular application rounds but identified and co-created advocacy projects with interested BMOs on an on-going basis. Concept notes were prepared by the BMOs on the basis of the dialogue and if selected, followed by a full project application. There was often a dialogue with the interested BMOs before they would submit a concept note for a project application. The relevance and strong ownership of the advocacy projects were confirmed by the BMOs interviewed.

The Kenya Association of Manufacturers (KAM) was by far the largest beneficiary with 35 projects funded and a total approved grant amount of USD 1.7 million. Kenya Private Sector Alliance (KEPSA) was also important with 13 grants and a total of USD 400,000 granted. The

[14] Guide to the Legislative Process in Kenya. Kenya Law Reform Commission, 2015.

Fund also provided sustainability grants to many BMOs, especially under BAF 2. BAF funded a financial restructuring of Kenya National Chamber of Commerce & Industry Headquarters (KNCCI-HQ) at a time when it was a defunct, insolvent organisation.

As highlighted by the 2019 mid-term review of the GGEP, BAF did not directly target less well-established BMOs but on the contrary allocated a relatively large share of grants to well-established BMOs due to the strict application process that encouraged a low-risk appetite. In addition, the embassy insisted on good risk analysis, which complicated funding smaller BMOs, as funding these was considered riskier. KAM for example also received direct support from Denmark, benefitted from a twinning arrangement with the Confederation of Danish Industry (DI) and received TMEA support. It raises the issue of whether these larger BMOs could have undertaken some of the advocacy activities without the project support.

Under BAF 1 and BAF 2 training of BMOs was used to establish a first contact to BMOs and generate interest for applying for advocacy grants. Many BMOs only received training and no advocacy grant funding and only the effects of the training of grantees were monitored. This approach helped identify the BMOs that were interested in applying for an advocacy project but in relation to the BMOs that only received training, it is questionable whether that alone was enough to make a difference in their advocacy activities.

Most BAF support was provided to national level organisations, but BAF 2 provided a grant to KAM for the County Revenue Laws Project which supported counties in developing the legislative basis for company taxes and fees. In view of the devolution introduced with the 2010 Constitution, this was a very relevant project resulting in a number of changes at county level.

Based on the Evaluation Team's analysis of the 427 policy changes which the supported projects contributed to[15], only 9% of the policy changes are cross-sectoral (e.g. trade agreements, addressing illicit trade, etc), which means that more than 90% were undertaken in relation to a specific sector. The support was dispersed over many sectors with agriculture as the most important, constituting 15% of the projects. Only 5% of the projects have green growth as the primary objective. The high percentage of projects under BAF 2 in relation to taxes at county level were primarily related to the County Revenues Law project undertaken with KAM, which aimed at standardising a framework for county legislation in relation to taxes and levies for businesses.

3.3 Effectiveness and impact

BAF aimed at improving the business environment by strengthening BMOs and by supporting advocacy projects. According to the reconstructed ToC (see Figure 1.1), BAF should deliver outputs in the form of capacity strengthening of BMOs, established public-private dialogue platforms and enhanced media coverage and knowledge platform. The intermediary outcomes are strengthened public-private dialogue and a changed perception in government of PSOs as a dialogue partner and subsequently policy reforms, i.e. changes in legislation, regulations, etc. This would lead to private sector benefitting by having reduced risks or costs or better access to markets (outcomes), which subsequently would increase private sector investments and strengthen private sector growth and poverty reduction (impact).

[15] Supporting Dialogue and Advocacy in Kenya. 15 years of lessons learned. BAF, 2020.

Outputs and intermediary outcomes

The table below indicates the achievements in relation to output indicators and reporting in programme completion reports. The table only includes a small number of the many output indicators for the three phases of the support, focusing on the indicators that allow aggregation across all three phases.

Table 3.2 Realisation of outputs of BAF support 2005-2020

Outputs and intermediate outcome indicators		BAF 1	BAF 2	BAF 3	Total	Achievement rate*
Number of BMOs trained in research, advocacy, leadership, governance	Expected	75	nt	nt		156%
	Achieved	117	261	202	580	
Number of newspaper articles	Expected	122	100	75	297	469%
	Achieved	487	601	306	1,394	
Number of approved applications	Expected	66	100	nt		109%
	Achieved	57	124	112	293	
Number of changes in policy, legislation, regulation	Expected	16	120	108	244	175%
	Achieved	56	149	222**	427	

Sources: Programme completion reports.
*Achievement rates calculation only based on data from phases where numbers for expected and achieved are available.
**Of which 108 changes resulting from BAF 2 projects but only effectuated during BAF 3.
nt: No targets indicated in the programme documentation.

BAF supported 90 different BMOs with advocacy grants during the three phases. The overall picture from the reported indicators[16] is that BAF achieved and in many cases surpassed the expectations in relation to achieving the outputs. It is noticeable that the number of changes in policy, legislation and regulations was as high as 427. These have been achieved through approximately 140 projects of the 295 advocacy projects granted. Governor Round Tables in a number of counties were supported through KAM and these contributed to approximately 50 of the policy and regulatory changes, and the County Revenue Laws Project under BAF 2 contributed to 96 regulatory changes. These have been included in the total of 427 changes.

In addition to the advocacy and sustainability grants, BAF provided training for a large number of BMOs. In total BAF directly supported 525 BMOs with grants or training and another 300 indirectly through projects at county level. Capacity building of BMOs was a separate output in BAF 1, 2 and 3. Sustainability grants of a total of USD 2.1 million were granted for this purpose, of which almost USD 1.9 million were granted under BAF 2.

The BMOs interviewed by the Evaluation Team expressed high satisfaction with the training programme and reported that they improved their advocacy and governance capacity as a result of the training. Furthermore, the training provided in relation to communication and media was also considered very useful by the BMOs interviewed.

The Fund Management undertook annual diagnostic assessments of the capacity of all the BMOs supported under BAF 1 and BAF 2, including their advocacy capacity, and a subsequent scoring of each BMO according to specified dimensions (organisation, relations, advocacy and results). The primary purpose of this tool was to use the results in the discussions with BMOs.

[16] Supporting Dialogue and Advocacy in Kenya. 15 years of lessons. BAF, 2020.

The results can be used with some caution for assessing the development in terms of BMO capacity. The caveats of doing this include:

- the scoring is based on a self-assessment by the BMO representative and the answers were not verified;
- the grant provided by BAF would have influenced three of the dimensions of the scoring directly and the 'results' dimension is the only variable that is only affected indirectly.

Out of 50 supported BMOs for which sufficient data were available, 40 BMOs improved their business advocacy capacity during the programme period according to the survey results. An analysis of the diagnostic data furthermore indicates a correlation between the advocacy capacity score and the score on advocacy results suggesting that the best BMOs also were most positive regarding the effects of the advocacy projects (regulatory changes, change of attitudes of the public or of government employees).

In BAF 3, another approach was pursued focusing on fewer BMOs. A thorough analysis of the organisational capacity and Technical Assistance (TA) to address the changes were agreed with the BMO. Although BMOs improved capacity and some also improved their financial sustainability, the overall results of this effort under BAF 3 were according to programme reporting not considered satisfactory. According to some BMOs the in-house consultants provided by BAF for supporting BMO in their advocacy activities were not experienced enough.

The process of establishing structures and mechanisms for public-private dialogue was pursued by government and BMOs independently of BAF but BAF also contributed to this. President Kibaki introduced the Presidential Roundtable as a public-private dialogue forum for private sector development from 2003. Kenyan BMOs, with KEPSA as lead, worked to establish public-private dialogue structures at other levels of government, including the Ministerial Stakeholder Forums from 2006, the Prime Minister's Roundtable from 2008 and later the Governors' Roundtables in the counties.

BAF supported KEPSA in the establishment of three consecutive National Business Agendas (NBA). The NBA included the issues to be prioritised by private sector across industries in the dialogue with government and was established through a consultative process with industry specific BMOs. Industry- or sector-specific issues, which were not adopted in the NBA, are referred to the Ministerial (sector) Roundtables. The first NBA was established with BAF support to KEPSA for 2008-2012 and subsequently two NBAs were prepared with BAF support, each for a five-year period. The establishment of this comprehensive public-private dialogue architecture was instrumental in having an effective dialogue where the Government should not address BMOs individually with the risk of obtaining contradicting recommendations from the BMOs.

Outcomes and impact

The outcomes defined in the BAF results framework correspond to outputs in the ToC for this Evaluation. Outcomes in terms of effects for the private sector were generally not monitored during the programme. However, BAF has reported a number of so-called impact assessments to demonstrate how the fund contributed to specific outcomes. This section is based on an assessment of 27 reported cases of advocacy projects that according to the fund manager achieved their objectives (see Annex 4) based on the available reporting. These 'impact' cases are evidently not representative but only represent the cases the Fund Manager considered successful. Reporting from BAF 3 is over-represented in the available documentation. In most of the cases, BAFs relative contribution compared to other actors is difficult to assess. A sample of eight of these 'impact' cases were validated by the Evaluation Team through interviews during the country visit.

Through the interviews with BMOs, it became clear that even when a BMO has been successful in convincing a government authority to change a policy or a regulation, the implementation and hence the desired effects for the end user are in no way assured. As the overview table in Annex 4 indicates the effects for the private sector were in most cases not documented. An important example of this was East Africa Grain Council's advocacy to establish a Warehouse Receipt System, which led to an Act being introduced in 2019 with important support also provided by other donors including IFC. During the interview, the EAGC informed that despite the regulatory framework being in place, the Warehouse Receipt System was not yet operational mainly because of government market interventions in purchasing grain, which offsets the price fluctuations necessary to make the system financially self-sustaining. As a consequence, the five warehouses dedicated to the Warehouse Receipt System are empty today.

For four cases out of 27 so-called impact assessment cases in Annex 4, the effects on the private sector in terms of reduced costs (i.e. the outcomes) were well documented. These include:

- the reintroduction of VAT exemption for inputs to the fertilizer industry,
- the improved procedures for sampling of coffee beans for testing saving farmers USD 600,000 annually,
- the simplification and reduction of taxes and levies in Vihiga county increasing transparency and saving businesses cost and
- the avoidance/reduction of a transit tax on horticultural products in Nakuru county.

For another 10 cases, the regulatory changes are of such a nature that in the Evaluation Team's assessment, they were likely to have benefitted an industry or a specific segment of the private sector (e.g. SMEs), if they have been implemented fully or partially. This is for example the Companies Act of 2015, which has included preferential treatment of SMEs, the improved land administration, the co-management of livestock markets and the mining Bill.

Two projects do not appear to have focused on the private sector but the advocacy was on other issues. The first project was the revised Health Act, where no private sector issues have been emphasised. The second project deals with the non-motorised transport policy in Nairobi county that could potentially include benefits for petty traders and transporters.

Finally, there are two examples of projects that have benefitted the members of one BMO but likely at the expense of members of another BMO. This includes the decision to move sales of veterinary medicine from pharmacies to veterinarian doctors and the protection of the physiotherapists by introducing a better regulation of who can practice. In both cases, the changes seem to have improved the regulation to the benefit of the consumers/customers.

The analysis of the so-called impact cases furthermore indicates that six of the 27 cases (22%) are related to climate or the environment, which is significantly more than the 5% of all cases indicated above. At the same time, however, the interviews and the analysis of the claimed outcomes suggest that several projects could have negative effects for the environment or promote industries that may not be part of the green transition. This includes for example the East African Petroleum Institute and the Agro-Chemicals Association. None of these organisations could indicate that BAF was requesting them to include green aspects in their work but both of them actually work on aspects that could be considered green, including substituting charcoal with LPG, safe handling of pesticides and introduction of bio-pesticides.

3.4 Sustainability

BAF aimed at strengthening the advocacy capacity of the BMOs and their financial sustainability. The reason for increasing the capacity of BMOs and seeking financial sustainability is obviously that a more competent association with sufficient member backing, good representation of the industry and more resources available in the secretariat is likely to provide more effective advocacy. At the end of BAF 1, around 19 of the more than 500 BMOs supported were financially sustainable, according to an assessment of the Fund Manager[17]. In its second phase, BAF provided Revenue Support Grants to 26 BMOs of which 16 increased their membership numbers with more than 30%. However, the profitability level achieved by the BMOs was not sufficient to finance their continued advocacy activities. Based on this experience BAF 3 changed the approach and did not provide sustainability finding to the BMOs but undertook a thorough capacity assessment and subsequently provided TA to six medium-sized BMOs[18]. Three of these were assessed as organisationally and financially sustainable at the end of the support.

Interviews with a selection of BMOs during the country visit provided a mixed picture in terms of their current advocacy capacity. All BMOs appreciated the extensive training provided both in relation to advocacy and governance issues, but the extent to which advocacy activities have been sustained differ significantly. In terms of sustaining the organisational capacity as a result of the training, the BMOs faced especially two challenges. One is the staff rotation which is a common challenge. The other is that smaller BMOs with few of no staff rely on their elected representatives but strengthening their capacity would only benefit the organisation as long as these stay in their elected positions.

The BMOs can be divided into a group of accomplished BMOs and a group of struggling BMOs. The large, accomplished BMOs, such as KAM, KEPSA, FKE and KNCCI have extensive funding sources (including projects funded by development partners) and BAF support was only a rather small part of their total funding. They continue to undertake a broad array of advocacy activities and member services, some of them also at county level. Especially KAM and KEPSA have received considerable support from BAF for their advocacy activities and substantial additional funding from other sources. These organisations seem to have been able to maintain a high level of engagement, while the amount of funding for research and joint dialogue seminars with government influence how they can undertake advocacy activities now.

In the case of KNCCI, BAF was instrumental in providing funding for its relaunch by settling its debt and paying outstanding salaries. KNCCI became an organisation with its base in the 47 counties. KNCCI has been able to maintain chambers in all 47 counties, although some of them with a relatively modest level of activities.

The Agrochemicals Association of Kenya (AAK) is an interesting example of a financially self-sustainable BMO. AAK has around 70 members who are pesticide manufacturers and importers and benefits from a 0.4% levy on pesticide imports, which funds their extensive training programme on pesticide handling, but also enables the organisation to continue with advocacy

[17] Evaluation of Sustainability Support, BAF, May 2016
[18] Under BAF 3, approximately 16% of the budget was allocated to a dedicated programme for strengthening the sustainability of selected BMOs and increasing their membership.

activities. Currently, they are working on issues related to biological pest products and counterfeit pesticides.

The Evaluation Team also met a number of struggling BMOs who may have benefited from the training and capacity strengthening, but only to a limited extent have been able to continue advocacy activities. It should be noted that the consultation process required by law makes it possible for BMOs to submit their views on proposed policies, legislation and regulations. All the BMOs met by the Evaluation Team use this opportunity to a larger or smaller extent, even those that rely on their elected representatives for such activities. What distinguishes the struggling BMOs from the accomplished BMOs is their effectiveness and their ability to not just react to proposals but be proactive and suggest new legislation or regulatory changes or bring issues to the public awareness, and to which extent they can provide researched evidence to back their advocacy activities. One such organisation is Kenya Veterinary Association (KVA) that only has a small secretariat. Revenue from their membership fees is insufficient to fund advocacy activities and their regional chapters rely entirely on the work of the elected representatives. KVA received BAF funding of 10 advocacy grants with a total value of approximately USD 300,000 over BAF 1, 2 and 3. Furthermore, KVA received BAF sustainability support/advice (TA) on the basis of an in-depth due diligence assessment, according to which KVA's current expenses 2014-2016 were less than their current revenues and they only survived thanks to donor funding. In the assessment of the Chairman, KVA is still not a financially sustainable organisation.

