2014:71 Sida Decentralised Evaluation

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Enterprise Development for Rural Families Programme in Kenya

Final Report

Sida

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Executive Summary

Introduction

Hand in Hand Eastern Africa's Enterprise Development for Rural Families (EDRF) in Kenya programme, is a three-year project funded by the Swedish International Development Cooperation Agency (Sida), Hand in Hand International and the Dutch Entrepreneurial Development Bank (FMO). Hand in Hand Eastern Africa (HiHEA) was legally established in 2011. It received a total of USD 711,000 (SEK 5 million) from Sida for the total project budget of USD 2,044,050. The balance is being contributed by FMO, Hand in Hand Sweden and Hand in Hand International.

The Review

The main aim of this independent review is to assess the performance of the project and the overall experience of HiHEA over its three-year history, identifying key achievements and lessons learnt. In assessing the outcomes of the programme, a methodology that combined a scientific survey of beneficiaries through a questionnaire, focused group discussions, interviews with key informants and literature review was applied.

Overview

HiHEA's mission is "to work for the economic and social empowerment of women, youth and men and therefore of the society by supporting the creation of sustainable enterprises and jobs".

The overall objective of the EDRF project was "to contribute to reducing rural poverty and work in support of the Country's prioritized strategies - Vision 2030, National Agriculture and Livestock Extension Programme (NALEP) and the United Nations Millennium Development Goals (MDGs)".

The programme purpose is: 1) To provide capacity building and facilitate access to microfinance service to rural families in order for them to start and grow their enterprises and increase their income; and, 2) To provide structured business training and market support to rural enterprises to help them access markets, grow their businesses and create employment opportunities.

The programme was implemented through four processes (phases) and in each phase there are a set of activities:

1. **Organizational set-up** –Establishment of HIHEA as a legal entity in Kenya.

2. **Model Adaptation and NALEP engagement –**Developing the HiH model to suit the Kenya culture and building partnership pivotal to success.
3. **Implementation –**Empowering rural families through establishment of their own enterprises by facilitating access to business and market support and also finance service.
4. **Consolidation and scaling up –**Developing tailored microfinance products and an implementation plan for scaling up the consolidated model.

Achievements

The project has largely achieved its objectives and outcomes. The programme team is dedicated and deserves credit for their substantial achievements. Credit is also due to HiHEA's funders for affording the project space and flexibility to adapt the HiH model to the Kenyan context.

HiHEA has been effective in empowering rural families by providing capacity building and facilitating access to microfinance services. It has also been effective in providing structured business training and market support to rural entrepreneurs to help them, grow their businesses, and generate employment opportunities.

Since it was established and registered as an NGO in July 2011, HiHEA has during the programme period, hired more than 140 staff and opened 11 branches across the country under the Swedish support. Partnerships with other service providers were established and this facilitated the formation of 2,195 groups with a total membership of 40,641 by September 2013. 61% of the groups were formed directly by HiHEA, while the rest were referred to HiHEA by NALEP and other partners. 80% of the members of groups are women.

Over 14 different training courses were held ranging from skills to produce items such as soap, financial planning to business development resulting in the uptake of 33,442 micro-enterprises and the creation and enhancement of 44,230 jobs by end of Sep 2013. 72% of the trainings were conducted in an instructor-led approach with 90% of the recipients reporting that they were satisfied with what was offered in the training.

HiHEA has made an undisputed contribution in accessing appropriate financial services to poor rural people in the areas where it has operations. A survey conducted revealed that 91% of the members of the groups had started saving. The average amounts saved by groups and members increased over time after the intervention by HiHEA while the average amounts of small savings decreased during the same period.

The survey showed that there were six different savings channels promoted by HiHEA. The savings through all these channels increased during the programme period. A large proportion of members, 27% started saving in formal banks, while 21% were found to be saving at home. Others saved with Microfinance Institutions (MFIs), Savings and Credit Cooperative Societies (SACCOSs), Rotating Savings and Credit Associations (ROSCAs) and Accumulated Savings and Credit Associations (ASCAs). 90% of the members who saved in these institutions indicated their satisfaction with their saving methods.

Access to credit also increased. All groups and group members accessed credit not only from their group savings and from HiHEA but also from commercial banks and MFIs. By September 2013, over 5,000 group members had accessed a total of 27 million KES from other formal financial institutions through links made by HiHEA, while an addition of 13.7 million KES from HiHEA incubation Fund was accessed by 1,500 group members. More than 80% of beneficiaries of the credit from other MFIs are women. The Enterprise Incubation Fund (EIF), although started late but with good reasons, has gone a long way in enhancing financial access to the rural households and specifically to women.

Regarding business development, 64% of members of the groups ventured into new businesses during the project period and 92% reported that the new businesses resulted in higher incomes. Other impacts associated with new enterprises were food security with 10% of group members reporting increased food security. More specifically, most microenterprises that were established experienced business growth with clear evidence that the interest to start the new enterprises were mainly triggered by skills acquired from training provided by the HIHEA's program.

One of the main outcomes of the programme is the economic empowerment of rural women through business development and financial access. The majority (80%) of group members supported by HiHEA are women. They benefit from the training on group dynamics which exposes them to aspects of accountability and transparency. It is from this training module that members learn about their rights and how they can domesticate them in their daily lives, including exercising their democratic rights in elections at the ward, county and national level. They also understand the role and responsibilities of duty bearers and claim holders.

Two areas where the EDRF programme could have done better was the need to link small holder producers or groups to markets and the spinning off the microfinance activity so as to create a fund that can be borrowed by slightly larger enterprises that pull along the small businesses.

Lessons learnt

The key lessons learnt in the course of implementation of EDRF are summarized here. Many of the lessons can be applied in replicating some of the successful techniques employed by HiHEA in adapting the HIH model to Kenya. Many of the lessons identified here are not new, they are consistent with widely recognized challenges in pro-poor development efforts.

a) Increasing access to financial services through financial sector deepening. Increasing financial access and financial sector deepening are not mutually exclusive as the EDRF programme has amply demonstrated. It has been able, using grass root groups located deep in rural areas, to extend financial services to unbanked populations while at the same time creating links between the groups and formal financial institutions. To address the symptoms of limited access, the root causes of insufficient financial sector access need to be addressed. In many respects EDRF has been about financial deepening, building sustained capacity for the provision of appropriate financial services through rural groups.

b) EDRF's experience illustrates the extent of the prevailing capacity deficit among grass root groups and the need to view the capacity building as a public good. Addressing the capacity needs of the groups required a considerable amount of resources on the part of HiHEA.

c) The training modules developed by HiHEA had great impact in educating the end-beneficiaries on how to prudently save, borrow and manage finances and business development. The education adequately prepared them to be better clients of microfinance initiatives.

d) Structured partnerships create positive synergies and bring about multiplier effect on results while creating trust among the partners.

Recommendations

Some of the recommendations provided have far reaching implications on the current HiHEA organizational structure as well as the operational approach and would require foresight and confidence of the management and support of partners. Five of such include reducing subsidies, subcontracting activities performed by BROs, hiring technical assistance for monitoring and evaluation (M&E) and quality assurance and spinning off the microfinance component.

Regarding the way forward for the partnership between HiHEA and ASDSP, two areas are suggested to strengthen and deepen the partnership between the two programmes within the framework of ASDSP partnership principles. The first is to link with value chain groups and platforms in the counties where HiHEA has opened branches with a view to strengthening the value chain groups through the self help approach and business training. The second, which is part of the overall recommendations, is the spin-off of the microfinance component to facilitate value chain players improve their access to financial services as part of social inclusion.

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Abbreviations

ACK	Anglican Church of Kenya
ASCAs	Accumulating Savings and Credit Associations
ATM	Automated Teller Machine
ASDSP	Agricultural Sector Development Support Project
BROs	Business Relationship Officers.
CIGs	Common Interest Groups
EDRF	Enterprise Development for Rural Families in Kenya
FDGs	Focus Group Discussions
FSD Kenya	Financial Sector Deepening Kenya
GDP	Gross Domestic Product
GNI	Gross National Income
GOK	Government of Kenya
GOS	Government of Sweden
HiH	Hand in Hand
HIHI	Hand in Hand International
HIH EA	Hand in Hand Eastern Africa
KES/Ksh	Kenya Shilling
KWFT	Kenya Women Finance Trust
MDGs	Millennium Development Goals
MOU	Memorandum of Understanding
MSMEs	Medium and Small Enterprises
NALEP	National Agriculture and Livestock Extension Programme (NALEP)
NGO	Non - Governmental Organization
PGU	Policy for Global Development

PSDS	Private Sector Development Strategy
ROSCAs	Rotating Savings and Credit Associations
SACCOSs	Savings and Credit Cooperative Societies
SIDA	Swedish International Development Cooperation Agency
SMEP	Small and Medium Enterprise Programme
SMEs	Small and Medium Enterprises
TB	Tuberculosis
TOR	Terms of Reference
USD	United States Dollar
WEF	Women Enterprise Fund
YEDF	Youth Enterprise Development Fund

1 Introduction

1.1 Background

The Swedish Development cooperation with Kenya is guided by the Country strategy for development cooperation 2008-2013. The objective of the cooperation is "*a Kenya in which all poor people have the opportunity to improve their living conditions, and where their human rights are realised*". The cooperation is focused on three sectors: democratic governance and human rights, natural resources and the environment, and urban development.

Sweden through the Embassy in Nairobi supported Hand in Hand International to start an affiliate of the Hand in Hand group for Eastern Africa through a programme "Enterprise Development for Rural Families in Kenya (EDRF)" in 2010. The programme was premised to contribute directly to the realization of the natural resources and environment goal of *"improved management of natural resource utilization with a focus on sustainable growth that benefits poor people"*. Overall, the programme was expected to create conditions for the poor to improve their lives through financial and agricultural development, an objective of the Swedish *Policy for Global Development (PGU[1])*.

Under the agreement with Hand in Hand International, the programme was to be implemented during the period 2010-2013 with funding from Sweden of 5 million kronor. As part of following the progress, Sweden agreed with Hand in Hand International that there would be an end of term evaluation to record the impact of the programme, as well as bring out lessons for both HIH and the Embassy of Sweden.

Through internal processes, the Embassy of Sweden hired Cascade Consulting to undertake the evaluation during the period November - December 2013. The overall objectives of the evaluation is to assess the outcomes achieved from the Sida support to HIHEA since 2010 and to distil key lessons from the support with regard to strategies and approaches to enterprise development and employment creation. The evaluation assesses the support provided with regard to its relevance, effectiveness, efficiency, impact and sustainability. The Terms of Reference (TOR) for the evaluation are provided in Appendix I.

[1] GoS, Swedish Policy for Global development,

1.2 *Methodology for the End–Term Evaluation*

Following an initial document review and inception meeting held on 21st November 2013 at the headquarters of HIHEA and attended by HIHEA senior management staff, Programme Manager, Embassy of Sweden and the consultants, an Inception Report was submitted on 28th November 2013 elaborating the methodology to be used in the evaluation.

The evaluation based its findings on an intensive review of relevant literature, as well as quantitative and qualitative data gathered from clients of HIHEA and interviews held with key informants. The data collection exercise was conducted over a two week period from 25th November to 6th December 2013. Figure 1 below outlines the overall evaluation exercise process.

1.2.1 Sample design

The multi–stage sample design was adopted for the data collection exercise. Eight counties out of the eleven were randomly sampled and agreed with HIHEA management. 88 groups out of a total of 2,195 were randomly selected, while 390 out of a total membership of 40,641 were also randomly selected (Table 1) and formed the basis for analyzing the "before and after" effects of the programme.