The Evaluation findings indicate that there were only modest effects of the considerable efforts aiming at making BMOs more sustainable, despite trying different approaches under BAF 2 and BAF 3. Interviews and the available documentation provide the impression that many of the BMOs benefitted in terms of enhanced advocacy capacity but for the smaller BMOs it is not possible to sustain the same level of funding to advocacy activities. The reason might be that providing donor support on a project basis is not adequate for increasing the sustainability of BMOs.

The public-private dialogue mechanisms in Kenya were not depending on BAF support and continue to function. The consultations related to the articulation of the National Business Agenda might require external funding to continue.

3.5 Explanatory factors

Many factors influence policy changes and it is not possible to establish BAF's specific contribution to the improved business environment compared to other factors, but it is likely to have been significant in a number of the cases. However, the actual implementation of the legislative and regulatory reforms and their effects for private sector are not well documented. The explanatory factors for BAF performance identified by the Evaluation Team are:

- The existence of strong BMOs provided an opportunity for the programme to fund projects in well-functioning institutions that were already engaged in business advocacy and public-private sector dialogue, thus raising in some cases the issue of additionality. The less proficient BMOs were supported with training and dialogue during project application and implementation.
- BAF outcomes should be considered in the context of the evolving framework for public-private dialogue during this period, which includes the Statutory Instruments Act of 2013. This act provides the framework for developing new laws and regulations in

Kenya including proper diligence in the preparation of laws such as public consultation process and regulatory impact assessment of all legislation. Government considered it important to consult stakeholders, including the private sector. This made BAF a relevant tool for BMOs to live up to this role they were given.

- The devolution introduced with the 2010 Constitution meant a gradually more important role for counties in relation to the business environment. A considerable number of BAF 2 projects were related to enhancing the PPD at county level and the need for counties to introduce legislation as a basis for their revenue collection. However, in BAF 3 this support was less prominent, while the main challenges are related to the decentralisation process.
- BAF aimed to strengthen the financial sustainability of BMOs that would allow them to continue professional business advocacy and providing services to their members, but this proved to be challenging given the multitude of BMOs in Kenya with overlapping roles and responsibilities.

4 Trade Facilitation

In this chapter the relevance, effectiveness, and sustainability of Danish support to trade facilitation in Kenya is assessed in line with the evaluation matrix (see Annex 2) followed by some explanatory factors. In Chapter 6, coherence and efficiency and impact are assessed for all three FC-themes

Main findings regarding Danish contribution to Trade facilitation in Kenya:

- Denmark has agreed on providing basket-funding support to TMEA during 15 years, gradually focusing the support more on green and inclusive trade.
- TMEA addresses simultaneously the supply-side (government institutions) and demand-side (private sector and civil society) of trade facilitation, which is considered a very adequate approach.
- Denmark is considered as a loyal, engaged and flexible donor that has provided very relevant and effective additional support (together with the EU) to keep the borders open during Covid-19.
- There is good evidence on overall outcomes for the private sector: e.g. reduction of time to take goods through Mombasa port and from Mombasa to Northern Corridor border through one-stop border points, keeping borders open during Covid times, improved business competitiveness, and more effective trade systems and to greener infrastructure.
- Denmark has contributed proportionally to the outcomes.
- There is also some evidence that TMEA has contributed to overall increased welfare.
- The sustainability of the results depends on the ongoing willingness of the GoK to facilitate trade, remove trade barriers and continue to innovate, which is in line with government policies.
- There is an in-built dilemma regarding the sustainability of TMEA, which is a donor vehicle and remains dependent on donor funding, which makes TMEA dependent on changing donor priorities. The response of TMEA has been to broaden is area of work to other regions in Africa but does not solve the issue of donor dependence. In addition, the set-up of a commercial entity Trade Connect Africa (TCA) is currently being considered.

4.1 Main features of trade facilitation support

Denmark started providing support to trade facilitation via its second bilateral business support programme (BSPS 2) in 2010. The support was provided to TradeMark East Africa (TMEA), an aid-for-trade organisation that was established in 2010 primarily by DFID with Denmark as one of the founding fathers[19], with the aim of growing prosperity in East Africa through increased trade. Denmark provided basket-funding support to TMEA-Kenya[20] through three consecutive five-year programme periods as indicated in Table 4.1 plus support to the set-up of TMEA and additional support to keep the borders open during Covid-19. The Danish support is estimated to be approximately 20% of total TMEA-Kenya funding:

[19] Apparently, Denmark provided 10 million DKK from MFA-AFR in 2009 for the set-up according to the REISP appraisal report, November 2011.

[20] The Danish Embassy in Uganda also provides support to TMEA i.e. TMEA-Uganda.

Table 4.1 TMEAs three consecutive five-year programmes

Programme/objective and period	Component/Development engagement	Volume (commitments in DKK million)
Via regional programming, 2010	Support to set-up of TMEA	10
BSPS 2, 2011-2015	Support to TMEA	60
GGEP, 2016-2020	Support to TMEA	85
GGEP, 2020 additional support	Safe Trade Emergency Covid-19 Facility Project	20
Green, sustainable and inclusive growth, 2021-2025	Development through Sustainable Trade	90

Source: Programme documentation.

4.2 Relevance

Response to specific government and private sector challenges and needs

The rationale for providing support to TMEA changed over the years in line with changing Danish priorities: from emphasis on regional economic integration as part of BER in the early years to increased emphasis on green and inclusive growth. Denmark initially provided mainly unearmarked support to TMEA Kenya, but increasingly focused on green and inclusive activities. The overall support to TMEA's strategic plans and the green focus required adjustment and flexibility of both partners that agreed on pragmatic solutions.

TMEA was established in 2009 by DFID/UK as a multi-donor financing facility to "lower barriers to trade by increasing the efficiency of transport corridors and reducing administrative costs by cutting red tape ". TMEA started its activities in May 2010. TMEA operates on a not-for-profit basis and is now funded by the development agencies of the following countries: Belgium, Canada, Denmark, European Union, Finland, France, Ireland, Netherlands, Norway, United Kingdom and United States of America.

In BSPS 2, for the period 2011-2015[21], the support to TMEA was part of the Business Enabling Environment component, together with BAF. Greater regional integration within the five countries of the East African Community (EAC) was at the time considered an additional dimension.[22] The programme document highlighted that the business enabling environment in all the five member countries are of importance for increased cross-country investments and trade, and hence economic growth. In September 2011, an additional East Africa Regional Economic Integration Support Program (REISP) was formulated and appraised. This included the bilateral support component, but also additional funding for TMEA and support to the EAC Partnership Fund. The idea was to further promote the EAC move towards a Common Market, which meant a next step after establishment of the Customs Union in 2005. Nevertheless, it appears that the REISP has never been formally approved or implemented.

The Danish support to TMEA from 2010 to 2015 consisted basically of "core financing" of activities within the regional window of TMEA. The basis for the support was the TMEA Medium Term Strategic Plan 2012-2017 with business plans developed for each year. With the overall objective to increase trade in East Africa, the three main objectives during this period were 1) Increased Physical access to markets, 2) enhanced trade environment, and 3) improved business competitiveness. A detailed ToC with a results framework with specific indicators was

[21] GoK, Danish MFA, Business Sector Programme Support, Phase Ii Kenya, Programme Document, November 2010, p.2

[22] EAC was first established in 1967 by Kenya, Tanzania and Uganda, It was dissolved in 1977 and in 2000 the new Treaty for EAC entered into force. In 2007, Rwanda and Burundi became full members of the EAC, in 2016 South-Sudan and in 2022 the Democratic Republic of Congo.

developed. Nevertheless, Denmark focused especially on Kenya (and Uganda) as the embassy(ies) were in charge of this bilateral support. During this period the focus for Kenya was on trade policies, WTO agreements and contributions to the National Export Strategy.

In the second period of support, the GGEP 2016-2020, the volume of support to TMEA was increased and Denmark continued to provide support to TMEA through its overall strategic plans[23] with other objectives for the 2nd strategy. Improved sustainable efficiency and capacity of transport infrastructure, 2. Effective Trade Systems and Procedures, and 3. Increased trade capacity of Kenyan businesses).[24] The GGEP support was specifically earmarked for TMEA Kenya in almost equal parts to each of the three TMEA objectives.[25] The TMEA strategic objectives are very much aligned with the needs of the private sector to increase access to markets, to enhance trade and increase competitiveness.

Nevertheless, the TMEA strategic objectives were initially not directly aligned with the Danish Thematic programme objectives including the overall objective to contribute to green, inclusive growth and employment. The objective to which TMEA should contribute is: Increased sustainable growth and jobs from investment and trade, especially for women and youth.[26] This apparent lack of alignment was commented upon in the appraisal report: "the summary description of Trademark East Africa (TMEA) does not mention the important impact that TMEA is expected to have on business opportunities for poor segments (e.g. women traders), poverty reduction and employment as a result of increased trade and business, as well as environmental improvements through e.g. reduction in CO2 emissions of ships and trucks"[27]. While linkages can be found between Denmark's priorities and TMEA's strategic plans, employment generation and environmental targets were not automatically top priorities. No changes were made in the first TMEA strategic plan to better accommodate Danish priorities.

In practice, a pragmatic approach was followed and no separate targets for Denmark were agreed upon for the first TMEA strategy, but over time TMEA paid more attention to green growth issues and inclusiveness. Most of TMEA's support by other donors is earmarked as well and the organisation has developed a flexible approach to addressing specific priorities of donors. This is reflected in the 2nd TMEA strategy where some outcome indicators are made green or gender-specific such as resilient port infrastructure including tree planting and maintenance of 7,000 trees in the port built-up area, removal and disposal of asbestos roof covering, reroofing with profiled aluminium sheets, rainwater harvesting, and installation of solar panels, and trade capacity of male and female owned enterprises. Canada was very much involved in the set-up of a Unit for Sustainable and Inclusive trade and was very active to include gender equality results.

The 2019 MTR of the 2016-2020 country programme reports on ongoing challenges: "Earmarking of the Danish funding to specific outputs and activities contrasts with the DED's description; it increases TMEA's reporting burden; and it reduces the scope of the dialogue the embassy can legitimately have with TMEA on its entire Kenya programme. Already effective, the opportunity is to further strengthen the embassy's strategic dialogue with TMEA's on its full

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23 TMEA Strategy 1, 2012-2017, and TMEA Strategy 2, 2018-2023.

24 Over time, changes were made to the various elements of the Theory of Change and results indicators as reflected in the Kenya Country Programme 2016-2020 Completion report.

25 DKK 35 million to Objective 1.0: To increase access to physical markets, DKK 30 million to Objective 2.0: To enhance trade environment, and DKK 35 million to Objective 3.0: To improve business competitiveness. Kenya Country Programme, 2016-2020, Thematic Programme for Green Growth and Employment Programme, Development Engagement Document: TradeMark East Africa (TMEA) Supporting East African Integration, p.14.

26 The other objective is improved community resilience and sustainable utilization of natural resources for better businesses and improved livelihoods. Final Green Growth and Employment Thematic Programme Document, 22 December 2014, p.14.

27 Kenya Country Programme 2015-2020, Appraisal Report, July 2015, p.14.

Kenya-programme, combined with better integration of environmental issues (and possibly human rights). TMEA appears to monitor extensively but needs to include indicators that reflect mainstreaming of environmental priorities[28].

Denmark also showed flexibility through the provision of additional support of DKK 20 million for Safe Trade Covid-19 Facility Project, co-funded with the EU. This project aimed at making the ports, borders and critical supply chains safe for trade. The components focused on ICT for Trade and vaccine logistics, ensuring food security and access to critically required medicines, and supporting measures that reduce jobs losses and supports exports. This additional support was very relevant.

This debate continued for the next phase of support, the period 2021-2025, where Denmark aims to further focus its support on "Green Regional Trade. Powering the Kenyan economy through green and sustainable export growth"[29]. The Danish support would still be earmarked for TMEA's Kenya Country Programme Strategy 2020-2025, while it would have a special focus on greening of trade and mainstreaming of gender. It has been agreed that "the TMEA strategy will have designated interventions for the greening of trade and mainstreaming of gender. To reinforce the emphasis on greening during implementation, Denmark will in the dialogue and results-monitoring with TMEA have special focus on the integration of climate and environmental issues"[30]. The most recent support focuses on improving the Lake Victoria port up to international green standard and reducing CO_2 emissions.

4.3 Effectiveness and impact

In this section outputs, outcomes and impact are presented in line with the overall Theory of Change for this Evaluation. It should be noticed that the TMEA ToC is a rare example where outcomes are presented as benefits for the private sector, which corresponds with the results chain in Figure 1.1.

Outputs

Table 4.2 below presents the levels of achievement of outputs of TMEA support in line with the overall ToC and the TMEA results framework:

Table 4.2 Realisation of outputs of TMEA support 2010-2021

Support period	Expected outputs	Actual outputs	Comments
2011-2015	1. Strengthened leadership, negotiation and implementation of EAC regional integration in Africa 2. Improved trade policy framework and trade facilitation processes for Kenya 3. Enhanced capacity of Kenyan private sector and civil society in regional integration processes 4. Improved monitoring evaluation and impact	Outputs met expectation. TMEA worked with a large number of stakeholders – government and non-government – to initiate and implement trade reforms such as the set-up of KenTrade in 2011 and the single-window Creation of one stop border posts that reduce the transportation time (Busia and Taveta), Non-trade barriers removed	According to the Annual review 2015, the Project Completion review report and the external verification of the project review, the outputs were indeed met. Country programmes and the regional component were

[28] MFA, Kenya Country Programme Mid-Term Review Report, January 2019, p.20.
[29] Kenya Bilateral Programme 2021-2025, Final Desk Appraisal Report, October 2020, p.8.
[30] Development Engagement Document: Development through Sustainable Trade, p.2.

Support period	Expected outputs	Actual outputs	Comments
	assessment of regional integration and trade facilitation		scored, but no details were provided on concrete outputs
2016-2020	The TMEA Strategy 2 started in 2018 with a new ToC and targeted support to the TMEA Kenya Strategy by Denmark. Therefore, outputs of the two TMEA strategies overlap	Upgrading and greening of Mombasa port One-stop border posts at Malaba, Busia and Taveta Support to ICT trade systems and procedures within the public sector Upgrade Kenya Bureau of Standards to support exports including technical regulations, policy and Standards Bill drafted, upgraded accuracy in testing for laboratories in order to access EU markets 700 small-scale horticulture farmers received East Africa Good Agricultural Practices (EAGAP) certification, to enhance their compliance to Good Agricultural Practices (GAP) Standards Safe Trade Emergency Facility (Covid-19)	The nature of the support is budget-support to selected TMEA Kenya projects. There is evidence that the success of Mombasa port went at the expense of the port of Dar es Salaam Interesting enough TMEA reports more on outcome level than on output level

Sources: Programme documents incl. annual reviews, project completion reports, independent verification of project completion reports, evaluation reports, Kenya Country Programme 2016 – 2020 Completion report.

TMEA Kenya works with a large range of governmental and non-governmental actors to achieve its objectives including Ministries and specialised agencies such as the Kenya Trade Network Agency (KenTrade) and the Kenya Bureau of Standards. Kentrade is a State Corporation under the National Treasury established in in January 2011 to establish, implement and manage the National Electronic Single Window System (KenyaTradeNet System) and to facilitate trade and is one of the main TMEA partners. TMEA did address simultaneously the supply-side (government institutions) and demand-side (private sector and civil society) of trade facilitation, which was a very adequate approach. During the Covid-19 pandemic, the Danish support to the safe trade emergency facility (see Table 5.1) with additional support from the EU, helped TMEA to keep the borders open by very adequate and targeted support.