Table 1 Sampled Branches, groups and group members

Branch	**Total No. groups**	**No. of groups sampled**	**Total No. of members**	**Number of group members sampled**
Eldama Ravine	68	6	1336	24
Gatundu	195	0	3462	0
Kasarani	221	11	3632	58
Kawangware	29	12	3555	51
Kiambu	154	0	2825	0
Limuru	227	12	4023	47
Machakos	279	11	6244	47
Nakuru	272	12	5451	53
Tala	233	12	5213	47
Thika	267	12	4830	63
Kitengela	70	0	70	0
Total	**2,195**	**88**	**40,641**	**390**

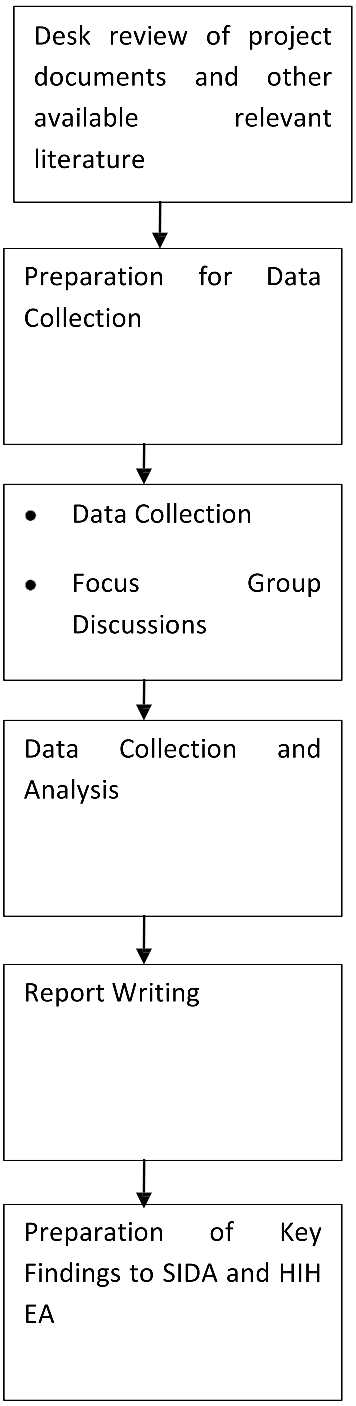
1.2.2 Data Collection

Five enumerators were recruited and trained on how to administer the questionnaire developed for gathering data from sampled individual clients. Data collection was carried out over a period of 14 days (25th November to 6th December). The Enumerators were supervised by the consultants. The consultants managed the FGDs as well as interviewed key informants.

1.2.3 Data management

A data entry using SPSS software was developed. Data entry was preceded by manual editing of completed questionnaires. SPSS was used to analyze the data collected through the questionnaire.

Figure 1: The Evaluation Process



1.2.4 Review of Documents

The study draws on extensive review of documents by the consultants.

Background information of the EDRF programme was gathered from desktop reviews (see references).

1.2.5 Focus Group Discussions (FGDs)

Quantitative data gathered from the questionnaire was complimented with qualitative focus group discussions held in the eight branches. Two types of FGDs comprising of service providers/partners of HIH EA (Duty Holders) and beneficiaries (Claim Holders) were held each taking about two hours.

A total of 16 FGDs were held: Eight of beneficiaries and eight of service providers. FGDs discussed questions related to HIHEA activities.

1.2.6 Limitations of the evaluation

It was recognized at an early stage that it would be impossible for the evaluation, in assessing the outcomes of the HIHEA EDRF programme, to include a theoretically and statistically robust counterfactual analysis, i.e. an analysis of what would have happened in the absence of the support provided. It was also recognized; however, that some attempt to address the counterfactual issue would be necessary to support the conclusions of the evaluation. Thus, the analysis of the outcomes also suggests what would have happened in the absence of the support provided. To achieve this, a before and after comparisons has been used. The results were drawn from structured questionnaire administered to a sample of end-beneficiaries and during FGDs.

1.3 Structure of the report

The report consists of five chapters. After this introductory chapter, chapter 2 examines the context in which the EDRF programme operates. Chapter 3 presents an overview of the programme. Chapter 4 sets out the findings of the evaluation. Finally, Chapter 5 presents the overall conclusions of the evaluation, lessons learnt and recommendations.

The report also contains appendices on the terms of reference of the evaluation and key informants consulted.

2 General Context

2.1 Key characteristics of the economy

Kenya has a land area of 587,000 km^2 and a population of 40,863,000 (2010). Overall population growth is relatively high at 2.7 per cent and life expectancy for women is 55 and for men 53 years[2]. The majority of Kenya's population lives in rural areas (67.7%[3]), and significantly more women (77.8%) than men are rural dwellers. About one-third of rural households are female-headed; in some locations the rate is considerably higher, for example, Samburu County has 79.1% female-headed households[4].

In 2008, Kenya had a Gross National Income (GNI) per capita of USD 770 per annum[5]. The country exhibits strong social differentiation, with social, economic and political exclusion and disadvantages reflecting stratification by class, ethnic group, gender and region. About 45%, or 18 million people, in Kenyan live below the poverty line, with a national average of 49.1 per cent in rural areas[6], where the prevalence of poverty is almost the same for male and female-headed households, which suggests that the economic dominant role of rural men has declined. There are also significant regional variations in poverty rates[7], where the northern parts of the country show high incidence of poverty.

Underemployment in Kenya is high, and the problem is compounded by rapid population growth, a growing youth population estimated to be 67% and structural rigidities within the labour market. Besides these, past interventions towards addressing unemployment has been piece meal, uncoordinated and implemented based on weak policies, legal and institutional frameworks. In the period 2005/06, overall unemployment rate was 12% while youth unemployment was estimated to be 25% during the period 2007/12[8]. Most of the jobs are in the informal sector and are characterized by under-employment and low productivity.

Diseases like malaria, HIV, TB and other communicable and water-borne diseases affect agricultural production and contribute to malnutrition. They consume household savings as a result of high healthcare costs leading to a decline in the total household asset base. These diseases affect the most active and economically able sections of the population. The most

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2 World Bank 2010
3 GOK 2010 Kenya 2009 population and housing census highlights
4 2005/06 Kenya Integrated Household surveys
5 World Bank 2010
6 GOK Basic Report on Well-being in Kenya
7 GOK 2005, Kenya Integrated Household Budget Survey
8 Second Medium term Plan 2013-2018

active age group segment 15–49 years constitutes 70% of the population and is also most vulnerable to HIV and AIDS. Within this group, women and girls, who provide about 60 per cent of the household labour force, are more vulnerable to HIV due to biological and social factors. The situation for women is aggravated by the added burden placed on them by traditional responsibilities of caring for the sick and the elderly.

2.2 Agriculture and rural economy

Kenyan economy relies heavily on the agricultural sector, which provides 18% of formal employment and 70% of informal employment, accounts for 26% GDP and 65% of total exports. It is one of the important sectors that can contribute greatly to reduction of poverty among the majority of Kenyans. Although agriculture is critical to the general economy, levels of production and productivity are very low and the enormous potential of the sector has not been sufficiently tapped. Strategies for agricultural growth are anchored on transforming subsistence farming into commercial production, and ensuring that growth is achieved through intensification and a shift towards higher-value products, and irrigated crop production in the drier zones.

The main constraints for agricultural growth include:

- Institutional Arrangements: Unfavorable external macro-economic environment, an outdated legal and regulatory framework, poor governance and weak capacity in key institutions supporting agriculture, multiple taxes, incomplete liberalization;

- Production and Processing Constraints: Low absorption of modern technology, lack of access to financial services, frequent droughts and floods, reduced effectiveness of extension services due to use of inappropriate methods and a sharp reduction in operational budgets and human resources in the sector ministries, high incidence of HIVAIDS, malaria and water-borne diseases, low and declining fertility of land: high cost of key inputs and pests and diseases;

- Producer to Market Linkages: Inadequate markets and marketing infrastructure, inadequate quality control infrastructure, unfavorable trade conditions, poor infrastructure, and lack of storage and processing facilities; and

- Insecurity in some counties is also a major hindrance to agricultural development as it displaces people as well as impacts upon productivity.

It is important to underline that these production, processing and market limitations affect men and women differently, with women experiencing greater constraints in access to resources and services, resulting in lower productivity and incomes.

Food security and adequate nutrition have not yet been achieved for millions of Kenyans especially in arid and semi-arid lands although some improvements have been made over the past few years. The percentage of adult women with chronic energy deficiency as a percentage of the whole population is 12.3 per cent (male percentage not known)[9]. The national food poverty rate is 45.8 per cent. Sixteen per cent of children under five are underweight and 4 per cent are severely underweight. Rural children are more likely to be underweight (17 per cent) than urban children (10 per cent). There is also strong regional variation in levels of food poverty and malnutrition.

2.3 Microfinance in Kenya

The access of poor people to financial services has become the focus of increasing political, business and development attention in Kenya over the last five years. The FinAccess studies conducted over recent years show that levels of access, whilst improving, remain low. Slightly more than quarter of adult Kenyans (25.4%) lack any form of access to financial services. Such limited access comes at high economic and social costs and also represents a lost opportunity for the financial services industry. Even though access has improved over the last five years, the majority of rural adult population as well as the informal sector have less access to financial services and this is made worse by the high cost of finance available in the market. The saving culture in Kenya is low. For example during the period 2007/12, the saving rate was only 13% of the GDP, just half of the average for low income countries, and less than 17% for the sub-Saharan Africa average. There are also inequalities between men and women in access to productive assets including access to information and technologies for development.

Kenya has received considerable volumes of international aid to support microfinance for the poor. Despite this funding, levels of outreach remain low. Studies in Kenya have concluded that such programs remain small players in the financial market.

Despite its modest direct impact, microfinance continues to receive considerable attention from donors and more significantly and increasingly from the government.

[9] FAO 2011

The microfinance sector in the country is changing and new commercial players are entering the lower-income segment of the market, backed by new investments, increasing competition and bringing economies of scale, lower costs of funds and introducing new practices and products. Change has also been brought about by a more enabling government policy and regulations of the financial sector. Technological innovation has also been a major driver too, permitting the spread of electronic banking, such as SMS-based banking, electronic point of sale devices in retail outlets and ATM's across the country.

In parallel to mainstream banks entering the low-income market segment, three of the more successful NGO Microfinance providers (KWFT, Faulu Kenya and SMEP) have transformed into regulated Deposit Taking Microfinance Institutions. Driven by the quest to mobilize deposits and grow in scale and professionalization, to enable them to offer a fuller range of financial products. Investors have also discovered opportunities to earn a return in microfinance. Six Deposit Taking Microfinance Institutions have been established by such investors- Uwezo DTM, Rafiki DTM, Remu DTM, Century DTM, U and I DTM and Sumac DTM.

Financial services is one of the 6 sectors selected for fast tracking development under Kenya's Vision 2030, with a specific focus on increasing savings to 30% of GDP and introducing more financial products to deepen financial services outreach. The **Private Sector Development Strategy (PSDS) 2006-2010** on the other hand identifies access to capital for MSMEs as a priority. With respect to MSME access to capital the aim of the PSDS is to offer assistance by creating an enabling environment while encouraging dialogue that promotes innovation, with specific reference to the facilitation of trade finance, industry benchmarking, credit reference legislation, support to women enterprise development and support for the development of long term finance products

3 Objectives and Activities of Enterprise Development for Rural Families in Kenya

Hand in Hand group has a global objective of supporting initiatives for poverty reduction. To achieve this, the Group has developed a model that combines microfinance with enterprise and job creation. The main beneficiaries of HiH interventions are rural poor families, who are empowered and supported to create jobs. Each affiliate HiH organization formulates programmes that domesticate this model in their regions and countries. The goal remains the same but the purpose of the programmes may differ from country to country depending on the thematic focus – however the approach remains the same. For the HIHEA's enterprise development for rural livelihoods programme, the goal remains the same but is anchored on another Swedish supported programme, NALEP.

3.1 A brief history of Hand in Hand's Enterprise Development for Rural Families in Kenya (EDRF)

Hand in Hand is a group of independent organizations working together towards a shared vision to alleviate poverty through job creation. Hand in Hand International (HiHI), a registered UK charity, serves as the group's fundraising, coordination, support, and strategic expansion office, based in London. Other affiliates are Hand in Hand Sweden (also a fund raising charity), Hand in Hand India, Hand in Hand Southern Africa, Hand in Hand Afghanistan and Hand in Hand Eastern Africa (HiHEA). The Group's mission is to work for the economic and social empowerment of women, and thus of society, by supporting the creation of sustainable enterprises and jobs. The Group has developed a model that focuses on poverty reduction interventions among rural, poor families by empowering and supporting them to create jobs. The model consists of a combination of social mobilization through the creation of self-help groups, structured business training and the provision of microfinance services based on a savings-driven approach.

In 2010, HiHI approached the Embassy of Sweden in Nairobi to support the transfer of the Group's model to East Africa through their South-South knowledge transfer initiative. A concept paper submitted by HiHI on how to transfer the model to EA formed the basis on which Sweden later entered into an agreement with HiHI to support the programme "enterprise development for rural families in Kenya". By this time, HiHEA was not yet established and one of the outcomes of the EDRF was to assist to establish HiHEA. Sweden's assessment of the EDRF concluded that the programme was in line with Kenya's strategies and its approach deepens NALEP approach of making farming a business and creating jobs in the rural areas. Moreover, it is particularly important in poverty alleviation, as well as an empowering tool for women to be engaged in commercially viable enterprises.

The fact that the model is working in five regions spread in three continents is a sign that it can be domesticated in countries where poverty is high and that it is delivering results that has been the basis for the spread from one continent to three at present. The twinning of the EDRF to an already working national programme, NALEP, with similar goal for complementarity provided a springboard to the programme to expand quickly as demonstrated by the number of groups and membership reached within a period of less than three years.

The Hand in Hand model focuses on poverty reduction interventions among rural, poor families by empowering and supporting them to create jobs. The job creation model consists of a combination of social mobilization through the creation of self-help groups, structured business training and the provision of microfinance services based on a savings-driven approach. The NALEP approach on the other hand focuses on poverty reduction through effective extension services that facilitate social mobilization and promote appropriate technologies that lead to selection of viable agricultural enterprises.

The point of departure for HiHEA model is the combination of microfinance and enterprise development as opposed to NALEP where enterprise development is indirectly linked to microfinance through collaboration. The other major difference between NALEP and HiH is that while NALEP focuses on women, men, and youth and provides technical information of agricultural enterprises, HiH model focuses mainly on women and structured business skills. However, EDRF approach was domesticated in Kenya where the target is on men, youth and women although the majority of groups have larger proportions of women than men. Two aspects of the EDRF Model that were to be integrated in NALEP and were the basis for support to the programme included the access to financial services through microfinance institutions and the structured business training of self - help groups, these were missing in NALEP.

3.2 Project activities

The overall goal of EDRF is to contribute to reducing rural poverty and work in support of the country's prioritized strategies, Vision 2030 and NALEP, and the Millennium Development Goals (MDGs). To achieve this, the programme's strategy, which is the purpose of the programme, is two pronged: 1) provide capacity building and facilitate access to microfinance services to rural families in order for them to start and grow their enterprises and increase their income, and 2) provide structured business training and market support to rural entrepreneurs to help them reach markets, grow their businesses, and generate employment opportunities.

To realize the programme objectives, HiHEA used 4 processes (phases) to implement the programme activities. The four processes are interchanged with programme outcomes and were reviewed by the consultancy team when they met various stakeholders in the 8 branches as well as field visit in selected groups. These include: Organizational set up; Model adaptation and NALEP engagement; Implementation; Consolidation and scale up. Programme activities are therefore grouped around these four processes.

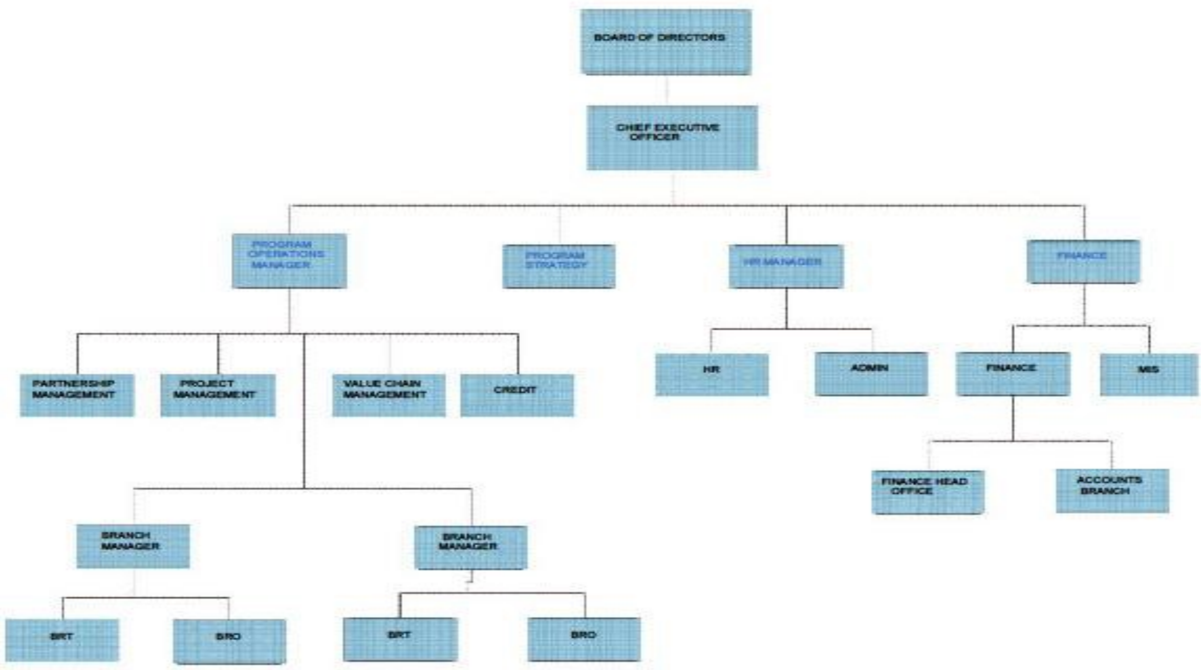
3.2.1 Organizational setup

HiHEA was registered in July 2011 as a Non-Governmental Organization in Kenya. It should be noted that the EDRF was started about six months before HiHEA was registered. HiHI was responsible for ensuring that the local organization was registered and set up. Although in the beginning there were challenges in registering the organization and recruitment of core team managers for the head office, the local organization moved with speed to establish a board and recruit required staff for the national office as well as open branches across the country. A Board of five members was established and meets quarterly. Eight branches were opened within a period of two years (Kasarani, Kawangware, Kiambu, Limuru, Machakos, Tala, Nakuru and Thika) and five more were opened during the last year of the programme implementation (Eldama Ravine, Emali, Gatundu, Kitengela, and Loitokitok). Emali and Loitokitok are however under another programme. In total, thirteen branches were opened within a period of three years. The branches are however located in a small area of the country (in 8 of the 47 counties) and are not based on county boundaries but rather on the convenience of the organization to render services to their target groups. No clear criteria was used in selecting the branches although the management informed the assessment team that the first 8 branches were selected because they were near Nairobi and convenient for closer follow-up from the national office. The management also informed the team that NALEP was involved in influencing the choice of the original branches.

The National office is responsible for strategic management with guidance from the Board, provision of technical and administrative guidance to branch offices, training of branch staff, financial management, human resource management and liaison with donors and other strategic partners. Each branch has a Branch Manager supervising implementation and supporting branch staff, of about 6-12 Business Relationships Officers (BROs), who are directly supporting and training the groups, and one support staff responsible for branch accounts. The staff capacity in terms of numbers has increased from six in 2010 to over 140 in 2013.

The recruitment of all technical and support staff is through transparent mechanism where the vacancies are advertised on the organization’s website and national newspapers. Those who apply are shortlisted and interviews conducted by a panel composed of the management staff. There is observed fulfillment of the Kenyan constitution on the requirement for gender equality in the employment of staff (55% (77) males and 45% (63) females). It was however, established that there was a high turnover of staff at the national office as most of the core professional staff who were recruited between 2010 and 2012 to implement the programme are not the ones in place at the time of evaluation. Considering the size of the organization and the source of funding at the present time, the expansion and growth of the organization has been linear and many issues including management and sustainability will be crucial for the survival of the organization.

Figure 2 HiHEA Organizational Chart



Source: Hand in Hand Mid-term Review

3.2.2 Adaptation of Hand in Hand model and NALEP engagement

This was the most important reasons for the establishment of HiH in Kenya. The model developed in India has three main aspects; social mobilization, structured business training and market linkages and provision of microfinance services. The model had to be adapted to suit Kenyan conditions. An important ingredient for the model to be adapted to Kenya environment is the aspect of partnerships with organizations already engaged with activities that fit into the three aspects of the model. Institutions working with rural household groups, providing microfinance services and business training were handy for HiH to avoid re-inventing the wheel, avoid conflicts and harness complementarities and synergies. HiHEA therefore took a survey of the organizations and or programmes that had near similar approaches to the model - with the three aspects of the model. After identifying the partners, HiHEA then entered into formal and informal partnerships at both the national and branch level. By 2013, HiHEA had developed partnerships with over 40 different organizations. 24 of them partner in social mobilization, six in microfinance services and 14 in specialized training (see appendix 2).

Three important programmes implemented by Government of Kenya and had “low lying fruits” for HiHEA to have complementary working partnership included the National Agriculture Livestock Extension Programme (NALEP), Women Enterprise Fund (WEF) and Youth Enterprise Development Fund (YEDF). NALEP was already working with rural based groups called Common Interest Groups and were involved in farming as a business, WED and YEDF on the other hand were already supporting women groups and youth groups with financial support for development of enterprises. HiHEA has however collaborated with many other organizations to adapt their model in Kenya. The partners can be grouped into three categories depending on the model area they are specialized in: 1) those that refer their groups to HiHEA; 2) those that HiHEA refers their groups to; and 3) those that support HiHEA in service delivery. Majority of the partners were those that refer groups to HiH e.g. NALEP, ACK, Caritas etc. A few of them get groups referred to them from HiHEA, e.g., WEF, YEDF, SACCOs etc. The degree and depth of partnerships varied from organization to organization depending on many factors not least the interest and expected benefit of the partnering organization, comparative technical capacity, personality of the head of collaboration organizations at either the head office or at branch level, and trust.

For HiHEA to have clear milestones for model adaptation and partnership, there was need for the organization to identify existing and potential economic activities in the selected branches (that will change lives of the poor), establish criteria for the selection of the entrepreneurs, understand the financial sector and more specifically the microfinance (so as to avoid disappointments) and formulation of a monitoring and evaluation system that will be used for checking on the realization of results. The evaluation team finds this area not well understood by the organization and although attempt has been made after the midterm review recommendations, a lot is still not accomplished. The potential and existing economic activities, the criteria for selection of enterprises, re-tooling of logical framework and establishment of baselines are just a few examples of what was not accomplished. This evaluation report has attempted to put in perspective the intended outcomes and not necessarily as formulated in the project document.

3.2.3 Implementation

This process entails the direct engagement with self-help groups and individual members to improve on the enterprises/businesses they are already engaged in, expand and start new ones. After identification of existing and potential businesses, HiHEA staff mobilizes groups that select the businesses of their choice and then they undergo a 16 weeks training programme. This is an intensive programme that focuses on three issues, facilitate group formation (group dynamics applied by HiH staff to all groups that have shown interest or have been referred to by other programmes/organizations), train and mentor the groups on how to start business and train them how to grow business. HiHEA has developed training modules that are applied to all groups and form the basis for monitoring by the branch managers and the national staff.