In addition, according to the 2019 evaluation commissioned by DFID: "TMEA's responsive and demand-driven model succeeded in creating a sense of ownership by ensuring buy-in from partners at the design stage of interventions. It steered a middle course between the extremes of imposing its own goals and providing hands-off budget support"[31].

[31] Andrew Wright and Keri Culver (December 2019), Independent Evaluation of Trademark East Africa, p.7

Outcomes

Table 4.3 below presents the expected and realised outcomes of TMEA support. TMEA stands out as it is one of the exceptional organisations that is actually setting clear outcome targets in terms of benefits for the private sector and is also measuring these in practice.

Table 4.3 Realisation of outcomes of TMEA support 2010-2021

Support period	Expected outcomes	Actual outcomes	Comments
2011-2015 2016-2020	TMEA Strategy 1 (2012-2017) Increase in physical access to markets in an environmentally sustainable manner: 1. Transit time from Mombasa to Northern corridor border reduced with 60% 2. Time taken to import goods through Mombasa Port reduced by 80% 3. 80% of the Green port policy implemented	Ad 1. Baseline 2010- result 2018: 61-72% reduction Ad 2. Baseline 2015- result 2017: from 11.2 to 5.5 days (51% reduction) Ad 3: Baseline 2010- result 2018: implementation ongoing	There is convincing evidence that most outcome targets for the first main objective were achieved, thus reducing substantially the costs for businesses and increasing the access to markets
	TMEA Strategy 2 (2018-2023) Increased compliance with trade protocols/regulations: 1. Implementation of the Bali FTA 2. EPA agreement concluded	Ad 1. Baseline 2015- result 2017: The FTA was 5% prepared to FTA 90% implemented Ad 2. Kenya concluded and signed the EPA in 2016	According to the KCP Completion report: The support to Strategy 2 was still ongoing and the outcomes were not intended to be complete by the end of the Danida KCP-1 by December 2020 but at the end of Strategy 2 by 2023. Therefore, outcome targets were not yet established at the time
	TMEA Strategy 2 (2018-2023): Improved business competitiveness: 1. Time spent crossing borders for small traders 2. Access to new markets for certified Farmer Groups	Ad 1: Baseline 2015- result 2017: from 90 minutes to 30 minutes Ad 2: Baseline 2015- result 2017: from 50 to 200 groups	

Source: Monitoring reports and evaluation of TMEA.

The 2019 TMEA evaluation found evidence that TMEA's work increased ease of trading across borders by significantly reducing the cost of and time spent in trade transport and processes, and reducing the associated uncertainty for businesses – an important change as it enables businesses to save on costs such as insurance and maintaining large inventories. In addition, TMEA helped to eliminate some non-tariff barriers to trade, such as weighbridges and checkpoints. Similarly, TMEA's work to harmonise standards reduced time spent on inspections and costs of testing for traders. However, evidence on TMEA's contribution to these improvements was imprecisely reported and not independently verifiable according to the evaluation. Pilot projects such as training of farmer groups to comply with standards led to some good outcomes, but were not systematic[32].

The effects for private sector to keep the borders open during the Covid-19 pandemic have not been calculated, but these effects have been considerable according to several interviewees,

[32] Andrew Wright and Keri Culver (December 2019), Independent Evaluation of Trademark East Africa, p.9.

because closing of the borders would have affected many producers and traders and would have deepened the negative economic effects of the pandemic (see Section 2.1). Nevertheless, occasionally at the borders still problems occur when border posts are insufficiently staffed especially at the Uganda side.

4.4 Sustainability

There are various aspects of sustainability: the sustainability of results achieved and sustainability of the organisation. The sustainability of the results is dependent on ongoing willingness of the GoK to facilitate trade, remove trade barriers and continue to innovate. This is line with Vision 2020 and the ambitions for the country. It is therefore likely that results will be sustained although there may be setbacks as has been the case in the past. This is in line with the sustainability assessment of the 2019 evaluation indicating that some types of programming are more sustainable than others such as hard infrastructure, agency systems, standards harmonisation, and policy changes that are enshrined in legislation and with allocated budgets. On the other hand, soft infrastructure and capacity building are more susceptible to changes in policy priorities[33].

So far, TMEA has functioned as a main initiator of trade reforms in Kenya and elsewhere in East Africa and has united trade actors. In principle, TMEA should make itself redundant over time and the organisations in charge of trade should be able to continue, but that time apparently has not yet come.

The sustainability of TMEA is not guaranteed as it is a donor vehicle. TMEA has been very successful in attracting new donor funding over time both at country level as well as at the overall level of the organisation. Nevertheless, the cuts in the FCDO budget as main funder and initiator of TMEA have led to layoffs. TMEA is now broadening is focus beyond East Africa and is active also in the Horn of Africa and Southern Africa, which is a diversification strategy. A commercial entity called Trade Connect Africa (TCA) is currently being proposed and significant research and work has been done for this commercial entity taking into consideration the reduction of dependency on donor funding. This shows that there are clear risks to the sustainability of TMEA as an organisation.

4.5 Explanatory factors

The main external explanatory factors for the rather positive assessment of the relevance, effectiveness and sustainability of TMEA are listed below, while there are also some in-built dilemma's regarding the donor-driven nature of TMEA.

- TMEA was set up at the right moment of time when there was, especially in Kenya, a keen interest from the GoK and private sector to ease trade in the region and to improve the functioning of Kenya as a regional economic hub.
- TMEA did address adequately the supply-side (government institutions) and demand-side (private sector and civil society) of trade facilitation, which was a very adequate approach.
- TMEA was a donor vehicle supported by a variety of donors from the start, while it was also well embedded locally. TMEA paid due attention to establishing good relations with government actors and non-government actors to overcome resistance. The fact that the TMEA support came with additional investments in port facilities etc. led to a good and

[33] Ibid, p. 15.

interesting balance between hardware and software that contributed to changes. However, as TMEA is quite donor-driven as well, this keeps the door open for pushing specific donor agendas that might not be fully aligned with TMEA's strategic priorities.

- After the 2007 enlargement of the EAC with Rwanda and Burundi as new members and the joining of South Sudan in 2016 and DRC in 2022, there was new momentum for going towards a common market for which trade facilitation was essential.
- Donors, despite different priorities, were very willing to work together in this challenging sub-sector at a time that donor coordination in most sectors, including private sector development, became problematic. In this specific sub-sector or FC-theme, donors could still pursue common interests and engage in policy dialogue via TMEA (see Chapter 6).
- Good TMEA leadership and appropriate governance and dialogue structures have been put in place.
- Despite the good performance, the dilemma is that TMEA is a donor vehicle that remains dependent on donor funding, which affects sustainability in the long run. Options for enhancing the institutional and financial sustainability are currently being explored and should be closely monitored by Denmark.

The main internal factors that contributed to Denmark's performance regarding TMEA:

- Flexible approach, including additional support during the Covid-19 pandemic, and willingness to continue funding of TMEA's Kenya strategic plan while addressing at the same time the new green and inclusive growth priorities (in combination with the TMEA flexibility to give due attention to Danish priorities).
- Engagement of Denmark. According to interviews, Denmark is a very engaged and well-informed donor. However, there is no evidence that Denmark contributed substantially to the long-term vision of TMEA. Denmark was one of the loyal donors, but DFID/FCDO as initiator and largest has until recently set the agenda to a large extent when consulting with others.

5 Green Business Environment Reform

In this chapter the relevance, effectiveness, sustainability of Danish support to business advocacy in Kenya is assessed in line with the evaluation matrix (see Annex 2) followed by some explanatory factors. In Chapter 6, coherence and efficiency and impact are assessed for all three FC-themes.

Main findings regarding Danish contribution to Green Business Environment Reform:

- Denmark has paid relatively limited attention to traditional BER i.e. support to the GoK to contribute to an improved business environment. Already at an early stage main and relevant attention has been paid to the green enabling business environment for which adequate implementation partners were selected. Nevertheless, the support remained relatively scattered.
- At present, there is hardly any attention in the bilateral support for framework conditions anymore, which may be questioned. However, through SSC initiatives there is due attention for framework conditions around specific topics: Food standards and Circular economy, which is considered very relevant.
- There is good evidence on many GBER outputs and intermediary outcomes such as new laws, regulations, systems and tools. Also, capacity building at central and county level received due attention. Most of the green growth framework conditions support was rather broad and not specifically focused on the private sector, but private sector may potentially reap the benefits from this support.
- Both at central and county level, it cannot be assessed to what extent green growth has been actually mainstreamed due to the Danish support.
- There is also evidence on outcomes that are specifically relevant for the private sector, such as green growth reforms for private sector engagement (e.g. new legislation, green procurement for public entities), improved voluntary environmental compliance by the private sector, the development of Environmental Crime Incidents Index, and energy audits.
- The prospects for sustainability of the results are variable. Sustainability of results may be guaranteed where the private sector reaps the benefits and owns the results. In general, much remains to be done in terms of further adoption and dissemination of green growth reforms of the enabling environment.

5.1 Main features of BER and green growth support

Denmark provided support to government driven BER and green growth framework conditions through various programmes as already indicated in Chapter 2 (see Table 2.2). In this Evaluation, BER and support to green growth framework conditions have been combined. This is in line with the change in Denmark's bilateral cooperation with Kenya when in 2016, the former business support and natural resource management programmes were merged in GGEP. The interventions for this theme that are part of the core sample are presented in Table 5.1.

Table 5.1 Overview of bilateral BER/Green growth support 2010-2021

Period	Component/Development engagement	Programme/objective	Volume (commitments in DKK million)
2006-2010	Support to national PSD Strategy	BSPS1	12
	Support to National Social and Economic Council (NESC)		6
	Support to Ministry of Environment and Natural Resources (MENR)	Environmental programme	26
	Support to National Environment Management Authority (NEMA)		44
2011-2015	Support to MENR	Natural resource management	28
	Support to NEMA		26
2016-2020	Support to MENR	GGEP	14
	Support to NEMA		36
	Support to Kenya Association of Manufacturers (KAM)		21

Source: Programme documentation.

The table shows that only in the period 2006-2010 direct support to BER – i.e. support to government to contribute to a more enabling business environment for private sector without specific green growth focus – was provided through two small interventions. The green growth support to framework conditions consisted of support to MENR and NEMA both during three consecutive five-year periods of support, and support to KAM. All the core sample interventions were relatively small and have come to an end as the bilateral support to the organisations listed in the table was not continued as part of the new 2021-2025 country strategic framework. The green growth interventions that have been analysed (in particular the support to MENR/MEF and NEMA) did not focus exclusively on the private sector, but on broader issues of the green enabling environment. This Evaluation, however, does not take all elements of green growth into consideration, but only those elements that focus on a greener enabling environment for the private sector.

Denmark has provided substantial additional direct green growth support to the private sector in Kenya, but this has only been taken into consideration as part of the broad sample where direct linkages to the framework conditions support could be found (see Annex 3 for the core and broad sample). In line with the evaluation approach, the overall effects on greening enterprises could not be assessed.

5.2 Relevance

Response to specific government and private sector challenges and needs

Contrary to the PSD support programmes in other African countries, the traditional BER support to Kenya was relatively small and only for a short period of time as indicated in Table 5.1 above. The BER support of the 2005-2010 country programme started in an era of optimism and new leadership (See Section 2.1). The BSPS programme 2005-2010, was also a joint programme of Danida and the GoK MoIT, in line with prevailing government-to-government cooperation at the time.

The NESC was set up in 2004 as Kenya's top advisory body set up under the Office of the President to advise on policies required to accelerate social and economic development of the country. NESC's recommendations to the GoK were geared towards reforming existing policies or design new ones. Its members were drawn from Government, Private Sector, Civil Society and Academia. New intellectuals joined the Kibaki government and wanted to learn from other countries. They were orientated on Singapore, Taiwan and Malaysia, but also later a NESC visit was paid to Denmark as part of the support provided. Denmark was one of the donors, in addition to Sweden, UNDP and the World Bank. Denmark provided support to the secretariat. While the intention was to work on economic reforms, including the formulation of a National PSD strategy – the other BER support provided by Denmark – the focus shifted primarily to the new Constitution that became the single top priority leaving little time and attention to economic reforms according to interviews. The Constitution was adopted in 2010. The NESC continued to function until 2013 when the newly elected President Uhuru Kenyatta abolished it.

The 2005 BSPS 1 programme document showed awareness of the importance of focusing on the implementation of reforms rather than on formulation of reforms: "The development and implementation of a PSD strategy for the country are essential to the success of the programme. Supported by donors, including a Danish-funded expert, the strategy is presently being developed by the Ministry of Trade and Industry and a second draft was ready by the end of August 2005. It is, however, noted that previous Kenyan experience underlines that implementing such a strategy may be the real challenge. Therefore, it has been found that part of this component should address the Private Sector Development Strategy and its implementation".[34] There is very limited documentation on the support provided, but apparently the PSD strategy was never really implemented and activities on this specific strategy stopped more or less when donor funding stopped. It is possible that some of the activities were resumed in a later stage for other new strategies and plans, but no evidence could be found regarding possible linkages to previous Danish support. This may have been the reason that Denmark did not prioritise this type of BER anymore in its 2011-2015 programme when the business environment component became exclusively focused on trade facilitation and business advocacy.

Though the environmental and later natural resource management programmes (respectively 2005-2010 and 2011-2015), followed by the GGEP 2016-2020 the main focus was on environmental support to framework conditions for green growth focusing on the Ministry (MENR/MEF) and NEMA. The Environmental Programme Support 2005-2010 was a joint effort from the governments of Kenya, Denmark and Sweden.[35] The objective was sustainable environmental management at the central and local levels with three components: 1) Policy Development Component – MENR, 2) Strategic Management Component – NEMA, and 3) a community development component (outside the scope). The policy component would focus on the ability of MENR to involve other stakeholders including relevant ministries and institutions in a constructive policy development process in close cooperation with NEMA, particularly focusing on an overall environmental policy with NEMA focusing on institutional capacity to support cross-cutting and decentralised environmental management.

During the three periods of consecutive support to MENR and NEMA the objectives and justification remained the same, although the activities of focus were outlined in more detail over time.

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[34] Danida and MoIT, Business Sector Programme Support Programme Document, December 2005, p. viii.
[35] MENR, Danida, Sida, Environmental Programme Support2006-2011 Kenya, Final Programme Document, May 2006.

The 15 years of support to MENR/MEF and NEMA fit very well the Danish policy priorities to pay more attention to environmental, natural resources and climate change issues from a policy development and strategic management perspectives. The Ministry and NEMA were key partners, also in view of the devolution process. From the perspective of and enabling green environment for business, the linkages were during the first period of support not very clear. However, over time especially NEMA also developed a focus on working with the private sector (see Table 5.1)

In addition, a DE was started with KAM as part of the GGEP specifically focused on green growth. KAM already received support under BSPS 2 (2010-2015) for its Centre for Energy Efficiency and Conservation (CEEC) under the Fast Start Climate Change Programme for Kenya. During this period energy audits were started. This was continued as part of the GGEP. The choice for working with KAM – in addition to substantial BAF support and the collaboration with Dansk Industri – meant a choice for working with well established businesses and a well-funded organisation. In terms of CO2 reductions and energy savings, important results could be achieved. However, no clear justification for the choice of KAM or possible alternatives has been found in the documents.

The choice for supporting MENR/MEF, NEMA and KAM regarding an enabling green (business) environment shows that attention was paid to benefits and opportunities for businesses – this aspect got even more attention trough the direct support to private sector – together with compliance issues (standards and procedures, certification, energy and environmental audits). This is considered an appropriate choice.