Awareness campaigns is another important activity of this process and is aimed at introducing HiH to the general public and to the service providers in areas where such a function is held. These campaigns are in form of exhibitions, field days, barazas, workshops, newspaper supplements and radio programmes. It is from these functions that HiH establishes network linkages with other like-minded organizations and also where groups or individuals get information on how they can benefit from the organization.

A lot has been achieved in this phase considering the number of groups and members who are participating in the programme activities (more details on section 5). From discussions with NALEP, WEF, YEDF and other collaborators, there has been synergies created between the organizations and specifically for WEF and YEDF, the organizations report that if it were not for HiHEA, they would not have disbursed county allocated budget to groups as much as they have done. NALEP also reports that some of the groups that HiHEA took over would have disintegrated but due to the continued training on business development and the incubation fund support from HiHEA, the groups have expanded from where NALEP had reached.

A major part of implementation planned at inception phase is the partnership with NALEP as a springboard for HiHEA model in Kenya. The partnership was the core to the EDRF and from discussions with NALEP and HiH and from reports, there has been positive partnerships with most of the CIGs referred to HiHEA by NALEP. It is reported that 40% of the groups that HiH is working with were all referred to by NALEP and that NALEP extension staff are also involved in technical training of the groups as well as coaching HiHEA staff on the technical aspects of the commonly preferred agricultural businesses. By August 2013, more than 905 NALEP CIGs with over 13,000 members were taken over by HiHEA and this number continues to grow as HiHEA expands to more areas. It is important to note that the partnership with NALEP went beyond handing over groups to HiHEA, to deepening the partnership with each programme imparting knowledge among their staff so that there could be efficiency in the partnership approach. Over 180 NALEP extension staff were trained on the HiHEA model with emphasis on business management -a major weakness in NALEP approach. The advantage of this inter-programme training is that the overall outreach for both programmes increases and moreover, there is deepening of the different approaches used by the two programs with accompanying advantage of realization of each programmes objective.

3.2.4 Consolidation and Scale-Up

This evaluation is part of the activities for this fourth process of the programme as it is intended to report what the programme has been able to achieve in the last three years with respect to programme purpose and also lessons and recommendations. HiHEA was prepared for the evaluation by ensuring all relevant documents were availed to the consultant on request. These documents were in form of annual results progress reports, newspaper articles, midterm review reports and other programme reports (see references).

The activities of this phase were also expected to lead to the introduction of microfinance as an input to deepen the group businesses as well as bring more groups on board. This sub activity was started by taking stock of what happens in the financial sector in order to develop products that are appropriate to the clients while at the same time ensuring they are not in conflicts with sector strategies. In April 2013, Enterprise Incubation Fund (EIF) was introduced in the programme with support from HiHI and by end of September, 2013 about 13.7 million KES were lent to over 1,500 group members. Although this sub activity has not fully matured, the evaluation team understood the need for proper assessment of the sector in order not to introduce products that were not appropriate to the sector or those that have not succeeded before. From discussions with beneficiaries and in FGDs, there was the feeling that the amounts given to each member (KES 10,000) was not sufficient for a majority of members to either start or expand a business

HiHEA has also linked some of the groups to micro finance institutions that are offering financial access. By 2013, over 5,000 group members (80% women and 20% men) accessed credit to the tune of KES 27 million for starting lending to group members to start and/or expand their individual or group businesses.

Another sub activity that HiHEA has undertaken to contribute to consolidation is to scale-up programme activities to other areas. During the last year of the programme, five new branches were opened including Eldama Ravine, Emali, Kitengela, Nakuru and Olotokitok. Emali, Kitengela and Oloitokitok are new and the evaluation team did not assess these three branches.

4 Findings

In assessing the impact, the team looked at the achievements at the output level and has attempted to analyze the outcomes and impacts. It needs to be noted that the programme logical framework is not adequate in specifying the intended outcomes and impact at the goal, purpose and outcome levels and not even at the output level. The team therefore has tried to reconstruct the expected outcomes and impact.

The baseline developed by HiHEA for the programme looked at the type of dwelling structure, income levels, sectors and number of enterprises, sources of water, type of cooking fuel, type of lavatory, capacity to create jobs and levels of education of the respondents before HiHEA intervention. Apart from income levels, sectors and number of enterprises and capacity to create jobs, the evaluation team did not find that the linkage between the programme intervention and the other established baseline indicators were logical as criteria for targeting as well as for evaluating programme outcomes and impacts.

4.1 Breadth of impact

The Consultancy Team identified impact at a variety of different levels indicating that HiHEA has succeeded in achieving impact over a broad range of stakeholders. This breadth of impact can be summarized as follows:

- Beneficiary impact on an individual level –the impact that HiHEA activities have had on individual rural households and their management,

- Beneficiary impact on a group level –the impact that HiHEA has had on rural households through the formation of groups; the Self Help Groups and the CIGs,

- Internal impact –the impact that HiHEA has had on the organizational delivery of services (savings, training) and individual staff members,

- Impact on Cross-cutting issues –the impact that HiHEA has outside of the direct impact on enterprise development and poverty alleviation among beneficiaries in addressing the issues of gender, human rights and environment.

4.2 *Specific impacts*

The terms of reference for the impact assessment are explicit in their identification of the issues to be addressed when assessing impact. To ensure conformity with terms of reference, each of the specific issues identified in the ToRs are discussed below. A broader analysis of the overall impact is then made in Section 5.

The overall objective of the programme is contribute to reducing rural poverty and work in support of the country's prioritized strategies as well as global commitments through the Millennium Development Goals. In assessing the impact of EDRF, the evaluation team notes that HiHEA does not measure the contribution toward this objective, and it will also be wrong to attribute changes in rural poverty and progress on the delivery of national strategies directly to HiHEA in view of many other players and enablers. However, according to focused individual interviews, group discussions and analysis of programme results reports, HiHEA is strengthening the NALEP CIGs by enhancing their viability and cohesiveness thereby addressing a major gap of NALEP approach. Although NALEP approach of CIG is similar to HiHEA self-help groups, there is more time spent with HiHEA groups than with NALEP groups. Moreover, HiHEA approach introduces an incentive in the form of the incubation fund to be borrowed by groups and promotes local resource mobilization through structured training.

The evaluation team therefore focused more on the programmes' two pronged strategy of providing capacity building and facilitating access to microfinance services and providing structured business training and market support to rural entrepreneurs to help them reach the market, grow their businesses and generate employment opportunities to assess the impacts. The methodology discussed in section 3 above was used to assess the outcomes and impact of the programme. The main indicators for the achievements of the programme purpose include:

- Number of beneficiaries benefitted through knowledge sharing and access to enterprise related resources
- Financial inclusion among target group
- Number of enterprises established among the beneficiaries
- Number of partner institutions with increased capacity to deliver training and support for entrepreneurship among poor, and mainly women

4.2.1 Provide capacity building and facilitate access to microfinance services

The outcome of the first part of this strategy (provide capacity building) is the establishment of HiHEA to enable the adaptation of the HiH model in East Africa. From documented evidence, HiHEA was established and registered as an NGO in Kenya in July 2011. This was an important milestone considering the tedious process of registering NGOs due to cumbersome processes prone to corruption. The process was also delayed due to conflict of interest with initial core management staff recruited to start the organization. Within three years the organizational capacity in staff numbers increased from 6 at start in 2010 to 140 by November 2013. Establishment of HiHEA by itself is not an outcome but a capacitated organization that will lead to adaptation of the HiH model. The capacitated organization is now domesticating the HiH model in 13 branches.

During the programme period, HiHEA on its own and in partnership with other service providers facilitated the formation of over 2,195 groups with a total membership of over 40,641 by September 2013. 61% of the groups were formed directly by HiHEA while the majority of the others were referred to HiHEA by NALEP. 80% of the members of groups are women, an indication that the model was not wholly adopted but was modified to fit the Kenyan context. 46% of the members were in the age group 36-50 years while 26% between 15–35 years. Most of the members (50%), had primary education while 26% had secondary education, a factor that is important in household development.

From a sample of 390 members of groups supported by HiHEA, it has been established through a questionnaire that HiHEA adapted the model in Kenya as evidenced by the training achievements during the last three years. 14 different training courses were held ranging from production, to business development resulting in the uptake of 33,442 enterprises and creation of 44,230 jobs. 72% of the trainings were conducted in an instructor-led approach with 90% of the recipients reporting that they were satisfied with what was offered in the training.

Another important outcome of the programme is the creation of partnerships with other NGOs, CBOs and government institutions and departments. The partnerships in most of the cases are symbiotic with each partner entering the partnership at own cost and with the comparative advantage of the organization aspects that makes the programme approach efficient. Majority of the partnerships were informal and the formal ones were with NALEP, WEF and YEDF.

HiHEA has been successful in realizing the outcome of the second part of this strategy, **facilitate access to microfinance services**. Financial access in HiH supported groups has two dimensions, access to savings and access to credit by groups and by individual members. The HiH model is structured in a manner that ensures financial access is part of the training and a conditionality for groups to get support from HiH. To facilitate access to finance, HiH has introduced and promoted merry-go-round, piggy bank, individual savings and enterprise incubation fund in the training modules. All groups are trained on saving methods and encouraged to start savings as a pre-condition for further support. Although some of the groups that were started before they were referred to HiH were involved in saving, the survey conducted to evaluate the impact shows that 91% of the members of the groups had started saving. The survey also shows that in 2010 when the programme started, 75% of the savers were in small category, 17% in medium and 8% in large. By 2013 the majority of savers were in medium category (54%), while those in large category increased to 10% and those in small decreasing to 35 % (see table 2).

Table 2: Levels of savings

Levels of saving	2010 %	2013 %
Small	75	35
Medium	17	54
Large	8	10

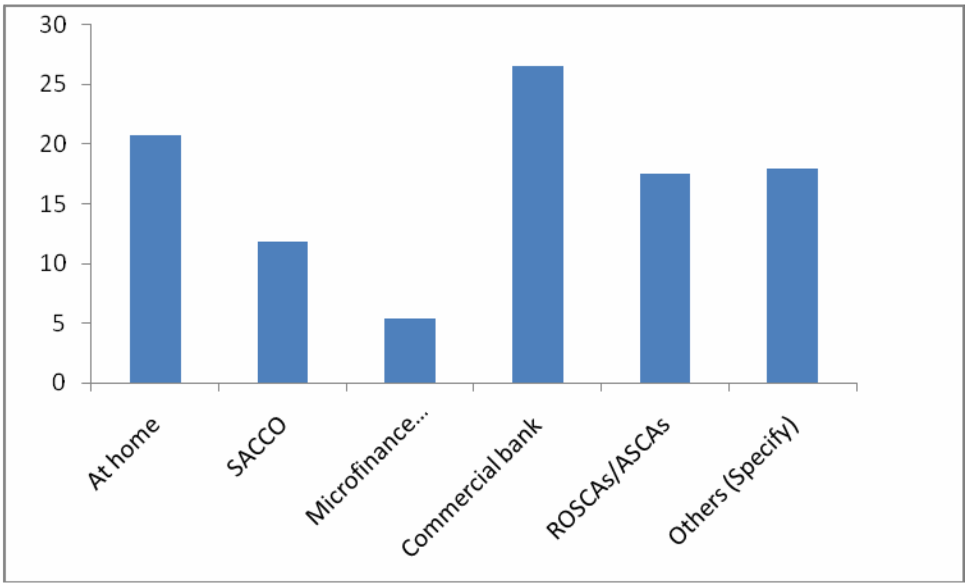
Table 3 on the other hand shows that members increased their savings with time. In 2010, those saving 10,100 -100,000 increased from 16 in 2010 to 42 in 2013 while those saving small amounts 800 -10,000 decreased from 65 to 55 during the same period. This increase in the savings with time is attributed to the training on group dynamics that assures transparency, accountability and trust among group members and their elected leaders. It is also attributed to realization by members that the savings are enabling them venture into more income generating activities when they borrow from the savings for starting an enterprise or business and in the expansion of businesses.