These choices for greening bilateral support went well together with SSC initiatives in the area of food standards and circular economy that started around 2016. These initiatives in specific areas aimed to bridge legislative and regulatory reforms with capacity building for implementation at the national level and also at the county level to the extent possible. P4G, a global partnership programme initiated by Denmark to accelerate pioneering market-based partnerships to build sustainable and resilient economies, has established a P4G Kenya platform, in which MEF is involved. So far, the focus has been mainly on specific issues such as e-mobility and not on the overall green enabling environment. The same applies to DMDP which has been focused on collaboration with specific companies and NGOs, working for example on the organic production of coffee and bananas. While the issue of certification of organic products is linked to framework conditions, the links are very indirect. Only SSC has a direct focus on framework conditions, and this is to a lesser extent the case for P4G and not at all for DMDP.

In the new Denmark-Kenya strategic framework 2021-2025, the choice has been made to focus on implementation and not to work explicitly on framework conditions for green growth anymore, which means that except the support to TMEA, all previous FC support has come to an end, and no new FC support is provided. This means that only TMEA and the SSC initiatives are now working on framework conditions. SSC is working with some of the bilateral partners, such as NEMA which plays a key role in environmental management also at the national and county levels.

Policy dialogue

In the early period, the climate for policy dialogue was good and in most sectors donor coordination groups were active. However, over time the GoK has become less interested in policy dialogue and aims to keep the development partners at some distance. This also applies to BER and green growth. There is a PSD donor coordination group that has become gradually less active that some years ago aimed to discuss sensitive issues such as land for private sector use in Special Economic Zones. There is no evidence that Denmark put broader issues on the agenda for joint policy dialogue. Interviews with various development partners indicated that nowadays (EU) Trade Counsellors bring some policy issues to the table that affect the business environment in Kenya. This is done from a foreign business perspective, which may affect also Kenyan enterprises (either positively or negatively).

5.3 Effectiveness and impact

In this section outputs, outcomes and impact are presented in line with the ToC for this Evaluation in Kenya (see Figure 1.1).

Outputs

Table 5.2 below presents the actual and realised outputs and intermediary outcomes from the GBER support to the enabling environment in Kenya. This long and detailed output table shows some clear trends:

- Already in the first support period 2005-2010, there was in addition to attention for mainstreaming at the national level, attention for environmental management at the district level. This was before the adoption of the new Constitution and proved to be problematic.
- Since that time progress has been made at the county level but the implementation of framework conditions for green growth at the county level has remained challenging;
- Good progress has been made by NEMA and KAM in specific areas such as the development of systems and tools, including environmental and energy audits, of which private sector may benefit;
- There is no good information regarding the role of the MENR/MEF in GoK and to what extent climate change/environmental policies have actually been mainstreamed;
- There is also evidence on outputs that are specifically relevant for the private sector, such as green growth reforms for private sector engagement (e.g. new bills, green procurement for public entities), improved voluntary environmental compliance by the private sector, the development of Environmental Crime Incidents Index, and energy audits.

The focus of the support to KAM was on energy audits for which energy audit capacity was developed, energy audits implemented but only half of the companies involved followed up the recommendations even though this would lead to clear benefits.

Table 5.2 Realisation of outputs of GBER support 2005-2021

Support period	Support title	Expected outputs	Actual outputs	Comments
2005-2010	PSD strategy and NESC	Implementation structures for the PSD Strategy supported to fulfil their tasks	No information	Very limited information on the actual outputs of this support
		NESC supported to ensure that public-private sector dialogue takes place on basis of solid analysis and information	Support to NESC secretariat	

Support period	Support title	Expected outputs	Actual outputs	Comments
2005-2010	MENR	New environmental policy/strategy document prepared with broad stakeholder participation; Cross-cutting environmental issues incorporated in selected sector plans and strategies; and MENR capacity to monitor and mainstream Poverty and Environment issues strengthened	Draft national environmental policy developed in a participatory process and gazetted in 2008, but draft not finalised or endorsed by Parliament. National Climate Change Response Strategy developed and launched in 2009 Some mainstreaming activities but no clear evidence	There is some information on basic outputs partially achieved, but limited insights into the extent of mainstreaming Review Aide Memoire 2010: Despite lack of good information, our overall positive assessment is based on the staffing, structuring and capacity of a functional Directorate of Environment starting from a very low base in a relatively short time"
2005-2010	NEMA	Strategic Environmental Assessment (SEA) institutionalised in selected key lead agencies Decentralised environmental management capacitated in at least 20 districts Integrated Coastal Zone Management planning and management modalities developed and piloted A capacitated NEMA, with appropriate management and financial systems, able to effectively and efficiently fulfil its mandate and role for improved compliance and enforcement	SEA guidelines developed, but no capacity building or awareness raising Very limited progress on decentralising environmental management ICZM guidelines developed in a consultative process Due attention to capacity-building, training if staff, use of new systems, accredited environmental Inspectors, high profile enforcement actions	Review Aide Memoire 2010: "the legal and institutional setting for this component 2 is particularly difficult, requiring extensive consultation and introducing a novel tool (SEA) that had not previously been defined in law" Implementation of this first period of support was prior to the adoption of the constitution. More progress was made in capacity-building and compliance
2011-2015	MENR and NEMA	Passing of three policy frameworks for environmental and climate management Passing of environmental plans for 28 districts in arid and semi-arid lands Implementation of 2-4 strategic environmental	Over 10 policy initiatives were facilitated leading to enactment of a.o. the Environment Management and Coordination Act (2015), the Climate Change Act (2016), The Green Economy Strategy and Implementation Plan (2016), etc.	The completion report is focused on legislative work, and concludes that MENR should deepen its focus on mainstreaming green and circular economy into the various sectors and further grow its profile among sister ministries to ensure that

Support period	Support title	Expected outputs	Actual outputs	Comments
		assessment guidelines in selected sectors Completion of 2-3 economic studies on climate change	Studies done, but limited concrete evidence	environmental issues are prioritised in the developmental and budgetary agenda of the government
2016-2020	MEF	Global Environmental Performance Index (EPI) improved from 37 to 50 Dedicated Green economy unit Green procurement of goods and services undertaken by public entities. Improved use of climate data in economic planning and disaster risk mitigation	Global EPI in 2014: 37 and in 2020: 35 but methodology changed, so not comparable. Kenya EPI improved by 5.6% and 43 of 47 had improved country EPI The office established for the DE will be continued by the MEF as a Green Economy Implementation Unit (GEIU). MEF commitment to green growth and green economy strengthened. Green public procurement framework established and discussed, further steps for implementation needed. Participatory Scenario Planning (PSP) methodology adopted in late 2018 and 75,000 farmers benefitted from down-scaled climate information	According to the KCP completion report: Overall achievement has been mixed. While the DE has achieved something useful in each of the four outputs, only the output 1 target was fully achieved. This was due in large part to the challenges relating to the ability to receive and spend the disbursed funds, lack of staff in MEF, and Covid
2016-2020	NEMA	Same Global EPI target as MEF Enhanced capacity of counties to undertake devolved environmental functions Tools and capacity to reduce environmental crime Enhancing private sector adoption of green technologies and practices	See above Systems, tools (strategic environmental assessment) and guidelines plus Kenya County EPI developed linked to national planning processes County Environment Committees (CEnCs) as mandated under EMCA, NEMA county offices within a regional structure, and a network of nine "Green Points" as the focus for community outreach and support Rapid Environmental Response Framework (RERF) and Environmental Crime Incidents Index (ECII) developed and operating 39 (target 40) companies engaged in NEMA's	KCP completion report: "The outstanding achievement of the DE is the development of the comprehensive system and tools, for mainstreaming environment into integrated County planning. NEMA has struggled however to get buy in from Counties and the deep dive approach was too late and not intensive enough to break down the evident barriers. NEMA has made good progress and is on the right track, but much remains to be done"

Support period	Support title	Expected outputs	Actual outputs	Comments
			voluntary compliance scheme	
2015-2020	KAM	Energy and resource audits from 0 in 2016 to 75% Policy regulations and legislation support Improved capacity of energy professionals and financial institution staff Ethical and sustainable business practices.	Target moderately achieved: Around 50% of audited companies implemented about half of the measures recommended by the audits on average. This generated significant to substantial benefits compared to the investment KAM fully achieved its target and supported seven new policies regulations or legislation (compared to the target of five). Training provided to 86 decision-makers KAM trained a total of 107 (79% of the target of 135) energy professionals 494 companies signed up to the UN Code of Ethics or Women's Empower-ment, 99 companies signed up to Global Compact's ten principles	KCP Completion report: "Although the DE has performed moderately well, there is much scope and need to improve KAM's strategy, focus, coherence and programme management"

Sources: Programme and component documents, including completion reports, aide memoire programme completion, Kenya Country Programme Completion Report 2016-2020.

Linkages to the broad sample such as the SSC programmes are dealt with in the outcomes section or in Section 6.2 on internal coherence of Denmark's support to framework conditions.

Outcomes

Table 5.3 below presents the realised outcomes of the BER/green growth support as reported in completion reports and in line with the ToC (Figure 1.1).

Table 5.3 Realisation of outcomes of GBER support 2005-2021

Support period	Support title	Expected Outcomes	Achieved Outcomes	Comments
2005-2010	NESC and PSD strategy	A more enabling business environment	No concrete evidence as some changes were made, public-private sector dialogue started, but no evidence on reduced costs or reduced risks	Danish support was very limited There was more substantial BER support at the time, but no concrete evidence (see Section 2.1). At best the foundations were laid for real reforms
2005-2015	MENR	Mainstreaming environmental policies	No concrete evidence	Policies were prepared and attempts at mainstreaming, but no evidence of effects for private sector
2005-2015	NEMA	Improved strategic environmental management	Some limited evidence on improved compliance by private sector	
2016-2020	MEF	Enhanced enabling environment for green growth and sustainable NRM	No clear indicators at outcome level, but it is expected that the green economy unit and strengthening at county level will have contributed to an enhanced enabling environment, but no clear effects on actors such as private sector	
	NEMA	A greener development pathway for Kenya	Some progress made, but implementation challenges at county and national level, and no clear effects on actors such as private sector	
	KAM	Increased private sector engagement in inclusive green growth facilitated by improved business environment and the adoption of sustainable business practices with indicator focusing on adoption of energy audit recommendations	Around half of the companies supported with energy or resource audits implementing around half of the audit recommendations for renewable energy, energy efficiency or resource efficiency. These generated considerable savings in energy, cost and greenhouse gasses and had a simple payback of around two years, and there are good prospects for sustainability	The outcome target was only focused on one activity, the energy audits, and shows the potential of realising potential high outcomes by private sector

Sources: Programme and component documents, including completion reports, aide memoire programme completion, Kenya Country Programme Completion Report 2016-2020.

Table 5.3 points at limited evidence in terms of outcomes for the private sector. As most of the support was focused on green growth at large and not specifically focused on the private sector, this is not surprising. The evidence does point at potential benefits for the private sector, but most of the benefits still need to be realised and adoption rates of energy audits and related recommendations are moderately satisfactory.

Strategic Sector Cooperation on Food Safety in Kenya

In 2015, a preparatory study on a possible food safety project in Kenya was done to investigate the specific sanitary and phyto-sanitary challenges that Kenyan authorities were facing. The Danish Veterinary and Food Administration (DVFA) is the knowledge partner from Danish side. At the Embassy a sector counsellor has been working on this project since the start. EU food safety standards would be introduced, which would be beneficial for Kenya but also ease market access for Danish companies. Various phases of implementation have followed and the project is still ongoing.

Initially the idea was to set up a Kenyan National Food Safety Authority. Given the very complex Kenyan institutional environment with at national level 15 institutions involved including Ministries such as Agriculture and Health and agencies such as the Kenyan Bureau for Standards (KBS) and the Kenya Plant Health Inspectorate Service (KEPHIS) with overlapping mandates, common ground had to be developed. In addition, many food safety functions have been decentralised to the counties. Various inefficient enforcement and control systems were in place with some random testing of food. Also, the private sector plays an important role and umbrella organisations such as KAM and KEPSA are involved. The overall aim of the programme is to ensure that consumers get access to safe food and to facilitate international trade, both for Kenyan formal and informal private sector and international/ Danish private sector. This required a systems approach working on all aspects of the system.

The trajectory at national and county-level is quite labour-intensive with strong inputs from DVFA, a full-time sector advisor at the Embassy and MESPT staff involved, even though formally the budget is limited as there is no direct funding of Kenyan partners. Nevertheless, also at the Kenyan side many partners are involved with some of them receiving direct funding through bilateral cooperation until 2020-21 such as KAM, while KBS received also TMEA support. A collaboration was started with the EU funded AgriFi project implemented by MESPT (Micro-Enterprise Support Programme Trust) in 13 counties, an important implementing partner for Denmark. In practice, effective synergies have been established but this took quite some time.

Regarding outputs, the following achievements can be mentioned: A national committee was established bringing together all actors to agree on a common way forward and overcoming resistance. In 2021, a new Food Safety policy and a Food and Feed Safety Coordination Bill was being prepared, which was validated in various stakeholder meetings and is in the process of approval in 2022. At county level, County Food Safety Committees have been established, Inspectors trained, private sector Food Business Operators involved as well as market managers (hygiene pilots with handwashing facilities, improved cleaning). In fact, the system had to be transformed from a system based on (ineffective) control and enforcement to a system based on self-regulation and compliance, involving the private sector. For all actors entrenched behaviour had to be to overcome. Clear progress is made in some counties but less in other counties as implementation of reforms takes time. Nevertheless, the potential to contribute substantially at national and county level to a green enabling environment in the very important area of food safety is clear including a clear role and benefits for the private sector, formal as well as informal, national and international.

Two SSC programmes – on food safety and the circular economy – that are part of the broad sample, provide promising new examples of a positive contribution Danish contributions to a green enabling environment involving private sector. In principle, the SSC programmes would only be assessed from a relevance and coherence perspective but given the focus of these interventions on green framework conditions, the Evaluation has also looked into the outputs and potential outcomes (see Text box on Food Safety below, and text box on internal coherence in Section 6.2).

5.4 Sustainability

The assessment of the sustainability of the results provides a mixed picture. The sustainability of results also depends on the continued and improved functioning of MEF, NEMA and KAM. It is likely that they will continue their efforts.

However, the MEF continues to face challenges regarding mainstreaming of climate change in GoK policies and is not considered a very strong Ministry. Nevertheless, the key policy-related changes influenced are "in the system" and are very likely to be taken forwards for implementation or further development, according to the KCP 2016-2020 completion report. Nevertheless, the main challenge remains the implementation of policies, which is not guaranteed. It is likely that additional investments and intensive follow-up are required for further implementation and sustaining the results. For results that can be contributed to the support to NEMA, the prospects for sustainability are mostly good because owners of the various systems, tools, processes, structures, etc were supported. Nevertheless, the work at county level still needs considerable attention as decentralised environmental management is still new and not all resources and capacity are available. Also at county level, the interest and willingness from county governments for climate change issues may vary considerably. Many innovations such as the Green Points, and voluntary compliance schemes have not yet taken root and sustainability appears to be at risk. It is also the question whether the public private sector dialogue at county level is sufficiently geared towards discussion on the green enabling environment. Finally for KAM, there are moderately good prospects for most of the organisational and system improvements and benefits generated for the business related to the energy audits to be sustained, because these have been fully owned and used by the appropriate owners from the start as was indicated in interviews. The capacity of most trained audit professionals will continue to be used and should grow as understanding and demand grow. KAM is very likely to continue its policy support work and will continue its Centre for Energy Efficiency and Conservation and audit tool leasing service if funding can be secured.

While the prospects for sustaining the results of specific support to MENR/MEF, NEMA and KAM are variable, limited attention has been paid to the combined effects and sustainability of this support.

5.5 Explanatory factors

The following factors explain the variable performance of the support to BER/Green growth i.e. very relevant support and many outputs, with limited evidence at outcome level and mixed assessment of sustainability of results:

- While the enabling for business environment for BER is quite good in Kenya (see Chapters 3 and 4) this is not necessarily the case for the green growth environment;
- While Denmark provided relevant support to framework conditions for green growth during 15 years, this support could have benefitted from better analyses hindering further

progress (including political economy analysis of mainstreaming of green growth/climate change policies (see Chapter 6);

- The fact that for the first two periods of support analysed i.e. 2005-2010 and 2011-2015, green growth support and private sector support were part of different sector programmes i.e. Business support vs Environmental/Natural resource management support explains the relatively limited focus on private sector;
- The variety of aid modalities used (see Chapter 6) also explains partly the differences in performance.

6 Overarching Findings across Framework Conditions Themes

In this chapter, remaining evaluation questions and sub-questions regarding coherence (internal and external coherence) and efficiency (efficiency challenges in relation to aid modalities, organisational efficiency and quality of M&E) will be answered with findings that cut across the three main FC themes, while also two main underlying assumptions of the ToC regarding cross-cutting issues and the use of political economy analysis will be dealt with. The chapter ends with a section on impact.

Main overarching findings regarding cross-cutting issues, coherence and efficiency:

- Enhancing internal coherence within and between sector and thematic programmes as well as with global programmes has been a recurrent issue of attention. Recently, some good practices of complementarities have been found especially involving SSC. However, there also quite some missed opportunities where there was no coordination among organisations receiving Danish PSD support.
- Since 2008, donor coordination in Kenya regarding PSD has been challenging due to various factors, but in some sub-sectors such as trade facilitation (informal platform related to TMEA) and Circular Economy there is good coordination.
- Emerging opportunities around Team Europe Initiatives related to the Green Deal are promising in view of Denmark's green growth agenda.
- There are specific efficiency challenges related to the various types of aid modalities. There has been a good mix of aid modalities during the evaluation period.
- The Embassy has quite some staff compared to other embassies to manage a vast and complex bilateral programme and to realise linkages with global programmes. Therefore, a start had been made with Doing Development differently but is too early for an assessment.
- At development engagement level results frameworks and some Theories of Change have been developed with adequate output indicators. A main challenge has been to define appropriate and measurable outcomes. A positive exception is the support to TMEA where adequate outcomes have been identified. Nevertheless, the generic problem with outcomes is also reflected at the sector and thematic programme level, and thus at country programme level.
- There has been progress over time in monitoring outputs, but not in outcomes which is mainly caused by design problems. There have been hardly any evaluations, which limit the ability to learn relevant lessons for new programming. The MTRs have been mainly process-oriented and have led to reallocation of funding.
- Cross-cutting issues have received due attention in programming documents, but receive limited attention during implementation. TMEA is again the exception with due attention for green growth and gender equality.

While Kenya provides a relatively favourable context for framework conditions support, it has not been possible to find evidence on the overall impact of Danida support to green and inclusive growth.

6.1 Coherence

Internal coherence

In all country programmes, and also specifically in sector and thematic programme documents, due attention has been paid to internal coherence between the various components of support. However, in practice it has been a continuous challenge to realise synergies. Nevertheless, in the recent support some best practices of good synergies have been found, while there were also many examples of missed opportunities for synergies.

The sector and thematic programmes were designed in such a way that the support to various partners would be complementary to each other and synergies would be realised. Some sector and thematic programmes were more coherent in the set-up than others. The two BSPS programmes (2005-2010 and 2011-2015) focused on different components that were not always logically linked such as the BSPS 1 programme focusing on main government reforms (with limited support), business advocacy and labour markets. In practice, there were hardly any synergies between these different areas of support, also because there were different implementing partners and aid modalities. The Natural Resource Management Programme (2010-2015) had three complementary components focused on policy development, strategic environmental management and community development. As the implementing partners for the first two components were respectively MENR and NEMA, both government organisations, some linkages could be established but less than expected.

In the BSPS 2 programme (2011-2015) it was the intention to establish explicit synergies between the trade facilitation and business advocacy support. The 2013 MTR of BSPS 2 mentioned that steps were taken to create synergies between TMEA and BAF: they participated in each other's Boards and regular meetings with the management of the two organisations were organised. However, in terms of actual synergies there was little to report on. BAF and TMEA supported the same organisations such as KAM and KEPSA, but there is no report on harmonisation. In addition, it was agreed that after finalising the support to labour markets at the end of BSPS 1, BAF would continue funding labour market organisations, but this did not happen. There is only one example of continued funding by BAF 2 as three research grants were provided to NESC, which was a government advisory body that received Danida support. (see Chapter 5). The explanation provided by BAF for not funding labour organisaions was the BAF demand- driven nature, but as BAF worked with invitational grants this is not a completely satisfactory explanation.

In the GGEP programme 2016-2020, nine different development engagements (DEs) were included with the aim to enhance internal coherence. The programme document stated that "the programme ToC is explicitly meant to help identify areas of commonality and shared outcomes among partners, to identify synergies and open opportunities for dialogue and collaboration. At times, it also helps identify forgotten outcomes necessary to achieve objectives. These contributions or "linkages" are indicated partner-by-partner in the ToC diagram"[36]. The programme document also referred to synergies to be established with other Thematic Programmes and global programmes. The embassy took steps to realise the intended synergies and regular meetings were organised with all implementing partners of the GGEP. Nevertheless, the challenges proved again to be significant. The 2019 MTR reported: "For valid reasons, the TP was designed originally by merging – under a broad GGEP umbrella – DEs that represented largely isolated interventions. This means not all DEs link directly to each of the TP's variety of

[36] Kenya Country Programme 2015-2020, Thematic Programme for Green Growth and Employment. Final Draft, 5 December 2014, p.14.

priorities on , employment, greening, HRBA and others. While synergies exist between several of the DEs, there may be scope for further strengthening of the TP's strategic focus, coherence, and synergies in the next phase of the KCP"[37].

The MTR also pointed at interest in synergies around Circular Economy Strategic Sector Cooperation, which gradually developed over time, as indicated in the text box below. However, there are also clear examples of missed opportunities for synergies such as the various forms of support to KAM – direct engagement support, BAF-support, TMEA-support, Dansk Industri support and support via SSC – that were not well coordinated and no synergies were realised.

Strategic Sector Coordination on Circular Economy in Kenya

In 2015, a very broad project preparation started on Green Growth in the Manufacturing Sector in Kenya, with linkages to the bilateral GGE Thematic Programme to be explored. It was decided to focus on solid waste and waste water management in the manufacturing sector. The bilateral programme partners MENR/MEF, NEMA and KAM would be involved. The programme is now in the second phase of implementation.

Initially the focus was on the preparation and adoption of a new Waste Bill including enhanced compliance by the private sector and appropriate inspection procedures, which was approved by the Cabinet on 25th February 2021 and an Extended Producer Responsibility regulation. In addition, there is a focus on environmental auditing. The focus has now moved to actual implementation.

Although SSC worked with the same implementing partners, and the responsible Sector Advisor and bilateral cooperation staff are working next to each other at the Embassy, initially it was somewhat difficult to overcome differences in approaches as indicated in interviews. The bilateral cooperation support focused more on enforcement and compliance in its support to NEMA, for example, while SSC emphasised the importance of self-regulation and voluntary adherence to standards. SSC felt that there was some inertia from the side of government partners, while the partners perceived a lack of financial support as SSC only provides technical support and training. Therefore, it took considerable time to overcome the differences in approach and the fact that bilateral support was not continued from 2021 in the new country framework constituted another obstacle.

Gradually some common ground among the various government and non-government partners has been developed. Also a donor coordination group around circular economy has been set up.

This shows that conditions for realising internal and external synergies have been created, which should be grasped in the next phase of support.

Despite some good examples, only few synergies have been realised in practice. The 2019 MTR. concluded that in the next KCP a higher degree of coherence and synergy needed to be ensured within the programme, even if this required phasing out some of the current development engagements. Indeed important changes were made in the next strategic country framework: the number of engagements was considerably reduced, but also the thematic programmes were considered as a barrier for a more holistic approach. Therefore, no sector or thematic programmes exist anymore in the present cooperation. In interviews, it was made clear that the embassy has opted for a pragmatic approach to work together when there are clear trade-offs expected between the areas of support and implementing partners and where value added can be expected. This is the case in the two SSC programmes on food standards and circular economy,

[37] Kenya Country Programme, Mid-Term Review Report 2019, p.13

while there is also good cooperation between MESPT and DMDP on organic banana production and certification.

The new strategic framework also aims to strengthen synergies not only with global PSD programmes, but also with the Trade Council and multilateral support. It is beyond the scope of this Evaluation, to achieve actual progress in this area, but some observations were made in interviews. The synergies between the Trade Council at the embassy aiming to promote and facilitate Danish business interests and the bilateral cooperation staff are gradually being explored more proactively but is the feeling that more can be done regarding the green enabling environment. All departments aim to do Development Differently, but this remains challenging in practice as areas of common interests have to be identified and elaborated. It is perceived that there is some gap in the missing middle between bilateral cooperation focusing on the enabling environment for Kenyan businesses on the one hand and the Trade Council focusing on Danish interests on the other. Kenyan and foreign/Danish businesses may have diverging interests but also common interests. This issue is given limited attention.

For business advocacy, BAF Fund Management and the embassy were very conscient of the fact that there were similar programmes in other countries funded by Danida (Ghana, Tanzania and Mozambique). Tools and methodologies were shared between the programmes, and they were to some extent using the same consultants and the same MFA technical advisers. In 2012, there was a joint seminar on business advocacy in Tanzania with the participation of these other programmes.[38] However, in-depth exchange and learning remained limited (see the BAF thematic study).

External coherence

The donor landscape has always been quite crowded in Kenya, including around PSD support. Around 2005, in view of the aid effectiveness agenda, there were some more attempts at donor coordination. While sector and sub-sector groups continued to exist, effective coordination has been limited especially at sector level with limited room for policy dialogue. The donor landscape is characterised by a large number of many different donor projects, aiming to coordinate where possible, but inevitably working in silos prevails to a large extent.

In the 2005-2010 programming period, donor coordination groups existed in the various sectors of support including private sector development. DFID/FCDO and the World Bank group have always been among the most active donors in PSD, together with bilateral donors such as Denmark, the Netherlands, Sweden, Canada and Japan. The EU has only become more actively engaged in PSD during the last years. The sector coordination groups were also the vehicle for policy dialogue with the GoK. This was disrupted by the 2007 post-election violence and the temporary suspension of aid. Some elements of the former donor coordination structures remained in place, but at a less active level.

While the PSD donor group continued to exist, it became less active over time and during the Covid-19 lockdowns hardly any meetings took place. On the other hand, some PSD sub-sector groups have become rather active. One group on trade facilitation is related to the TMEA Steering Committee in which TMEA donors are present, but also other trade facilitation donors such as Germany participate as observers. Also, a new group on Circular Economy has been established including the Danish embassy that via SSC is very active in this area. Technical and Vocational training is another active PSD sub-sector group. In the Kenyan context, where the

[38] Mikkel Klim, personal communication

GoK is not very interested in broad (sector) policy dialogue with development partners, this sub-sector model appears to be very appropriate. Discussion on concrete policy and technical issues can be combined in order to agree on the way forward. This may also be useful to establish synergies.

From an external coherence perspective, the EU discussions among the EU delegation and the embassies of EU Member States in Kenya also become more important. This is for example the case for the Trade Counsellors meeting where issues for policy dialogue such as important barriers for foreign businesses are being addressed. It is felt that as the EU, there is more muscle than individual Member States have. In addition, the EU has also in Kenya become more active on the Green Deal and aims for a Team Europe Initiative in this area. This is interesting for Denmark with its focus on green, inclusive and sustainable growth.

TMEA and BAF show diverging examples of successful or less successful co-funding of programmes. TMEA is a clear best practice, with many different donors, although donor dependency remains a risk. BAF 2 aimed for broadening its donor base as the 2010 Kenya Country Programme assessment in mentions an intended co-operation model especially for business advocacy that would allow other donors (UNDP, the Netherlands and the EU) to participate. As indicated above, the UK provided approximately DKK 2.2 million to BAF 2 earmarked for green projects, but given unsatisfactory performance in this area, UK-funding was discontinued. No other co-funders joined BAF Kenya, which meant that all BAF-activities were discontinued when Phase 3 came to an end.

6.2 Efficiency

Efficiency challenges

There have been positive examples of good efficiency and value for money such as TMEA, but also efficiency problems, in particular the funding to MENR from 2016 to 2020. Aid modalities are an important factor affecting efficiency.

The following aid modalities apply for the core sample:

- Contracted out after tender: BAF fund management;
- Government-to government support: BER support 20025-2010, MENR/MEF 2005-2020, NEMA 2005-2020;
- Direct support to independent trade facilitation organisation TMEA in the form of basket funding;
- Direct support to BMO: KAM.

The same consortium has implemented all three BAF phases. Due to delays in the procurement, a break of activities for eight months was experienced between BAF 1 and BAF 2. Furthermore, DKK 7 million was re-allocated from BAF 3 to other development engagements due to slow progress under BAF 3 following the re-run of the presidential elections in 2017, which put the central administration to a stand-still. Regarding value for money considerations, a technical review in 2008 indicated that the administration cost was high when compared with international best practice, but this had to be mitigated due to the relatively small size of the fund. Review findings suggest that the BAF is suboptimal in this context and that further funding will reduce the administration cost as a ratio of the total available funding. As total BAF funding increased in the other programming phases, the ratio has indeed increased. The BAF final report mentions that “The first phase, with a relatively small budget was definitely sub-optimal but the ratios improved considerably as the fund budget was increased”. The analysis of disbursements during the three phases shows the following (see the BAF thematic study for more comparative analysis):

Table 6.1 BAF-disbursements per cost category, in % per BAF fund, 2005-2020

BAF and total volume of disbursements	BAF 1 3 USDm	BAF 2 9.1 USDm	BAF 9.5 USDm
Grants	39%	56%	59%
Capacity-building and Technical Assistance	34%	22%	20%
Administration	27%	22%	20%

Source: BAF final report, 2020, p. 110.

The government-to-government aid modality also faced specific efficiency challenges. For example, in the third phase of funding MENR/MEF for which Denmark transferred the money to the Treasury, MENR did not receive funds for the first two years as the code had been confused with the NEMA budget code. This meant that activities were put on hold for quite some time. It took the GoK very long to solve this issue. Also, in other government-to government support, efficiency challenges occurred, but less serious than for MENR. Danida funding of NEMA was responsible for 20-30% of the total budget and when that funding stopped, this created challenges for the organisation. The support to TMEA worked very efficiently and this was verified in independent value-for-money analyses.

The Danida support to KAM was also confronted with some efficiency challenges, especially also in view of other Danish funding. It is estimated that total Danish funding represented approximately 12% of the total annual donor funding. As KAM has also other sources of income (via membership fees, services, etc) donor funding is approximately 30% of the total budget according to interviews. This means that the multiple non-coordinated Danish support represents 4 % of total funding.