Table 3 Amount of money saved

Amount (Kshs)	2010 Nos.	2013 Nos.
800-4000	25	32
4001-10000	40	23
10100-15000	4	13
15001-20000	4	12
20100-30000	2	4
30100-10000	6	13
Above 100000	2	2

The survey shows that a large proportion of members save in formal banks (27%) but a significant number was found to be saving at home (21%). Others saved with MFIs, SACCOs and ROSCAs/ASCAs. This saving trend mirrors the national trend where it has been established through other surveys[10] that rural households have limited access to financial services. However, 90% of the members indicated their satisfaction with their saving methods. HiHEA has therefore a potential to assist the groups to move to formal savings to graduate these saving at home or with shopkeepers and relatives. Do these savings services reach the poor? Taking average savings as crude proxy it would appear that savings services promoted by HiHEA are reaching the lower income segment of Kenya's population. Studies by the World Bank indicate a median savings value per capita of USD 111 for the bottom quintile of the income spectrum globally (by GNI/capita). The survey carried out during the evaluation indicates an average savings of USD 100.

Figure 3 Common sources of savings (in percentage)



The second aspect of the financial access evaluated is access to credit. Through the focus group discussions with group representatives and with HiHEA staff and key informers, the evaluation team observed that although there was borrowing in the formal financial service providers, the borrowing that was mentioned as having enabled group members to start or expand enterprises/businesses is the merry-go-round. All members had equal opportunity to borrow from the group savings. The terms of borrowing of group savings are determined by the groups themselves and can therefore be said to be conducive. The repayment of borrowed amounts

[10] FinnAccess 2006, 2009, 2012

was more than 95% with delayed repayment accounting for 5%. The repayment however attracted fines ensuring that the group will not loose any money.

The amount of money borrowed is an indicator of deepening financial access. The survey showed that there was change in the amount of money borrowed between 2010 and 2013. 49% of borrowers were borrowing 800-4000 in 2010 while 15% were borrowing 4001-10000. In 2013, those borrowing 800-4000 decreased to 42% while those borrowing 4001-10000 increased to 38%. From the survey, it was noted that those borrowing large amounts decreased from 7% to 4% during the same period (Table 4).

Table 4 Amount of money borrowed

Amount Borrowed (Kshs)	2010 in %	2013 in %
800-4000	49.9	42.6
4001-10000	15.4	37.7
10100-15000	7.6	6
15001-20000	3.8	8.5
20100-30000	11.5	2.4
30100-100000	7.6	3.6

HiHEA introduced an incubation fund to be borrowed by the participating groups to strengthen their ability to assist group members start self-sustaining enterprises/businesses. Over 13.7 million KES was borrowed by over 1,500 group members from the HiHEA incubation fund. The fund is seen as a soft credit to assist graduate groups and group members from the lowest profile to the next profile where they are able to access credit and other financial services from formal and other informal financial services. From the group discussions during the evaluation, there was a high demand for the fund and the most asked question by those interviewed was when the group will be allowed to borrow larger amounts. HiHEA is not registered as a deposit taking MFI and if by undertaking such activity there will be breach of financial regulations, then HiHEA needs to apply to the Central Bank of Kenya (CBK) for authorization to take deposits.

Groups and group members accessed credit not only from their group savings and from HiH but also from commercial banks and microfinance institutions. By 2013 over 5,000 group members accessed a total of 26 million KES from other financial institutions. More than 80% of beneficiaries of the credit from other MFIs are women. This was possible because the training by HiH had enabled the borrowers to be credit worth to the lenders and also due to the good positive referral recommendations by HiH. The training and the mentoring that the groups undergo with HiH has enabled this trust between lenders and groups. Financial institutions did not report any failure to repay the borrowed credit. This is a good indicator that the businesses/enterprises started or expanded by the borrowers after support by HiH are viable and the training itself is appropriate and targeted at potential sectors.

4.2.2 Provide Structured Business Training And Market Support To Rural Entrepreneurs

This strategy is intended to impact on improved incomes, generate jobs and strengthen livelihoods as well as increase awareness on human, political and social rights. To achieve this, HiHEA works with groups to assist them start new businesses, grow/expand the business and links them to markets. To support this, HiHEA enters a partnership agreement with other organizations in training the groups in areas where the partnering organization has a comparative advantage.

New Enterprises

Due to the nature of rural areas, most of the new enterprises undertaken are agricultural based. NALEP partnership was appreciated by the participating groups as well as the HiH staff in the branches. NALEP on her part was appreciative of the HiH intervention as it enabled the common interest groups to deepen their knowledge on business management and in the financial access for starting or expanding a business. Other programmes including WEF and YEDF were also full of praise for the HiH approach because it enabled the programmes to disburse more funds than they would have if there was no such partnership. Besides the disbursement aspect, the training by HiHEA on how to utilize the borrowed funds and the accruing benefits to the borrowers was important for the programmes sustainability.

From the survey conducted on the groups, 64% of group members ventured into new business after benefiting from the HiHEA intervention during the programme period with 92% reporting that the new businesses resulted in higher incomes. Other impacts associated with new enterprises were food security with 10% of group members reporting that the new enterprises generated jobs.

In terms of production, sales and net profits, the survey showed that the enterprises/businesses were small in category in 2010 but expanded to medium category by 2013. In 2010, the proportion of small businesses was 81%, while the medium was 11%. In 2013, the proportion of small businesses declined to 27% while that of medium increased to

65%. This trend is also seen in the sales and net profit as seen in table 5.

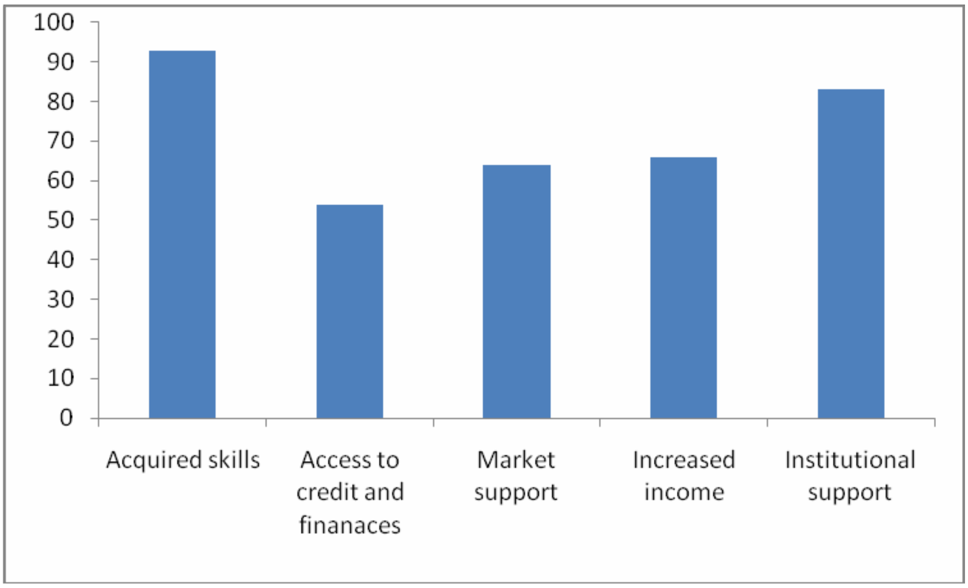
Table 5 Enterprise expansion

Quantity	Production		Sales		Net profit	
Year	2010 in %	2013 in %	2010 in %	2013 in %	2010 in %	2013 in %
Small	81	27	70	28	74	34
Medium	11	65	22	63	18	56
Large	8	8	8	9	8	10

Expansion of business

The interest to start new enterprise and expand enterprise was mainly triggered by skills acquired, institutional support and increased income from better management of enterprise. HiHEA model delivers these three incentives to the groups they support. Figure 4 shows that taken independently, acquiring skills leads to 90% business expansion followed by institutional support (85%) Market support and access to financial services were other incentives for starting or expanding a business at 65% respectively. From the focused discussions and reports, there has not been any proof that HiHEA has delivered on market support although it was one of the expected outcome of the partnership with NALEP. Most of the groups met reported that they would like HiHEA assist them in accessing markets for their products as training in marketing alone is not enough. Increased income has the least potential (50%), on the business expansion.

Figure 4 Incentive for expansion of businesses



Job creation

The survey showed there has been increase in the jobs created associated with HiH expansion to 13 branches. The increase in the number of jobs is linked to the undertaking and expansion of enterprises. Table 6 shows that there has been an increase in the number of jobs created by group members who accessed services from HiHEA. From interviews with groups and individual members, there is not adequate evidence that the programme created additional jobs. However from HiHEA's definition of jobs created, interviews reviewed that some members at particular times of the enterprise development, engaged works paid casuals; the definition also refer as job engagement by own enterprises in addition to the above.

Table 6 Employment trend

No. of employees	2010	2013
0	47.7	32.7
1	26.8	26.8
2	19.1	23.4
3	2.3	3.3
4	1.8	7.4
5	2.3	3.7
6	0	0.4
7	0	0.7
10	0	1.1
15	0	0.4

Increase awareness of the human right based

One of the main outcomes of the programme is the economic empowerment of women. Those interviewed narrated how they have been liberated from depending on handouts from their husbands to equal contributors to household income. Majority (80%) of group members supported by HiHEA are women. They benefit from the training on group dynamics which exposes them to aspects of accountability and transparency. It is from this training module that members learn about the rights issues and how they domesticate them in their daily lives including exercising their democratic rights in elections at the ward, county and national level. They also understand the role and responsibilities of duty bearers and claim holders.

The economic empowerment begins with merry-go-round where each member of the group contributes weekly or monthly from which the money is borrowed by members for starting or expanding business. The individual savings through the piggy bank and other saving avenues not only encourages women to save but gives them capacity to venture into more income generating activities exposes.

5 Conclusions, lessons learnt and recommendations

The overall conclusion of the end-term evaluation of EDRF programme is that the Sida support to HiHEA has been successful in building the capacity of rural women and men small holder farmers as well as in promoting deeper access to financial services and thereby made a contribution to poverty reduction in the country. HiHEA has worked well with 40 partners to achieve, to a significant extent, the objectives of the programme.

5.1 Conclusions

This section sets out the conclusions of the evaluation in response to key evaluation questions set out in the TOR. The questions and conclusions are set out under the following headings relevance, efficiency, effectiveness, impact and sustainability.

5.1.1 Relevance

EDRF is well aligned with both Kenyan national development strategies as detailed in Kenya's Vision 2030 which outlines a road map that will see the country achieve a middle income status by 2030. Vision 2030 identifies the agricultural sector as one of the major sectors that will be relied upon to contribute to the realization of this goal especially in relation to growth and food security. Financial sector is identified as the enabler of other sectors of the economy that are prioritized to drive this growth

Among the priority objectives identified in the GOK's Agricultural Sector Development Strategy (ASDS) 2010-2015, are: 1) enhancing access to inputs and credit to farmers, 2) improving agribusiness and market access and 3) strengthening extension, research and training. The project in partnership with NALEP, and other organizations have contributed to these objectives. HiHEA promotion of savings in the rural areas with focus on women and the poor has contributed to reducing the number excluded from financial access. The introduction of the incubation fund by HiHEA has also been a means in which to accelerate financial inclusion in the rural areas and especially for women. The partnership with Women Enterprise Fund and Youth Enterprise Development Fund has enabled more women and youth to access finances for starting or expanding their enterprises.

By supporting rural poor households to form self-help groups and linking them with NALEP for appropriate advisory on best agricultural practices, the programme has contributed to the fulfillment of one important human rights obligation, right to food. Targeted households have produced their own food and or earned sufficient income from sales of their products which they save for purchase food and for starting and expanding businesses.