Organisational efficiency

Some considerations of organisational efficiency were already discussed in relation to internal coherence and M&E. At present, four embassy teams work on some form of PSD and framework conditions:

1. Bilateral cooperation: Sustainable Jobs and trade team;
2. Bilateral cooperation: Climate and resilience team;
3. Four sector cooperation counsellors;
4. Trade council.

Compared to other embassies, the Danish embassy in Nairobi is a relatively well-staffed, dealing with a substantial bilateral programme in an important partner country. The bilateral cooperation teams (plus part-time M&E staff) deal with the various development engagements related to green growth and the linkages to DMDP. The sector counsellors are responsible for SSCs but also for P4G, while the Trade Council deals with Danish business interests, including IFU and DSIF

All these teams now aim to work more closely together as set out in the new country strategic framework aiming for Doing Development Differently. While the previous country programme was perceived to be a straightjacket with too much responsibilities for external consultants (during formulation, appraisal, monitoring and Real-Time Evaluation) the embassy feels that there is a need for internalisation of processes in order to realise the set objectives. That explains the decision not to opt anymore for external monitoring (see the section on quality of M&E below). It is beyond the scope of this Evaluation to assess whether this new approach works.

Quality of M&E

At the level of development engagements, the quality of TMEA M&E stands out as a positive example as there has been clear reporting on outcomes, value of money and even impact assessments. As indicated in the section on quality of design, TMEA also stands out because relevant outcomes and related outcome indicators have been defined that are reported upon. DFID/FCDO as main donor has also funded evaluations, value for money studies and impact studies of TMEA at large that include very relevant independent information and assessments. These evaluations still criticise the ToC and results framework, but compared to other Danida support in the core sample, TMEA does stand out.

In general, Danida does not commission MTRs or final evaluations of specific support. In addition to TMEA, BAF has been the other exception to this rule as the embassy commisoned a final BAF evaluation in 2020 (report published in January 2021). In addition, BAF Fund management did produce an extent final completion report including 15 years of lessons. The two documents do overlap to a large extent, and the completion report contains more relevant information than the evaluation report such as so-called impact cases (see Chapter 3). Also during implementation, BAF management did some additional evaluative studies such as a study of the BMOs that did receive sustainability support. It would have been useful, if earlier in the process an external evaluation (or independent verification of the internal assessments) would have been done to draw lessons for implementation in the next phase.

At the country programme or sector/thematic programme level, main attention has been paid to appraisal of the new programme(s) in combination with MTRs. These MTRs have been primarily process-oriented and have led to some changes in programming as well as reallocation of funding. It has been beyond the scope of the MTRs to assess progress regarding achievment of the strategic objectives, also because outcomes have not been very well defined.

For the Kenya country programme 2016-2020 a very ambitious M&E set-up was agreed upon. This started already in the country programme and thematic programme formulation with Theories of Change that were developed, discussed in detail and revised. ELK at that time came up with the initiative of Real-Time Evaluations to support implementation of country programmes. An external consultancy company was contracted for the implementation that again revisited the ToC. Also the embassy was interested in improving its M&E an contracted an external company for monitoring all development engagements of the three thematic programmes, which was a choice also some other Danish embassies with bilateral country programmes made. In addition, embassy staff kept its monitoring tasks regarding the implementing partners.

This triple set-up proved to be very challenging and roles and responsibilities were not well defined. After the inception phase, the Real-Time Evaluation was discontinued because the set-up for the overall country programme was very unclear. It was considered that the Real-Time Evaluation Team could better focus on in-depth studies, baselines, impact studies, etc., but this was not realised.

The external monitoring team also had a difficult start. But after the first two years the set-up was changed, with a team leader on the ground in Nairobi focusing on supporting the embassy and implementing partners. This resulted in good working relations and was appreciated by implementing partners. Annual monitoring reports with a few pages per development engagement with well-structured presentations of outputs and outcomes were produced. Also a Kenya Country Programme 2016-2020 Completion Report has been published, which was very useful for this Evaluation. There were some in-built limitations as there was limited flexibility in changing the results frameworks for implementing partners. This means that the design problems with not well-defined outcome indicators could not be solved. As a scoring system was used, which led to some incoherent scoring. For example, TMEA that set clear outcome objectives and targets scored lower than for example BAF that confused outcome and outputs. In addition, the monitoring consultants were not able to monitor at thematic programme level as this was not foreseen in the set-up.

Initially, the embassy wanted to continue with external monitoring for the new Strategic Framework and a call for tender was launched, but suspended later. An internal discussion in the embassy took place on roles and responsibilities, and embassy staff agreed that monitoring should be a key role for the embassy and should not be contracted out. Also additional M&E capacity at the embassy has become available since 2021. Although the quality of the external monitoring reports has been higher than the regular monitoring reports and things have been presented in a systemic way, this does not outweigh according to the embassy the disadvantages of outsourcing the monitoring responsibility.

In practice, also in the new holistic integrated new strategic country framework, the challenge to assess the contribution to strategic objectives is not yet addressed. The 2019 MTR stated: "If the overall objective is to support Kenya's greening with a focus on enabling environment, devolution, private sector and involvement of civil society, it is important to carry out a systematic analysis of the drivers and barriers to development in these areas. As part of this analysis, a critical assessment of the main lessons from the current support should be made, identifying what has worked well and what has not". This has not been possible so far within the present system.

6.3 Underlying assumptions

Political economy analysis

It is assumed in the ToC that programming of FC support is based on good political economy analysis, which informs the design and implementation of framework conditions support. In none of the programme documents evidence of detailed political economy analysis has been found. This also applies to country, sector and thematic programming documents. Interviews indicated that stakeholders at the embassy, but also implementing partners did reflect on political economy factors that could affect performance. In some programming documents, institutional analyses were presented dealing with institutional relations and capacity building issues. However, drivers of change were not analysed.

Interviewees showed awareness of the relative strengths and weaknesses of main government actors relevant for framework conditions such as MoIT, MENR/MEF, NEMA, KBS, and Kentrade. Strengths and weaknesses of these actors were considered in the programming and implementation of support to some extent. However, more in-depth political economy analysis, for example of the main drivers for green growth in Kenya and the main obstacles, network relations, informal power, could have better informed programming. In the SSC areas of food standards and circular economy, implicitly these analyses are made to target the interventions. However, very little is documented.

Interviewees shared relevant insights on the organisation of the private sector, including the various BMOs, but it is not clear whether and how this affected programming. In the case of BAF, a more detailed analysis and mapping of private sector organisations, and of the key most influential actors such as KAM and their (informal) relations to government actors could have informed programming over time. For example, a further shift to county level and weaker BMOs with less resources could have been considered. The multiple support provided to KAM – direct bilateral support from 2011 to 2020, 34 BAF grants and support via Dansk Industri- as influential organisation of big manufacturers could have been reconsidered based on political economy analysis (and of the additionality of Danish support). This applies in general to the BAF support. BAF stakeholders indicated that an internal assessment was done for the Board to decide whether a proposal would have a chance of being successful, but this does not qualify as political economy analysis. The same applies to screening of new projects on potential anti-competitive effects and the aim to keep some balance between benefits for large and smaller businesses. How this was done is not clear.

Finally, support to the enabling environment for green growth could have benefitted from political economy analysis to better understand the main obstacles at national and county level, identify the drivers for change, which could have contributed to better targeted and less scattered support. Two main government actors for green growth MENR/MEF and NEMA were supported for 15 years, but the strengths and power of these organisations to influence overall government policies have not been analysed, which led to disappointment after all these years of support.

Cross-cutting issues: Green Growth and inclusiveness (gender and youth)

Green growth as a FC-theme for support has been analysed in relation to BER in Chapter 5. Therefore, the analysis in this section is limited to green growth as cross-cutting issue in other FC-support than green growth support. The underlying assumption of the ToC that cross-cutting issues are adequately addressed in programming and implementation.

Although the terminology used changed over time, in all country, sector and thematic, and development engagement programming documents due attention is paid to cross-cutting issues. Gender has been an issue throughout the evaluation period. Initially, human rights was also mentioned as a main issue but is recently not explicitly mentioned anymore. Youth came up as a new issue, often together with the term inclusiveness, referring specifically to women, youth and other disadvantaged groups. Initially environment or natural resources was the terminology for green issues, which is later replaced by green growth and attention for climate change.

The extent to which green growth has been addressed in business advocacy and trade facilitation support varies considerably. In TMEA since 2016 gradually more specific attention is paid to green growth in terms of activities, but also in indicators at output and outcome level (see Chapter 4). Greening of port and other infrastructure has been an important issue, but also reduction of CO2 emissions. On the one hand, the push for green growth by Denmark can be considered as interfering in strategic choices made by TMEA, but this can be considered as positive on the other. There is a clear case for green trade facilitation and Denmark did aim to include it in the overall approach rather than as isolated specific activities, although this has been challenging at times.

While BAF 1 did not have a specific focus on green growth or environmental issues, BAF 2 included a dedicated window for climate change advocacy, funded by the UK. However, this was considered challenging and only nine grants were issued in this area[39]. The explanation provided by BAF was that there was a lack of relevant applications in relation to green growth, as well as a lack of available private capital for green growth investments. However, BAF Kenya helped BMOs to identify relevant areas for advocacy, and was not completely demand driven. The UK did not continue this funding, but BAF 3 became an engagement under the GGEP 2016-2020 with the overall development objective to support the "transition to green growth with higher employment." Green growth was, however, not included in the outcomes or outputs of BAF 3, as pointed out by the mid-term review of the Green Growth and Employment programme. Nevertheless, as for trade facilitation it was the initial intention that green growth issues would be addressed. The explanation provided for this lack of attention was again the demand-driven nature of BAF. However, not only did BAF continue to help BMOs with identification of suitable business advocacy topics, also targeted sustainable support was provided. It may have been a deliberate choice for the BAF fund managers not to focus on green growth. However, the question is whether the risk of supporting BMOs with members having a potential negative effect on climate or the environment has been considered. The BAF -choice not to consider green growth became also an important reason to discontinue BAF-funding from 2020 onwards, while trade facilitation support was continued.

Trade facilitation support also stood out in terms of explicit attention to gender equality, especially women traders. Support was specifically targeted and benefits of specific activities for women traders were measured. The BAF Project Completion Report indicates that up to 75% of the interventions supported in BAF 3 had one or more aspects of HRBA, green growth and gender and age inclusive intentions in the project purpose, objectives, and planned interventions. The Fund Manager indicated that sectors with a high degree of female employment were targeted for support. Although BMOs with a high propensity for working on gender issues were selected for interviews by the Evaluation Team, it has not been possible to confirm any cases where gender quality was important for the design of the project. Interviewed BMOs indicated that discussion on social inclusiveness took place during the preparation phase of projects, and the discussion remained at an consideration' level and a distinction was made between inclusiveness at governance level (e.g. women and youth in boards) and intervention level. However, in practice no operationalisation took place. All BMOs confirmed that except from a few lines in the application template indicating the relevance for women and youth, no such requirements were included in the project design phase and no monitoring on these issues has been done. Hardly any indicators related to inclusiveness have been found and there is no reporting on these issues, while it is relevant as shown in trade facilitation to address in reforms the differential effects for different target groups. In practice, BAF did not develop a clear approach on social inclusiveness despite some efforts in that direction.

6.4 Impact

With the exception of the support to TMEA, there is no evidence in the programme documents on (intermediary) impact. This is related to the results framework (and M&E) that have all been output- focused with hardly any scattered information in outcomes (see Chapters 3, 4 and 5). An exception is TMEA where there are indications that the support has led to GDP growth and there have been positive effects on gender and poverty. This is based on a quantitative assessment available for TMEA only. This Evaluation had to opt necessarily for a comparative

[39] BAF 3 Development Engagement Document

qualitative assessment across FC-themes and across countries, which did not allow to do in-depth quantitative impact assessments.

The 2019 TMEA evaluation aimed to assess impact: "the evaluators estimated that improvements in the ports and trade corridors increased welfare across the region by USD 582 million for 2017, of which it is possible to attribute USD16.8 million to TMEA. The model estimates that the changes in trade to which TMEA contributed resulted in a GDP gain in EAC member States around a third of a percentage point in 2017 relative to 2010. It is also unequally distributed, with Kenya doing best – gaining 0.7 percent – but negative impacts on GDP in Uganda and Rwanda. Factors that contributed to welfare gains include greater productivity due to reduced costs, gains in allocative efficiency from better use of resources – when consumers are able to buy cheaper imported goods, rather than those produced domestically with state subsidy – and reductions in risk of delays, making it easier for businesses to plan[40].Regarding gender effects and impact on poverty, the evaluation concluded that in direct projects – constituting a small part of TMEA activities – many participants, including women traders, reported they had been able to increase their cross-border trade, earn more income, and save more. Regarding the indirect relation between trade and poverty, it was found in Kenya, that exposure to trade benefited female-headed households more than male-headed households, but this was not the case in other countries. Nevertheless, while most beneficiaries of increased trade were not wealthy, the wealthier beneficiaries benefited more consistently.

There is no adequate information on the extent to which Kenya's economic growth (see Section 2.1) has become greener over time. There is anecdotal evidence on adoption of regulations, new mechanisms, tools and systems, which have led to some better compliance and new green business opportunities. However, the evidence is extremely scattered and cannot be logically linked to Denmark's contribution.

[40] Ibid, To make these calculations, the evaluators first estimated the savings from reduced time, costs and risks of trade through the ports and corridors – in 2017, compared to 2010 – in the ports, OSBPs and corridors supported by TMEA. They then estimated how much could be attributed to TMEA, as opposed to other actions by donors, government, and the private sector. Finally, they looked at how these changes – along with changes in the policy environment for which TMEA was responsible – contributed to increases in trade, and their contribution to economic growth and welfare. The evaluation estimated that TMEA interventions caused cost savings of USD 55.2 million In the trade corridors and USD 26 million in the ports. TMEA's work to reduce administrative burdens through ICT for Trade interventions led to savings totaling USD 34.6 million. Next the evaluators looked at how much these reduced trade costs had increased trade, within the region and with other regions.

7 Conclusions and Lessons

In this chapter, based on the findings presented in the previous chapters, overarching conclusions are formulated that have been the basis for the formulation of lessons learned. The preliminary findings, conclusions, and lessons have been discussed in a debriefing meeting with the embassy.

7.1 Conclusions

1. **The relatively favourable business environment context in Kenya has provided a good basis for Denmark's support to an improved green enabling environment for private sector. The dynamic, growing and fairly well organised private sector and it has been a key driver of change during the evaluation period, together with a relatively willing Government of Kenya.**

Compared to other sub-Saharan African countries, the context for providing FC support has been quite favourable. The most important factor is the reasonably well-developed and dynamic private sector that was an important factor pushing for change. Also, the GoK has shown willingness to listen to the private sector and to some extent improve the business environment. There has been Danish support to engage government in a dialogue with private sector to strengthen Kenya's function as regional economic hub and realise economic growth. In addition, the GoK has formally adopted some green growth principles. However, there are also setbacks and new red tape measures although digitalisation led to improvements at the national and county levels. Nevertheless, the context for providing framework conditions support has been relatively favourable.

2. **Denmark provided relevant though somewhat scattered support to framework conditions for green growth, business advocacy and trade facilitation, in addition to substantial direct support to the private sector. Given the Kenyan decentralisation process, Denmark has paid some attention to framework conditions at the county level, but this could have deserved more attention.**

The main focus of the support has been on reforms and greening of trade facilitation both from a demand and supply perspective, business advocacy i.e. the demand from private sector organisations for reforms and the enabling environment for green growth. Hardly any support has been provided to broad 'traditional' business environment reform i.e. assistance to the government on economic reforms. Important support has been provided though to government institutions and the private sector to create a green enabling environment. In the evolving Kenyan context, this can be considered as adequate choices. Especially in green growth support and to some extent in business advocacy, some attention has been paid to county level development of framework conditions. However, given the ongoing decentralisation process since 2010, main challenges regarding framework conditions exist at county level, which were only addressed to a limited extent.

3. **Denmark's support to framework conditions has led to many outputs such as capacity building of government and private sector organisations, development of new tools, systems and guidelines, new policies and legislation, and green infrastructure.**

There is convincing evidence regarding a large number of outputs related to the various types of support. The main focus has been on defining output indicators, which are still regularly confused with outcome indicators, and on reporting progress in this area. While monitoring and reporting has improved over time, this remains mainly limited to output level.

4. **There is some evidence of outcomes such as a few effectively implemented reforms that resulted in reduced costs or risks for the private sector, or new green business opportunities. Especially the support to trade facilitation led to good benefits for the private sector in terms of reduced transport time, although this has probably been at the expense of other countries and ports, especially the port of Dar es Salaam.**

The continuous challenge has been how to define good outcome indicators and how to track progress via monitoring or evaluation. Only in trade facilitation, via multi-donor basket funding-adequate outcomes have been defined and impressive progress has been reported. For business advocacy and green growth, the Danish support has likely contributed to some good outcomes such as implemented reforms or adoption of energy audit recommendations that lead to cost reductions for the private sector or reduced CO^2 emissions.

5. **Since 2005, the Denmark-Kenya country, sector and thematic programmes have all aimed for internal coherence and creating synergies among support components. This has proved to be very challenging in practice and there are many missed opportunities for synergies. Recently especially via strategic sector cooperation initiatives in combination with bilateral support at the national and county levels, some synergies have been established that are likely to contribute to a more enabling green growth environment.**

Much attention has been given in programming documents to the complementarities between various programmes and components of support. In practice, for a long time, this did not lead to the realisation of synergies as development engagements were considered and managed as stand-alone projects. However, recently in relation to strategic sector cooperation initiatives for food standards and circular economy some good synergies have been established between the support provided by Danish knowledge institutions to Kenyan partner institutions on the one hand and bilateral support at the county level on the other. An important explanatory factor for these synergies is that the support is targeted on specific themes or sub-sector issues where collaboration is being sought.

6. **In the bilateral framework conditions support insufficient attention has been paid to cross-cutting issues such as green growth (excluding the targeted direct green growth support), gender equality and youth. However, trade facilitation support has paid gradually more attention to gender equality and green growth.**

Adequate attention to the implementation of cross-cutting issues has been a weakness in most bilateral framework conditions support in Kenya, as in the other three countries. Trade facilitation support stands out as a positive example of addressing green growth and gender issues. In contrast, business advocacy did not give women, youth and green growth due attention in its support to private sector organisations. It was argued that this was because of the demand-driven nature of this support, but in Kenya, business advocacy topics were jointly identified and co-created by the fund management and the supported organisations.

7. **Main internal explanatory factors for Denmark's contribution to a greener enabling environment in Kenya are the relationships with implementing partners, the quality of the programme design, and the flexibility of the Danish support. The quality of M&E and limited political economy analysis are remaining issues of concern despite many efforts for improvement.**

Implementing partners do appreciate the support provided by Denmark and the good relations, while also the Danish support is considered to be quite flexible. Providing support to donor set-ups such as BAF and TMEA led to good outputs and in the case of TMEA also to good outcomes, but in these cases, sustainability is an important issue of concern. When government organisations are the main implementing partner, efficiency challenges occur. The main challenges are related to the definition of appropriate results frameworks, adequate M&E and making use of political economy analyses.

8. **Efficiency challenges are primarily related to different aid modalities with specific challenges in the government-to-government cooperation that has now been discontinued. Nevertheless, the government remains a key stakeholder in improving the green enabling environment.**

The assessment of the efficiency of various types of support in relation to different modalities points to specific challenges that have occurred in the government to government support as the transfer of funds by the Treasury to the respective supported government ministries and parastatals has created delays in some support. The efficiency of the business advocacy fund needs to be further analysed in relation to BAFs in other countries as part of the thematic BAF study. The multi-donor basket funding support to trade facilitation has been very efficient and is considered good value for money even though the main supported institution can be considered as a donor vehicle, which creates sustainability challenges. Nevertheless, TMEA took care to be sufficiently well embedded regionally and nationally to reduce to some extent the sustainability risks.

9. **The embassy has recently embarked on a more integrated and holistic approach to Doing Development Differently (DDD), which is ambitious and promising in view of the need for the embassy teams on bilateral cooperation, strategic sector cooperation and the Trade Council to work more closely together. A pragmatic approach has been adopted so far to work better together with some gaps still to be addressed.**

The implementation of DDD is promising and first results regarding increased internal coherence in some areas have been found. Nevertheless, important issues remain to be addressed, especially with regard to measure progress regarding achievement of the strategic objectives including agreeing on specific indicators. Another specific challenge in the design and implementation of Danida green growth support is to make a clear distinction between benefits for the Kenyan private sector and for foreign/Danish private sector doing business in Kenya. The Trade Council focuses on promoting Danish private sector interests, while SSC focuses on Kenyan and Danish private sector. Nevertheless, changes in the enabling environment may affect Kenyan and Danish businesses in different ways, which requires further attention.

7.2 Lessons

1. **Although framework conditions support is not an explicit priority in the Denmark-Kenya Strategic Framework 2021-2025 anymore, it remains important**

from a green growth and trade facilitation perspective and can best be addressed from a focused sub-sector perspective combining county and national level framework conditions. Therefore, (flexible) and targeted support to framework conditions require continuous attention.

In the new Denmark Kenya Strategic Framework 2021-2025, it has been decided to focus, in contrast with previously programming periods, on implementation and direct support to private sector to contribute to more sustainable, inclusive, and green growth. This means that – with the exception of continued trade facilitation support -there is no bilateral framework conditions support anymore. Nevertheless, given the attention for internal coherence, it is very important to pay even more attention to establishing adequate linkages between bilateral support at county level where there are still important challenges in the green enabling environment and national-level support provided through strategic sector cooperation or bilateral support. The performance of direct support to SMEs and the challenges to provide employment and income opportunities to women and youth depend on adequate framework conditions at all levels. Based on the flexibility of Danish support, opportunities for providing additional framework conditions support should be grasped. The more recent approach to focus on specific sub-sectors of reform addressing the supply- and demand side of reform at national as well as at county level is more adequate in the Kenyan context.

2. **In a country with a relatively favourable business environment such as Kenya, which is not very aid-dependent, it is an appropriate choice for a bilateral donor such as Denmark not to focus on too broad GBER issues, but to focus on specific areas such as sustainable agri-food systems, circular economy and trade facilitation in order to achieve important outcomes. This requires sufficient in-depth understanding of the context and good analysis to find the right partners and develop appropriate implementation approaches.**

Denmark has made appropriate choices, but has also been confronted with implementation challenges. The efforts to reorient BAF towards green growth did not succeed. The SSC experiences show that considerable time is needed to develop adequate approaches to start implementing effecting reforms involving all government and non-government partners.

3. **There is room for further improvements regarding Danida's procedures for programming, monitoring and evaluating its support to framework conditions and finding a better balance between the roles of embassy staff and external involvement.**

The management of Danish bilateral cooperation support is characterised by main attention in the programming phase with various programming efforts, and much attention for appraisal before new programming was approved. This has changed with the introduction of DDD. The mid-term reviews either at country programme or sector/thematic programme level are another important requirement. Mid-term reviews are process-oriented and have led in Kenya to some minor changes in programming. There is often less attention for monitoring and evaluation, although guidelines have been developed. In Kenya, however, during the 2016-2020, external monitoring of development engagements was done in collaboration with the embassy, which led to improved reporting mainly at output level. However, it was felt that it put embassy staff too much at a distance from implementing partners. With the new holistic and integrated approach, it is very important to make further use of adaptive design based on more specific in-depth analyses (including political economy analysis, and analyses of cross-cutting issues) with good monitoring, and more specific sound (impact) innovative evaluations. Monitoring will be a key role for the embassy for which additional in-house capacity is now available. Monitoring needs to be further supported by evidence-based studies on specific topics commissioned by the embassy.

4. **In a middle-income country that is not very aid-dependent such as Kenya there is limited room for policy dialogue, which can be best exploited together with the EU Delegation and other EU Member possibly as part of a Team Europe Initiative.**

Although Kenya is not very donor-dependent, many donors are present with a multitude of projects, which make donor coordination complicated as donors often work in silos despite efforts at coordination. In the changing geopolitical situation, there is a need to work closely together from a European perspective as is done already by Trade Counsellors. As indicated above this also requires paying due attention to the different implications of changes in the green enabling environment for Kenyan and foreign private sector as interests are not necessarily the same. A Team Europe Initiative in Kenya around the Green Deal, which is related to Denmark's green growth is promising for Denmark.

5. **The flexibility of the Danish support as found in Kenya is related to Denmark's ability to adapt its support to emerging needs and opportunities, which allows to act as a catalyst for obtaining results from interventions supported by other (less flexible/adaptive) funding sources. These opportunities could be more proactively explored.**

One of Denmark's strengths is its flexibility of support, for instance the Covid-19 support to TMEA to keep the borders open. This flexibility could also help to enhance internal coherence and synergies between various types of support. This also applies, as indicated in Lesson 1 already, for the continuous support to framework conditions as part of ongoing support to green growth. This could include some support to national and/or county governments regarding the enabling green environment, but also incidental support of BMOs for business advocacy purposes related to green growth or support to the public-private sector dialogue on key green growth issues.

6. **Given Denmark's policies as presented in the 2021 strategic document "The World We Share" and new approaches such as Doing Development Differently that are now being implemented by the embassy in Kenya, it would be good to consider Kenya as an advanced pilot country (maybe together with one other partner country) for a more integrated and holistic approach from which lessons can be learned in an adaptive process.**

Kenya is a very important partner country for Denmark where the embassy aims to work in a different way to realise more synergies. This process is still at an early stage and it is too early for an assessment, even if Kenya was considered as a first pioneer country for implementing DDD. It would be good to continue planning regular internal assessments of the experiences with the new way of working to agree on what works well and what requires more attention. M&E and how to measure contribution to overall strategic objectives (i.e. outcomes) can be part of this process. The embassy may decide to recruit an external consultant to facilitate the internal assessment (but not being responsible for the assessment). The results of the assessment should serve to learn lessons for further improvement in Kenya as well inspire the DDD-approach in other Danish partner countries.

Annex 1 Bibliography

In addition to hundreds of country strategy and programme documents for the core and broad sample the following documents have been consulted:

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Annex 2 Evaluation Matrix

No	Evaluation questions	Indicators	Methods	Sources
1	**Relevance: To what extent has Danish support to framework conditions for PSD responded to the evolving needs and challenges private sector is facing in partner countries?**			
1.1	Has the support been focused on specific challenges and needs of governments and private sector in partner countries regarding framework conditions?	• Main BER challenges private sector has been facing in the four countries during the period 2008-2021 • Main IC challenges private sector has been facing in the four countries, 2008-2021 • Main BER and IC priorities defined by governments in four partner countries, 2008-2021 • Contextual factors affecting priority-setting regarding BER and IC in four partner countries	Document review at all three levels of analysis: • Overall strategic level • Country level • Thematic level Interviews at three levels Workshops country level	Strategic docs Programme docs International literature MFA staff HQ and embassies Staff global programmes Implementors programmes Gvt partner countries BMOs Experts BMOs
1.2	Have clear objectives been defined (making use of logframes or ToCs) for the Danish support to framework conditions for PSD in line with Danish strategic priorities and has the design been adequate?	• Clarity of objectives at different levels • Alignment of objectives with Danish strategic priorities • Use of logframes or ToCs • Quality of logframes/ToCs/design	Document review	Strategic and programme docs
1.3	How have specific challenges in the area of green growth been addressed?	• Extent to which specific framework conditions for green growth have been defined	Document review at all three levels of analysis:	Strategic docs Programme docs International literature

		• Alignment of support to green growth with global climate change priorities • Innovative adjustment of definitions on framework conditions to green growth requirements	• Overall strategic level • Country level • Thematic level	MFA staff HQ and embassies Staff global programmes Implementors programmes Gvt partner countries BMOs Experts BMOs
1.4	To what extent has political economy analysis contributed to the design and implementation of the support to framework conditions for PSD?	• References made to political economy analysis in overall (country and global programme) planning documents • References made to political economy analysis in specific project documents • Depth of PE analysis in terms of analysis of structure, institutions and actors • Evidence of actual use of political economy analysis to adapt programming	Interviews at three levels Workshops country level	
1.5	How well has the Danish support integrated inclusiveness and attention to cross-cutting issues, specifically human rights, gender equality and youth?	Extent to which attention is paid in programming and implementation to: • Inclusive business • Gender equality • Youth • Human Rights based approaches		
2	**Coherence: To what extent have there been complementarities and synergies between the various types of Danish support to framework conditions for PSD on the one hand and PSD support by other actors on the other?**			
2.1	Internal coherence: To what extent have there been complementarities and synergies within the bilateral country programmes and between the bilateral programmes and other channels of Danish support to framework conditions for PSD?	Complementarities and synergies between: • Bilateral core support focused on FCs for PSD and other bilateral PSD support • Bilateral core support focused on FCs for PSD and other bilateral support (GBS, governance, sector support) • Bilateral core support focused on FCs for PSD and policy dialogue • Bilateral core support focused on FCs for PSD and global or regional PSD programme support	Document review Interviews Workshops country level	Strategic docs Programme docs International literature MFA staff HQ and embassies Staff global programmes Implementors programmes

		• Bilateral core support focused on FCs for PSD and multilateral support (core, soft-earmarked) focused on FCs for PSD • Bilateral core support focused on FCs for PSD and NGO, or research focused on FCs for PSD and bilateral PSD support • Mechanisms for improving internal coherence		
2.2	External coherence: To what extent is the Danish support to framework conditions for PSD in line with the global evolving norms and standards and is it well-coordinated and complementary to support of other development actors in this area?	• Extent to which the Danish support to FCs for PSD has been adjusted in line with international norms and standards • Evidence of lessons learned from international experience with PSD FC support • Extent to which at global, regional and country level comparative advantages of different actors are taken into account for the Danish support and duplication is avoided • Coordination mechanisms at country level for the support to FCs for PSD with specific attention for the role of Denmark and the partner country government o Perceptions of the role of Denmark in the support to FCs for PSD at regional and national level	Document review Interviews Workshops country level	DCED guidelines International literature Docs from other donors Docs regarding PSD coordination in partner countries MFA staff HQ and embassies Other donors Partner country representatives
3	**Effectiveness: What are the results of the Danish support to framework conditions for PSD and what are the main factors affecting the results?**			
3.1	What have been the outputs and (intermediary) outcomes of Danish support to framework conditions for PSD?	Improvements in BER frameworks (and the way these frameworks address issues of inclusiveness, gender equality, human rights and climate change): • Business administration and licensing procedures • Tax policies and administration • Labour laws and administration • Land titles, land registry and land market administration • Commercial justice/courts and dispute resolution	Document review at all three levels of analysis: • Overall strategic level • Country level • Thematic level Interviews at three levels Workshops country level	Strategic docs Programme docs International literature MFA staff HQ and embassies Staff global programmes Implementors programmes Gvt partner countries