From the results discussed in section 3 and 4, the programme has responded to three millennium development goals: poverty and hunger reduction; addressing gender equality and combating HIV/AIDS. From a rights perspective, gender equality and the perspective of the poor, the programme has contributed to poverty reduction and gender equality by providing capacity building and facilitating access to microfinance services to rural families as well as supporting them to access markets, grow and expand business and generate employment.

There has however been a challenge in evaluating the impacts due to the inadequacy of the logical framework and relevant baseline indicators. Monitoring information system was not put in place until the last year of implementation.

Overall therefore the review team concludes that **the programme has been relevant** by contributing to improvement in financial services access for the poor.

5.1.2 Efficiency

There are no programmes in Kenya following a similar approach to HiHEA's so comparison should be made with caution. In terms of crude outreach, the impact achieved with overall funding of approximately USD 2 million certainly compares favourably with multi-million dollar injections of capital that some funders have provided to microfinance institutions. The efficiency of the programme begins to look even more positive if one considers leverage, ie the expertise and financial resources that have been directed at the poor as a result of HIHEA interventions (for example over KES 20million from WEF,YEDF etc).

The time allocated for the evaluation limited the team from comparing HiHEA approach with similar programmes to assess the efficiency. Although this is a limitation, it assessed that HiHEA has been able to domesticate the HiH model which takes the advantages of using group approach, collaboration and partnerships with other programmes and service providers that subsequently ensures large reach of self-help groups and their members at low costs. This model is comparable with similar approaches used by other programmes such as NALEP, KAPAP, Njaa Marafuku, WED, YEDF and etc.

In spite of unfavourable conditions, not least the challenges of corruption and vested interests from individuals, the organization was registered and managed to expand to 13 branches within three years. The HiH model was adapted to the Kenya context and implemented in all the branches.

From discussions with Management at national and branch level and from document assessment, there was evidence that the necessary procedures and systems have been established and are functional (Operations Policy and Procedures Manual, a Human Resources Policy Manual, and a Finance and Administration Manual). Some of the national office and branch staff were not familiar with these manuals and indication that not all staff members are aware of their existence. When asked whether there is a structured communication system between national office and branches and within branches, most managers interviewed remarked that the forums for staff interaction were inadequate. Some were not aware of any time they were able to meet their colleagues and learn from each other. Although this may be too expensive in case for all staff, for branch managers, this is assessed to be part of processes to improve organizational efficiency. Although the management was of the view that the monthly and quarterly meetings held for branch managers is adequate, there is need to review the current communication strategy that not only relates to staff but also to partners.

The staff recruited are well trained in the relevant fields and this enables the organization to be efficient in conducting training as well as in reporting. A few cases were however noted where some of those recruited did not have experience on the activities of the programme. Staff turnover, especially at the national office during the programme period was assessed to be high and this is a risk to programme implementation, but worse, can lead to organization's credibility loss.

The training process for the groups takes 16 weeks and there are inbuilt mechanisms in the operations and the monitoring information system to ensure members understanding. However, considering that the majority of group members have low levels of education and are trained only one hour per week, the retention and enthusiasm cannot be guaranteed. This is therefore assessed to be inefficient and may compromise effectiveness and erode enthusiasm as the trainees may forget what they were taught during week one by the end of 16 weeks.

There is too much travelling involved in reaching the groups with most trainers interviewed reporting being too tired every day they are engaged in training. While this may be inefficient, there is deliberate strategy not to procure many vehicles and motorcycles and other equipment including computers, desks and hiring expensive and expansive offices, all aimed at reducing the costs. The strategy to avoid procuring many vehicles is in line with Government of Kenya strategy to reduce operational and management costs within its recurrent budget.

The branch based activity planning provides an easy monitoring or assessment mechanism of inputs/resources while at the same time providing corrective measures. External risks (corruption, general elections of 2013, illiteracy, low income levels, social-cultural differences, HIV/AIDS) continued to affect the implementation of programme. Internal remedial measures were undertaken for some of the risks while others required external actors not under the control of direct beneficiaries. The programme may be economically worthwhile comparing the number of farmers reached with other similar programmes being implemented e.g. WED, YEDF, NALEP, KAPAP and many others.

Achievement of results is directly related to efficiency of the undertakings by the organization. This means the system for tracking the changes and monitoring the day to day happenings is crucial in programming. Although the management has put efforts to address this since the midterm evaluation, the evaluation team finds that this has not been addressed adequately. The organization has limited capacity in monitoring and evaluation. This is further demonstrated by inefficiency in the development of the programme baselines. However, the organization is being supported by HiH International to develop a monitoring and evaluation system not just for EDRF but for all programmes implemented by the organization.

The achievement of the programme in its three-year history has laid strong foundations upon which subsequent phases will build on. The implementation of EDRF by HiHEA has been efficient and constitutes good value for money.

5.1.3 Effectiveness

HiHEA has contributed demonstrably to building the capacity of rural based women and men to start microenterprises. The over 33,000 enterprises established after members had received training is a manifestation of that. The HiH model puts the rural poor at the heart of its development endeavours. The training materials developed are of high quality.

Attributing the decision by group members to start their microenterprises to the training provided by HiHEA is not feasible, but based on observed and anecdotal evidence of reported enterprise start up, it is plausible that HiHEA has significantly influenced at least 15,000 members to start their enterprises.

Training of both the HiHEA staff and NALEP and beneficiaries (groups and group members) is one of the means for the realization of results. It was reported during interviews that the HiHEA staff were happy with the training as it enabled them know how to plan and organize the training for the adults. The beneficiaries too reported that if it were not for the training, they would not be where they were in terms of the enterprises they had started and the savings they had managed to put in place. HiHEA staff indicated that they too benefited from technical training of enterprises and they would impact the same to their groups without reference to NALEP staff. WED and YEDF reported that they were able to disburse more funds that they would have done without the training by HiHEA. The training module can be improved to

Include other items to further improve effectiveness. One of the outcomes of the training mentioned severally is the empowerment of women to venture into savings from the merry go round activity that they were engaged in even before. Others reported that they were now not relying on their husbands for their livelihoods.

EDRF works with groups mainly in the rural areas targeting women. This targeting is an effective way of reaching a large number of women and poor in the locations where the programme is implemented (mainly rural and peri-urban areas). Whereas this targeting is good in addressing the needy cases, it is also recognized that targeting such groups without blending them with others will limit them from benefiting from others who have more opportunities and those with more knowledge especially in accessing markets. HiHEA also targets groups of people with HIV/AIDs and the disabled. Working with such groups obviously presents a big challenge in view of their resources ability (they have low education, low incomes, are food insecure, less exposed, live in remote rural areas etc). The HiHEA approach of targeting the champions of change in each group is a commendable strategy to help create social capital of the groups to enable them work towards realizing their needs that are finally resulting into achievements of programme results. HiHEA also targets groups referred by NALEP, YEDF, WEF and others. These referred groups can be 'good or bad' for HIHEA in terms of results achievement. Good in the sense that if they have undergone training before and are already cohesive and with running enterprise, such groups will achieve results faster compared to those that are have internal challenges or were formed with sole purpose of receiving hand-outs from other service providers – bad ones.

It is assessed as mentioned earlier in the report that HiHEA has successfully promoted saving culture (one aspect of financial access) among the targeted groups with documented results. One would however not be impressed by the modes used for savings as these have been used by some of the same groups before. However looking at the change in the amounts saved before and after the intervention, one is convinced that HiHEA made a difference. The difference is associated with the training and coaching that the groups go through with HiHEA. The piggy bank concept has enabled those who never saved in their lives or those who had no idea of saving to appreciate the power of saving. Individual testimonies from group members on how the savings enabled them to realize their rights during the period HIH has worked with them and not before is reflective of the effectiveness of EDRF. Regarding credit, this activity was started late in the programme period and although it has benefited some groups, there are dangers that some of the groups requested to be supported by HiHEA purely from the interest to get the subsidized credit. It is also a risk that others will learn about this facility and be motivated purely to get the facility with consequence of compromising achievement of results and distorting the market with more serious consequences.

Market linkages are a prerequisite to any successful business. This is even more important for rural based products including those associated with agriculture. It is even much more needed by the target groups of the programme (the poor and vulnerable). Assistance to ensure they are able to participate in a value chain process is a sure way for them to graduate from subsistence to market economy. Whereas HiHEA has promoted enterprises that require market linkages, this has not been informed by market source (local, regional or national). Cases of groups not able to sell their products which they had been assisted by HiHEA and her partners to produce were reported in the evaluation process.

Linked to market linkages is the introduction and expansion of enterprises and creation of jobs. As reported elsewhere in this report, 33,442 new enterprises were undertaken and 44,230 jobs were created. It is important to note that the more the enterprises the higher the chances of creating jobs. The programme achieved its target in this area although the quality of jobs was low because they did not comply with the national labour laws. The enterprises started were microenterprises which generally have limited scope for higher productivity and incomes. From group and individual interviews, the assessment of the benefits from enterprises was mixed with some reporting that they benefited from the enterprises to their satisfaction while others said that they did not realize any difference. Still others said that they worked more hours than they did previously or they got extra hand (hired or lent).

Another area where HiHEA has been successful is the engagement of other partners and programme through formal and informal instruments. There are formal arrangements with NALEP, WEF and YEDF and informants with more than 20 other organizations. HiHEA has trained NALEP field extension staff on the model but it was not possible to assess whether this improved how they implemented NALEP. It was however reported that the trained NALEP staff are also training others on some aspects of the training modules and not all of them. In the beginning, the partnership was not smooth but with time and constant dialogue between the managers of the two programmes, officers in the field managed to see themselves not competitors or poachers but problem solvers. This however does not mean that this was the case in all areas. Like some other partners, some NALEP staff expected to receive some allowances from HiHEA, a common phenomenon in programmes. The MoUs were positively not cascaded to all intended persons and this might have led to this unintended behaviour where partnering staff expected to be given allowances by HiHEA (this is not only from NALEP but also from other partnering organizations).

All factors considered, the review team concludes that the programme has been effective in delivery of its services to its target groups.

5.1.4 Impact

It was acknowledged from the outset that the evaluation relied on existing assessment, reviews and evaluations, secondary data, key informant interviews and focus group discussions to carry out an assessment of impact.

The evidence, however, is sufficient to give strong support to the conclusions of the evaluation that Sida's support to HiHEA achieved its outcomes at the end-beneficiary level in terms of increased earnings, income and employment generation among the target groups.

It is more difficult to attribute with any certainty at this stage whether employment generated by the microenterprises that were reportedly started after the EDRF's intervention, were all due to Sida support. There are, however, strong indications that this is indeed the case, both in existing assessments, reviews and evaluations, key informant interviews and FGDs undertaken during the evaluation.

Finally, the evaluation concluded that Sida support to HiHEA has had a considerable positive impact on end-beneficiaries in terms of incomes and employment generation and thereby contributed to reducing poverty.

5.1.5 Sustainability

Two aspects of sustainability are assessed; sustainability of the programme activities and sustainability of HiHEA as an organization.

Programme activities: All programme activities are anchored on training as a means to driving the cogwheel of the HiH model. The starting point for activities is the formation and training of groups on how and what they need to know to became cohesive entities. This is linked with activities on savings and venturing into enterprises as a group. It is assessed that the groups that undergo all the modules on self-help group formation outlive the programme and that the programme will not restart training the same groups on how they establish themselves as groups. It is assessed that sustainability is assured where groups have attained the culture of savings and have gone through the cycle of building trust and benefiting from their savings. However without market linkages, sustainability of the enterprises and groups stands on loose sand as experienced in NALEP where CIGs that were not linked to market collapsed within a period of 2-3 years after NALEP exited from assisting them (there are many examples of such programmes). If enterprises do not thrive for lack of market linkages or due to lack of information to increase production and quality, automatically sustainability of not only the enterprise but also of the jobs cannot be assured. HiHEA has to assess all these aspects with a view to determining the exit strategy. The exit strategy can be phased depending on magnitude of the need to deepen some of the activities within groups. Groups are not all similar or equal in many aspects and this should be considered when determining the exit strategy.

Organization: This is one of the difficult aspects to assess with regard to sustainability. This is complicated by the knowledge that HiH is an organization that has a certain target group which in many cases is not getting adequate assistance from the formal service providers including national government and big non-governmental organizations or if they do, the approach is not in their best interest nor sustainable. HiHEA has undertaken activities that establish sustainable organizations in Kenya including registering the organization in the correct category as per Kenyan laws, has formulated guiding strategies and management rules including financial regulations although more can be done and HiHEA is open to recommendations to improve on the management. It has also recruited competent personnel through best practice of recruitment and has a performance monitoring system for the human resource. It has a board as required by law of such an organization.

With regard to long-term, it is assessed that without external funding, HiHEA will not for now be able to support itself and its activities. HiHEA will continue to depend on external funding. However, there are areas where adjustments can be made to make saving to enable the organization undertake more activities or reach more beneficiaries. It has been noted that there has been a meteoric increase in staff capacity eating on the available funds to reach more beneficiaries. This is not sustainable as most donors are keen in investing in programmes that improves the welfare of the poor.

5.2 Consideration for the future EDRF partnership with ASDSP

The anchoring of EDRF in 2010 to NALEP was based on realized important gaps in NALEP approach of linking common interest groups to market and in providing financial access. As reported elsewhere in this report, HiHEA has been successful in linking CIGs to financial services and less successful in linking CIGs to markets. EDRF has also complemented and supplemented NALEP in the economic empowerment of women. Additionally, HiHEA has also trained NALEP staff (some) on the HiH model.

ASDSP is one of the major programmes in the agricultural sector aimed to operationalize the Agricultural Sector Development Strategy 2010-2020. Based on the assessment of ASDSP and this evaluation, the evaluation team finds that the present focus of EDRF on poverty reduction and improved food security, are well aligned to ASDSP goals which are “to transform Kenya’s agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute to poverty reduction, improved food security and equity in rural and urban Kenya”.

ASDSP has three broad output areas with expected outcomes and impact: sector coordination, environmental resilience and social inclusion and value chain development. On assessing the expected outcome and impacts of ASDSP, the evaluation team concludes that HiHEA EDRF would be one important partner whose core activities would contribute to the three output areas. The magnitude of the contribution varies from low in sector coordination to very high in value addition development. On sector coordination, EDRF can contribute to the realization additional budget to the sector. On the environment resilience and social inclusion, EDRF has capacity to assist the vulnerable in value chain development, while on the value chain development, it can assist realize all the outcome indicators on: 1) increase in turnover from traded agricultural commodities, 2) increase in on-farm employment (disaggregated by gender and vulnerability), 3) increase in Off farm employment (disaggregated by gender and vulnerability) and 4) increase in number and types of agro-enterprises in VCs.

Based on this evaluation, the team recommends that HiHEA proposes to Sida how EDRF can be re-tuned in order to contribute to realization of all four indicators of value chain development as well as subcomponent 2.2 indicators. To avoid ruts from the first phase of EDRF, HiHEA ensures a logical link between inputs, outputs and outcomes and impacts. This is made easier with the very extensive logical framework of ASDSP. HiHEA does not therefore need to reinvent a new logical framework. If this will not be possible in the short term, then the second option is for HiHEA to concentrate on scaling up and deepening the financial access among the value chain groups that will have been formed in counties by ASDSP and partners. In undertaking this activity, it is recommended that emphasis on financial access be targeted at the vulnerable groups and women.

It is important that HiHEA refers to partnership principles when re-tuning the EDRF as well as other relevant ASDSP strategies.

5.3 Risks, assumptions and preconditions

The programme contains a well-balanced risk analysis that does not only identify the risks but also goes ahead to provide mitigation options. The risks can be categorized into internal (specific to project) and external. Corruption is both an external as well as internal risk. As external, corruption perception in Kenya has not improved since the start of the programme and this has had no direct impact on the implementation of the programme. However, from an internal perspective, the management has put in place structures to minimize corruption within the organization. These included establishment of management regulations that govern the institution’s undertakings including procurement, recruitment and promotion of staff. The last two external audit reports do show that there were no significant malpractices by the programme although some weaknesses were noted. Although the systems in place may not be adequate as established by external audit and as observed by evaluation team, the organization is continuing to develop more measures and guard against the vice.

Another important external risk focused at the programming stage is the effect of general elections of 2012 which were instead held in 2013. Due to previous experience of 2008 post elections violence, there were signs that this may recur in 2012 but fortunately, despite the polarization of the country like in 2007, those who lost accepted to follow the rule of law and no violence was experienced. There was however delayed programme activities due to unavailability of the beneficiaries to participate in training. However, the impact of this was a not significant to affect achievement of results. HiHEA opened branches in 2013 in areas which were thought to be hot spots for the election violence after the situation became clear that no violence will occur.

HIV/AIDS was another risk anticipated but the organization mitigated this by working with groups that incorporates those affected and also links them with other service providers for assistance. The module for training used by HiH especially with regard to group dynamics is used as a mitigation measure to ensure group members affected by the disease are assisted to fully participate in group activities including establishing and expanding businesses. Other activities with partners including counseling, provision of ERVs and good nutrition mitigated against the risk.

Due to strategic location of Nairobi, there are many players involved in the development focusing on poverty alleviation and more specifically working with self-help groups to empower them through training and business development. There was risk that HiH will compete for clients and funds from donors. The HiH model has however became a facilitator to other programmes such as WED and YEDF to reach more clients.

Although it was not anticipated at the programming stage, two risks to the programme from evaluators' assessment include inadequacy technical capacity in respective enterprises of the HiH staff. There was the assumption that HiH will source the required capacity from those with comparative advantage (partners/collaborators). While this has been possible with some of the partners/collaborators and in some locations, it is not applicable in all cases.

One area that may be a risk as HiH continues with its activities in Kenya is the danger that the incubation fund my become an incentive for individual to form groups and worse, for the facility to act outside the sector strategy as this will encourage dependency as well as undercut other financial institutions.

HiHEA has grown in size in terms of staff capacity (numbers) and coverage (branches and groups) and although HiHEA has broadened its donor base, there hasn't been any strong evidence that the increase in staff capacity is matched by sustained increase in financing by other donors. This is a major risk for HiHEA to try and model her organization to that of sister affiliate HiH India. The financing arrangements of NGOs in India are different from Kenya. Without developing own financing activities and attracting more donors, the survival of HiHEA cannot be guaranteed or sustained. Options for mitigation should be considered including attracting more donors and more importantly raising own resources and exploring best alternatives for partnerships.

5.4 Lessons learnt

The key lessons learnt in the course of implementation of EDRF are summarized here. Many of the lessons can be applied in replicating some of the successful techniques employed by HiHEA in adapting the HIH model to Kenya. Many of the lessons identified here are not new, they are consistent with widely recognized challenges in pro-poor development efforts.

a) Increasing access to financial services through financial sector deepening. Increasing financial access and financial sector deepening are not mutually exclusive as the EDRF programme has amply demonstrated. It has been able, using grass root groups located deep in rural areas, to extend financial services to unbanked populations while at the same time creating links between the groups and formal financial institutions. To address the symptoms of limited access, the root causes of insufficient financial sector access need to be addressed. In many respects EDRF has been about financial deepening, building sustained capacity for the provision of appropriate financial services through rural groups.

b) EDRF's experience illustrates the extent of the prevailing capacity deficit among grass root groups and the need to view the capacity building as a public good. Addressing the capacity needs of the groups required a considerable amount of resources on the part of HiHEA.

c) The training modules developed by HiHEA had great impact in educating the end-beneficiaries on how to prudently save, borrow and manage finances and business development. The education adequately prepared them to be better clients of microfinance initiatives.

d) Structured partnerships create positive synergies and bring about multiplier effect on results while creating trust among the partners.

5.5 Recommendations

- One of the key elements of the HiH model is the training modules that all groups and group members undergo before they can became self-sustaining. The training modules were assessed by the evaluation team and based on the assessment and feedback from groups and key informants, it is recommended that the module be improved to include record keeping, risk management, consumer protection and value chain process. If the organization does not have the required capacity, partnerships with those organizations with comparative advantage with specific areas should be explored.

- HiHEA has developed very useful material for training and they were appreciated by the recipients. All materials are in English language and most of the group members cannot read them. The trainers then have to interpret into Swahili and then local dialect. This is a long process of passing a message with high likelihoods that the message received by the final recipient is not the same as the original. In view of this and considering that the majority of trainers do not speak the language of the local community, these materials are translated into Kiswahili to reduce the risks of message distortion.

- Enterprise Incubation Fund is an important tool for supporting emerging groups and group members to start and expand their enterprises. It has acted as a catalyst for enhancing group and individual saving that improve on financial access in the rural areas. HiHEA has ensured that the fund is only benefiting the poor who have no chance of accessing financial services from the formal or informal service players. Targeting is important because if it is wrongly targeted, then there are likelihoods that there will be market distortion in the sector and moreover, the intended target group will miss out. In order to promote further expansion of the enterprises being undertaken by the groups, it is recommended that the incubation fund supports small and medium enterprises with strong backward linkages to beneficiary economic activities.

- The major budget for the programme goes to training with a small budget going directly to beneficiaries. Some of costs related to training are seen as subsidies which can be avoided. There are many development organizations that are buying participation. HiHEA could assess which of their costs can be met by the benefiting groups and partners so as to enhance efficiency in the institutional approach.

- One of the output areas which the programme has achieved as planned from the start and was one of the basis for Swedish support is the area of microfinance, Training on savings and Enterprise Incubation Fund are but one aspect of the output that has been realized. It was expected that HiHEA by end of programme will have developed a microfinance arm as in the case of HiH India with their very successful microfinance arm which strengthens the sustainability not only of the institution but of the beneficiary activities. It is therefore recommended that HiHEA works towards spinning off the incubation fund to a microfinance arm of the HiHEA.

- HiHEA has grown in terms of staff capacity from 6 in 2010 to over 140 in 2013 and has plans to expand further. Considering that the organization relies wholly on external financing and being aware that the financing mechanisms of NGOs in Kenya is different from those in India, it is suggested that HiHEA considers outsourcing the work for BROs at the branches with branch managers ensuring targets and quality are met. In addition, consider deepening partnerships with organizations that have comparative advantage in certain areas of the programme.

- HiHEA has plans to expand its model adaptation to more branches countrywide and this will require more staff and financing. HiHEA can explore possibilities for "selling the model" by training partnering organizations who have adequate staff capacity in the branches targeted for expansion. This does not only build strong linkages but leverages HiHEA's influence at the county level with possibility for tapping funding from county government to reach more groups.

- Study of the programme annual review reports, annual results reports, Mid-term report and assessment of the baseline study report as well as the logical framework, the evaluation team recommends that HiHEA hires services of technical assistance to provide needed capacity for monitoring and evaluation as well as quality control. This service can be used to train staff on monitoring and evaluation as well as provide quality assurance in all programme activities. ASDSP has commissioned a very extensive baseline survey for the sector and HiHEA can link with ASDSP to see whether part of the baselines established per county could be of use to present and future HiHEA programmes.

- There was noted high staff turnover in the organization and the reasons could be many. It is recommended that HiHEA conducts a job satisfaction survey and explores ways of improving communication vertically and horizontally among all staff.

- There has however been a challenge in evaluating the impacts due to the inadequacy of the logical framework and relevant baseline indicators. Monitoring information system was not put in place until the last year of implementation.