		• Public-private dialogue (incl. informal operators and women) and business advocacy incl. capacity building and effective lobbying • Access to market information • Access to finance- BER focus • Quality of regulatory governance and compliance enforcement • Competition policy, accounting, auditing and business transparency (incl. integrity/ anti-corruption) • Norms and standards (technical, social/labour, environmental) • Trade policies, laws, regulations (*trade regimes*) Improvements in investment climate (incl how issues of inclusiveness, gender equality, human rights and climate change have been taken into account): • Infrastructure development • Value chain and market systems development • Technological development, R&D, innovation • Skills development • Labour market development • Financial market reform • Trade facilitation Evidence that private sector has benefitted from BER and IC improvements: • Reduced costs • Reduced business risks • Improved market access • Evidence that private sector is adhering to new targets, norms and standards regarding climate change (no-deforestation, reduced CO2 emissions, etc.		BMOs Experts BMOs

3.2	What have been the main external and internal factors contributing to effectiveness? What are specific explanatory factors in fragile and other country contexts?	External factors: • Income status • Governance situation • Fragility Internal factors: • Role of embassies (see EQ 4.2) • Targeting of PC PSD support • Internal and external coherence of Danish support (see EQ 2) • Quality of programme design	Document review at all three levels of analysis: • Overall strategic level • Country level • Thematic level Interviews at three levels Workshops country level	See above
4	**Efficiency: What have been main efficiency challenges of the Danish support to framework conditions for PSD and how have these challenges been addressed?**			
4.1	What have been main efficiency challenges (including value for money)?	• Timeliness of planning and delivery of support • Evidence of support provided in economic way (minimizing costs) • Evidence of support provided in an efficient way (good outputs against reasonable cost)	Document review at all three levels of analysis: • Overall strategic level • Country level • Thematic level Interviews at three levels Workshops country level	See above: focus on Danish docs and interviewees
4.2	What are the main factors affecting organisational efficiency with specific attention for the role of the Danish embassies, including changes due to the introduction of DDD?	• Formal role of the Danish embassies in coordinating global and national FC PSD support, 2008-2021 • Coordination between embassies and central level in relation to different channels of PSD-FC support • Extent to which embassies are informed on PSD support • Capacity of the embassy (FTEs and profiles), 2008-2021 • Perceptions on the changing role of the embassies in view of DDD, 2008-2021 • Perceptions of other stakeholders (partner country stakeholders and other donors) on Danish FC PSD support		

4.3	To what extent are the MEAL systems a useful basis for assessing the performance and do they lead to learning and/or changes in programming (adaptive programming?	• Quality of monitoring as reflected in progress and completion reports • Frequency and quality of MTRs, (external) evaluations and impact studies		
5	**To what extent has Danish support to framework conditions for PSD been sustainable?**			
5.1	To what extent are the results of Danish support to framework conditions for PSD sustainable?	• Evidence that results (outputs and outcomes) are sustained without external support • The supported organisations continue to deliver services of the same quality to their members after withdrawal of support	Document review at all three levels of analysis: • Overall strategic level • Country level • Thematic level Interviews at three levels Workshops country l	See above
6	**Is there evidence on (intended or unintended, positive or negative) intermediary impact and overall impact of the Danish support to framework conditions for PSD?**			
6.1	Is there evidence on (intended or unintended, positive or negative) intermediary impact and overall impact of the Danish support to framework conditions for PSD?	• Increase in investments • Job creation • Economic growth	Triangulation of all methods and sources	

Annex 3 Evaluation Sample Kenya

FC Themes	Kenya			
	Period	Core sample		DKK mio
BER	2005-2010	Business Sector Programme Support (BSPS). Component 1 – Improved Business Environment	Sub-component 1.2 **Support to National PSD Strategy**	**12**
			Sub-component 1.3 **Support to National Economic and Social Council (NESC)**	**6**
	2006-2011	Environmental Programme Support (EPS)	Component 1 **Support to Ministry of Environment and Natural Resources (MENR)**	**26**
			Component 2 **Support to national Environmental Management Authority (NEMA)**	**44**
	2010-2014	Natural Resource Management Programme. Component 1 - Environmental Policy and Management.	Sub-component 1.1 **Support to Ministry of Environment and Natural Resources (MENR)**	**28**
			Sub-component 1.2 **Support to National Environmental Management Authority (NEMA)**	**26**
	2016-2020	Thematic Programme Green Growth & Employment - Kenya CP	Development Engagement 6 **Support to Ministry of Environment and Natural Resources (MENR)**	**14**
			Development Engagement 5 **Support to National Environmental Management Authority (NEMA)**	**36**
			Development Engagement 2 **Support to Kenya Association of Manufacturers (KAM)**	**21**
Business Advocacy	2005-2010	Business Sector Programme Support (BSPS). Component 1 – Improved Business Environment.	Sub-component 1.1 **Business advocacy fund**	**20**
	2011-2015	Business Sector Support Programme (BSPS) Phase II. Component 1: Improvement of the business environment.	Sub-component 1.1 **Business advocacy fund**	**56**
	2016-2020	Thematic Programme Green Growth & Employment - Kenya CP 2016-2020.	Development Engagement **Business advocacy fund**	**57**
Trade Facilitation	2010	Unknown	Support to set-up of TMEA	**10**
	2011-2015	Business Sector Programme Support (BSPS) Phase II. Component 1: Improvement of the business environment.	Sub-component 1.2 **Support to TradeMark East Africa (TMEA)**	**60**
	2016-2020	Thematic Programme Green Growth &	Development Engagement **Support to Trade-Mark East Africa (TMEA)**	**85**

		Employment - Kenya CP 2016-2020.		
	2020	GGEP, Additional Support	**Safe Trade Emergency Covid-19 Facility Project**	**20**
			Core Sample total	**521**
Broad sample: Focus on Green Growth (agricultural value chains)				
Other PSD programme components	2005-2010	Business Sector Programme Support (BSPS).	Component 1 Enhanced competitiveness of MSME's	**44**
	2005-2010	Business Sector Programme Support (BSPS). Component 3 - Improved labour market.	Sub-component 3.1 Capacity building of the National Labour Board	**6**
			Sub-Component 3.2 Capacity building in the Department of Occupational Health and Safety (DOHS).	**7**
			Sub-Component 3.3 Capacity building support to Federation of Kenya Employers (FKE).	**5**
			Sub-component 3.4 Capacity building in Central Organisation of Trade Unions (COTU)	**8**
	2011-2015	Business Sector Programme Support (BSPS) Phase II.	Component 2 Competitiveness of Micro, Small and Medium Sized Enterprises (MSME).	**90**
			Component 3 Innovation and piloting green energy	**100**
	2021-2025	Kenya bilateral programme Green, sustainable and inclusive growth.	Development Engagement - Strengthening Environmental Governance through the Financing Locally-Led Climate Action Program	**60**
			Development Engagement - Development through Sustainable Trade - Trade Mark East Africa	**90**
Other bilateral support	2010-2014	Natural Resource Management Programme Component 3.	Sub-component 3.2 Private Sector Participation in *Natural Resource Management (NRM)*	**35**
Global PSD programmes	DMDP	Traceable Organic Cofee Kenya (TRACE) Taveta banana project Kenya Waste to Value Fair Plastic Recycling		
	SSC	Food standards and growth in dairy and vegetables for Kenyan export Circular economy, cleaner manufacturing, regulation and enforcement		
	P4G	P4G Kenya Partnership and P4G National Platform Denmark funded project: Sustainable Technology for Tacking Extensive Food Loss in Kenya Closing the Loop on Textile Waste in Kenya New Plastics Economy in Kenya		
Multilateral support	WBG	Linkages between multilateral support and the main FC themes will be considered.		
	ILO			
	AfDB			
	WTO			
Research	Circular bioeconomy for the Kenyan dairy sector Minimizing the exclusionary effects of standards. What works? (Kenya)			

Annex 4 BAF Advocacy Outcomes

BAF: 27 Advocacy 'impact' cases, including eight cases verified by the Evaluation Team and six 'green cases'

BMO	Issue	Outputs	Claimed effects on business cost, risks or access to markets	Level of documen-tation	Comments
Agrochemicals' Association of Kenya (AgroAK)*	Maintain VAT exemption for import of inputs to manufacturing pesticides	VAT introduced in 2013. Removed again in 2017	Reduction of cost of locally manufactured pesticides. The change of VAT status in 2013 led to a decline in sales of agrochemical products by 87% over two years with a loss of revenue of KES 175 million	High	Agricultural and environmental impacts not analysed
Association of Biogas Contractors in Kenya (ABCK)	Renewable energy regulatory framework	Kenya Standards for Domestic Biogas	Foundation for the biogas sector to grow	Medium	Effects not analysed
Eastern African Grain Council (EAGC)*	Warehouse Receipt System would allow farmers to raise credits and reduce post-harvest losses	Warehouse Receipt Systems Act, 2019	A cost-benefit analysis estimated increased earnings of 15% for farmers and a 50% reduction in storage losses	Low	Evaluation interview with EAGC indicated that the system is not yet functioning due to government market interventions
Eastern African Grain Council (EAGC)	Hermetic storage bags to prevent storage losses of grains	Standards for hermetic storage technologies	Potentially increased hermetic storage products (bags) marketed with savings for producers	Low	Not indicated if the standards were finalised and implemented
The Institute of Certified Public Accountants of Kenya (ICPAK)	Companies Bill of 2008 not supportive of SMEs	Companies Act, 2015	The new Act provides preferential treatment for SMEs in a number of areas, saving expenses and management time	Medium	Not documented to which extent the new Act was implemented
Institution of Surveyors of Kenya	Equitable access to land, land admini-stration and land management	Land Acts (2012), Amendment (2016) and Regulations (2017)	No claimed effects for land surveyors Simpler, faster and more efficient process of land registration and transaction	Medium	Effects of improved land administration for the private sector not analysed
Kenya Alliance of Resident Associations (KARA)	Prevent road accidents and deaths of non-motorised transport users in Nairobi	Nairobi County Assembly adoption of a Non-	No claimed effects for private sector Prerequisite for public transport investments and	Low	The policy is expected to enable investments that will have

BMO	Issue	Outputs	Claimed effects on business cost, risks or access to markets	Level of documen-tation	Comments
		Motorised Transport Policy (2017)	regulations in favour of non-motorised traffic		broad effects on the traffic
Kenya Alliance of Resident Associations (KARA)	Improved solid waste management and promote circular economy	Model solid waste management policy for counties developed	Model policy and recommendations adopted by five counties providing regulatory incentive for solid waste management	Low	Effects not analysed
Kenya Association of Manufacturers (KAM)*	Curbing counterfeit products and illicit trade	Establishment of a Multi-agency team	Counterfeit goods are one of the biggest threats to growth in the manufacturing sector	Low	Effects not analysed
Kenya Association of Manufacturers (KAM)	Inconsistent and non-transparent commercial court rulings	Commercial Bench Book, 2015	Expected impact: More timely resolution of disputes, more predictability in the application of the law and greater consistency in the interpretation of the law	Low	Effects were not analysed
Kenya Chamber of Mines	Problems with existing legislation	Mining Bill, 2016 Regulations, 2017	Improved foreign investor conditions, environmental aspects, community engagement, etc.	Low	Implementation of the law remains a challenge
Kenya Coffee Producers' Association (KCPA)	KCPA representation in PPD	Representation in Nairobi Coffee Exchange	Annually approximately USD 600,000 saved for coffee farmers due to changes in testing samples	High	Also higher transparency in coffee auctioning
Kenya Health Professionals' Society (KHPS)	Devolution and management of health services	Revised Health Act, 2017	No claimed effects on businesses	Low	Not directed towards PSD issues
Kenya Livestock Marketing Council (KLMC)	Co-management of livestock sales yards	County Livestock Sale Yard Bill adopted in Isiolo 2016	Potential transparency to the revenue collection process of the county. Pilot for 13 counties in semi-arid areas of Kenya	Low	Act not effected by 2020
Kenya National Chamber of Commerce and Industry (KNCCI)* Vihiga County Chamber	County tax and licensing fees must have a legal basis which is not always the case	2017/18 Finance Act of Vihiga County included taxes, levies and fees charged by the county	Simplification and reduction of a range of taxes. Levies and license fees in Vihiga County	High	County revenue collection rose 44% due to more transparent rules
Kenya Shippers' Council (KSC)	Need to prioritise agenda for advocacy	Logistics Performance Survey and study on air freight	No direct effects	Low	Over the period, cost and time spent on freight have gone down

BMO	Issue	Outputs	Claimed effects on business cost, risks or access to markets	Level of documen-tation	Comments
Kenya Society of Physiotherapists (KSP)	Physiotherapy was an unregulated profession implying that anyone could set up a physiotherapy practice	Physiotherapy (PT) Act, 2014. Physiotherapy Rules, 2017 Standards for training, registration and licensing	No claimed effects for businesses, although likely effect on private physiotherapists' businesses through improved regulation of sector	Low	Effects on the profession not analysed
Kenya Union of Savings and Credit Cooperatives (KUSCCO)*	Proposal to include new category of investors in SACCOs	Withdrawal of proposed amendment, 2018. Cabinet approval of the Cooperatives Development Policy, 2019	The proposal would have broken the cooperative principle of the 22,000 registered SACCOs in Kenya and risked opening up for money laundering	Low	Business as usual by not having the amendments introduced
Kenya Veterinary Association (KVA)*	Veterinary medicine was handed by pharmacists and regulated by the Pharmacy and Poisons Board	Veterinary Surgeons and Veterinary Professionals Regulations, 2015	Potentially better management and quality controls in the supply chain of veterinary medicines More veterinarians employed	Low	Effects for pharmacists losing this business not analysed. Effects for livestock sector not analysed.
Kiambu County Governor's Roundtable	Improved PPD	Dialogue and a cashless tax payment system	No specific claimed effects for businesses Revenue collection increased 60%	Low	General PPD improvement
Kisumu County Governor's Roundtable	Improved PPD	County investments and improved PPD	No specific claimed effects	Low	General PPD improvement
Nakuru County Governor's Roundtable	Proposed transit tax of 1% on horticultural exports	Tax set at KShs 0.20 per kg	Savings for horticultural producers in Nakuru county estimated to be USD 2.6 million	High	Calculations of expected savings
Petroleum Institute of East Africa (PIEA)*	Consumer safety of Liquified Petroleum Gas	Energy Policy (2018) and Energy Act (2019)	No claimed effect on businesses Increased consumer safety by responsibility for gas cylinder maintenance placed with manufacturers	Low	Effects of support to fossil fuel based industry not analysed
Pubs' and Restaurants' Association of Kenya (PERAK) and the Kenya	Harmonisation and reduction of music copyright tariffs	Tariffs fixed in Legal notice and MoU, 2017	Overall reduction in tariffs not claimed. Transparent and harmonised music copyright tariffs	Medium	Effects on the hospitality industry were not analysed. Effects on artists not analysed.

BMO	Issue	Outputs	Claimed effects on business cost, risks or access to markets	Level of documen-tation	Comments
Association of Hotelkeepers and Caterers (KAHC)					
Retail Trade Association of Kenya (RETRAK)	Delayed payments and unfair trade practices	Retail Trade Sector Code of Practice (CoP)	Avoiding potential savings and cashflow issues from delayed payments	Low	Effects not analysed
Seed Trade Association of Kenya (STAK)*	Hindrances and distortions to the production, import and distribution of seeds in Kenya	Seed Regulations, 2016	All seeds released to the market must be tested, packaged, sealed and labelled Quicker approval of new varieties, better access to formal seeds for producers (i.e., improved varieties)	Medium	Effects for agricultural producers not analysed