- Lessons learnt from the programme. The evaluation team finds that the next phase of the programme could benefit from learning of the successes and obstacles faced by EDRF in its first three years of existence. Therefore the evaluation team recommends that:

    - The programme should document its experiences for prosperity
    - The programme should document which agricultural products are profitable and where suitable markets exist in the counties where it is operating
    - The programme should document differences of well-functioning and poorly-functioning groups, to understand the characteristics which make a self-help group likely to be successful.

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Appendix 1. *Terms of Reference for End-Term Evaluation of Hand in Hand's Enterprise Development for Rural Families in Kenya* Programme

Background

The Swedish International Development Co-operation Agency (Sida) is seeking to procure the services of a consultant to conduct an End-Term Review (ETR) of the Hand in Hand Eastern Africa (HiH EA)/Hand in Hand International (HiH International) Enterprise Development for Rural Families in Kenya Programme.

HiH EA's Enterprise Development Programme is a three-year project implemented in Kenya and co-funded by Sida. It commenced in October 2010. The overall goal of the project is to contribute to the reduction of rural poverty and work towards the Millennium Development Goals with the specific objective of supporting 30,000 rural entrepreneurs and smallholder farmers.

More specifically, the programme aims at providing poor, primarily rural, women and men with capacity building, facilitate access to microfinance services and enable them to create market linkages in order for them to start and grow enterprises and increase their income. Women are the primary target group and constitute a majority, but also men participate in the programme. The programme provides a comprehensive package of business training and market support to budding entrepreneurs to help them grow their businesses, reach markets and generate employment opportunities. The different components in the programme reinforce and complement each other. Together they provide a range of activities that as a whole are able to tackle the interconnected barriers that inhibit the ability of poor people to take advantage of opportunities and improve their economic situation. The programme has been working in close collaboration with the Kenyan Government's National Agriculture and Livestock Extension Programme (NALEP) and currently attempting to build collaboration with the Agricultural Sector Development Support Programme (ASDSP). The programme's coverage is in five counties of Kiambu, Machakos, Nakuru, Baringo and Machakos.

Purpose of the Evaluation

The purpose of the evaluation is to provide an independent assessment of the progress and performance of the programme and to assess whether the programme has achieved its strategic objectives, and to make recommendations. Along with a thorough review of the effectiveness of HiH's strategy to date and its attainment of strategic objectives, the review is expected to indicate any adjustments necessary for its future collaboration with the Agriculture Sector Development Support Programme (ASDSP) being implemented by the Ministry of Agriculture, Livestock and Fisheries and supported by Sida. The assessment should be made against the objectives set out in the contract between Sida and Hand in Hand, and the programme document while taking into account revisions and modifications following from:

- The Environment Impact Assessment Report,
- First Results Progress Report and Annual Review,
- Mid-Term Review (MTR) and
- Second Results Progress Report and Annual Review.

Expected Evaluation Outputs

1. A structured review of lessons learned and achievements to date to offer all related stakeholders a deeper understanding of the comprehensive HiH EA development model and its strategic fit to the local context.
2. Findings which contribute to learning and improved knowledge and which identify good practices that can be carried forward and areas for further improvement.
3. Conclusions and recommendations from the review to inform the dialogue between HiH and Sida regarding continued cooperation.
4. Identify elements needing adjustments in order for the project to collaborate and add value to the implementation of the value chain development component of the Agricultural Sector Development Support Programme (ASDSP) which Sweden is supporting.

Stakeholder Involvement

These Terms of Reference have been prepared by HiH EA and HiH International in consultation with ***EoS Nairobi***/Sida. During the elaboration of the evaluation strategy and methodology by the supplier, care should be taken to ensure that necessary interaction with key stakeholders is taken into account.

The evaluator shall carry out interviews with a sufficient number of stakeholders and appropriately selected beneficiaries to ensure relevance and validity of the conclusions and recommendations. The evaluator shall also assess how the intervention has been perceived more generally in the local communities.

It is vital that selected participants are representative regarding: i). the gender focus of the intervention and ii). geographic locations. Furthermore, given the close collaboration with government agencies in implementing the programme, it is important that cooperative partners, and in particular relevant government officials and institutions, are interviewed and that this aspect of the programme is sufficiently covered in the review.

Evaluation Questions

The ETR shall include an analysis of the achieved activities and their outputs and outcomes compared against the Results Assessment Framework (RAF). This should include any deviations from planned activities, outputs and outcomes, and its causes.

The evaluation shall address the following questions and then, on the basis of the evidence, make recommendations for further development and improvement.

Relevance: Were the intervention activities designed and implemented in line with the contract and how far did they meet the needs and priorities of the target groups? What changes might be made in further interventions? ***The Embassy is considering a bridging deepening phase for the programme – what changes in HiH model would require strengthening and changes for the project to interface and collaborate with ASDSP as a support to Value Chain Development component***?.

1. **Effectiveness**: How well has the project achieved its stated objectives? How effective has each of the project components been (social mobilization, training and enterprise development, access to finance, value-addition and market linkage support), and what, if any, value added was derived from the complementarities between them? How could this be increased in the future?

2. **Efficiency**: Was the intervention good value for money and to what extent were the costs of this intervention warranted by results, taking relevant alternatives into account?

3. **Impact**: With reference to the Results Assessment Framework, what impacts can be identified from the program, direct or indirect? How can impact be better measured in the future?

4. **Sustainability**: Sustainability of interventions is a key objective. How well does programme activity and achievement align with its sustainability target, and to what extent do the enterprises and jobs created or developed by the project seem sustainable? How could sustainability be improved?

Unintended effects encountered should be considered. Such effects can relate to targeting errors, recoil effects, fungibility or substitution effects. The evaluation shall also assess the performance of HiH EA in terms of planning, implementation and management of the programme.

Methodology and Reports

Proposed team composition, methodology and time table should be articulated in the evaluators' response to these Terms of Reference. While an initial desk study is necessary the evaluator is expected to conduct a field visit to Kenya where visits to relevant districts should be undertaken.

A draft report should be delivered to relevant stakeholders [two weeks] before deadline for the final report. The draft and final report shall contain recommendations based on findings in this review.

Recommendations should focus on strengths and areas for further improvement as well as opportunities given the environment and local conditions within which the programme is implemented.

The final report should be of no more than 30 pages. The report should be clear and concise with direct read-across to the programme document and the log frame, and include a table of recommendations. An Executive Summary of no more than 4 pages should be included.

Schedule and Budget

The evaluation will take place during [from 1st October 2013]. The final report is to be submitted by [31stOctober2013].

A draft evaluation report will be submitted to key stakeholders by [15thOctober 2013]. Comments and feedback from stakeholder will be collected and considered before the final report is submitted.

When the final report is submitted, at least two days of work of the lead evaluator should remain. It would be used for any further clarifications and revisions that may be required and for a possible workshop to be held with relevant stakeholders.

Evaluation Team

The evaluation team should possess qualifications, skills and experience as follows:

3 Demonstrated experience in evaluation design and analysis.

4 In-depth knowledge of enterprise development programmes, involving poor, rural entrepreneurs and smallholder farmers and experience with gender-focused projects and programmes.

5 Knowledge of the National Agriculture and Livestock Extension Programme (NALEP) and the Agricultural Sector Development Support Programme (ASDSP)

6 Experience with rural/community development projects.

7 Excellent communication skills.

8 Experience in the use of participatory research methods.

Submission Requirements

Evaluators interested in conducting the assignment are invited to present their detailed proposals, which should include the following:

- Their understanding of the Terms of Reference

- A suggested methodology to be applied

- A proposed time schedule and work plan
- CVs of the persons involved in the evaluation
- References to similar assignments already conducted
- Examples of relevant evaluations conducted
- A detailed financial offer clearly showing professional fees and disbursables

Questions on these Terms of Reference can be directed to: [Duncan Marigi at the Swedish Embassy in Nairobi, Kenya]. Proposals should be submitted by email to: Duncan.marigi@gov.sewith copy to [Anders Rönquist on: anders.j.ronquist@gov.se].

The application deadline is [8th October, 2013].

Appendix 2: ***List of people who participated in discussions***

Embassy of Sweden

1. Duncan Marigi Programme Manager, Rural development

Hand in Hand International

2. Josefine Lidage

Hand in Hand East Africa

3. *Pa*uline Ngari CEO, HiHEA
4. Paul Branch manager, Kasarani
5. Victor Branch manager, Machakos
6. Rita Branch manager, Tala
7. George Branch manager, Thika

Nakuru Branch

8. Carol Ngonge Branch manager
9. Carol Nyambura BRO
10. Antony Hayanga BRO
11. David Wanjenga CDA Lare
12. Naomi Ngure CDA Banita
13. Ezekiel Chesire WEF Rongai
14. Alice Mwangi DAO Solai
15. Daniel kepha MOA Baruti
16. Florence Mwangi Chief Banita
17. Naomi M. Mutunga MT CLARA

18.	Percy K. Chelal	DAO Rongai
19.	Carol Jepchirchir	MOA Njoro
20.	Esther Milgo	Chief kieima
21.	Paul K, Mwangi	DYO Njoro
22.	Reuben Omondi	Chieh OlRongai
23.	Charles Murumpi	PAMD Kenya
24.	Chatlrs Kiragu	Chief Rongai
25.	Stephen Njine	CDA Banita
26.	Sarah Lokinopok	Kapsigiro SHP
27.	Philip Chirchir	Kaplelach SHG
28.	Bernard Rotich	Kaboiwet SHG
29.	Gladys Terer	Upenfo Wg DHG
30.	Zeddy Langat	Tembwet SHG
31.	Florence Nyachama	Barina Ushidi SHG
32.	James Maina	Nguriga farmers SHG
33.	Lily Chepkemoi	Ongemuten SHG
34.	Gladys Mutahi	Vision WG SHG
35.	Alice Wamaitha	Kabati Young Mothers
36.	Ealine Mutahi	Kaplelach SHG
37.	Margaret Withera	Nguriga Farmers
38.	Salome Wanjiru	Kabazi Young Mothers

Eldama Ravine Branch

39.	Pascallia Mumo Wasoin	Branch manager
40.	Faith Jeruto	Business Officer
41.	Miriam Ndanu	BRO

42. Mary Waweru	KATC
43. Samson C. Kandie	KFC Society
44. Edward K. Langat	Ministry of Interior
45. Eshmail Mengich	Cooperative Development
46. Rose Kiptoo	Ministry of Agriculture, Livestock and Fisheries, Emining
47. Jane Kipsat	Ministry of Agriculture, Livestock and Fisheries, Mumberes
48. Mary Samoei	Ministry of Agriculture, Livestock and Fisheries, E/Ravine
49. Stephen Chebon	Ministry of Agriculture, Livestock and Fisheries, Toringo
50. Kiplagat Walter K.	Ministry of Agriculture, Livestock and Fisheries, Ravine
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52. Leah J. Kipkech	Jerusalem SHG
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Enterprise Development for Rural Families Programme in Kenya

The evaluation of Enterprise Development for Rural Families Programme in Kenya set to establish the relevance, effectiveness, efficiency, impact and sustainability of the programme besides documenting the unintended effects as well as recommend the needed adaptation to render the programme to create partnerships with the Agricultural Sector Development Support Programme (ASDSP). The evaluation found that the programme had adapted the Hand in Hand model and had been effective in providing capacity building through structured business training and market support as well as facilitation in access to microfinance services. Key outcomes of the programme were economic empowerment of rural women through business development and financial inclusion. However the evaluation identified two main areas needing attention; i. Weak market linkages for the small holders ii. The need to spin off the enterprise incubation fund (EIF) to create a fund structured along a microfinance model. Key lessons learnt were: Structured partnerships create positive synergies and a multiplier effect; the need to view capacity building as a public good; and the existing opportunity for the programme to link and strengthen beneficiaries to value chain groups and platforms under ASDSP.

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