

**A.I.D. EVALUATION SUMMARY - PART I**

PD-ABD-227  
KD

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.  
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

**IDENTIFICATION DATA**

ISA 73653

|  |  |  |
|--|--|--|
| <b>A. Reporting A.I.D. Unit:</b><br>Mission or AID/W Office (ES# _____) <u>USAID/KENYA</u> | <b>B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan?</b><br>Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/><br>Evaluation Plan Submission Date: FY <u>Q</u> | <b>C. Evaluation Timing</b><br>Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/><br>Ex Post <input type="checkbox"/> Other <input type="checkbox"/> |
|--|--|--|

**D. Activity or Activities Evaluated** (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

| Project No. | Project /Program Title          | First PROAG or Equivalent (FY) | Most Recent PACD (Mo/Yr) | Planned LOP Cost (000) | Amount Obligated to Date (000) |
|-------------|---------------------------------|--------------------------------|--------------------------|------------------------|--------------------------------|
| 615-0221    | Agricultural Management Project | 1985                           | 06/91                    | 3.5Mil.                | 3.5Mil.                        |

**ACTIONS**

| E. Action Decisions Approved By Mission or AID/W Office Director   | Name of Officer Responsible for Action | Date Action to be Completed |
|--|--|-----------------------------|
| Action(s) Required   |  |                             |
| 1. Extend the PACD for one year and add \$500,000 to effectively complete project activities.  | James Gingerich                        | June 1991                   |
| 2. Increase the number of consultancies and on-site training programs to ensure that a greater proportion of AMP clients have the option to complete the full cycle of AMP assistance. | Robert Clark<br>Team Leader            | June 1991<br>June 1992      |
| 3. Strengthen the marketability of AMP's services and to lay the groundwork for successful marketing program e.g. Kenya Export Development Support project.                            | Robert Clark<br>Team Leader            | June 1991<br>June 1992      |
| 4. Adopt limited strategies to transfer TA capabilities to Egerton University and the Ministry of Cooperative Development.   | Robert Clark                           | June 1991<br>June 1992      |
| 5. Strengthen the capacity of local consulting firms to sell technical services to clients.  | Robert Clark<br>"                      | June 1991<br>June 1992      |
| 6. Establish impact indicators for each client.  | Maria Mullei<br>Sam Mwale              | July 1991                   |

**APPROVALS**

**F. Date Of Mission Or AID/W Office Review Of Evaluation:** (Month) 05 (Day) 21 (Year) 1991

**G. Approvals of Evaluation Summary And Action Decisions:**

|              | Project/Program Officer | Representative of Borrower/Grantee | Evaluation Officer | Mission or AID/W Office Director |
|--------------|-------------------------|------------------------------------|--------------------|----------------------------------|
| Name (Typed) | Maria Mullei            | Prof. J. Lugogo                    | Gary Moser         | John Westley                     |
| Signature    | <i>Maria Mullei</i>     | <i>J. Lugogo</i>                   | <i>Gary Moser</i>  | <i>Carol Steele</i>              |
| Date         |                         | <u>29/8/91</u>                     |                    |                                  |

*W*

**ABSTRACT**

H. Evaluation Abstract (Do not exceed the space provided)

The Agricultural Management Project was created by USAID to strengthen the management capacity and performance of public and private organizations that support smallholder agricultural production in Kenya. AMP was designed to deliver an integrated model of technical assistance to intermediate organizations through management needs assessments (MNAs), management consultancy and training. The long range goal of the Project was to increase agricultural production by smallholders in rural areas.

Lessons learned about project design, technical assistance and impact measurement should help to improve emerging AID programs with similar objectives and design features. First, unattainable expectations about impact and performance occur when the need for technical assistance is mistaken for demand. Assumptions about demand should be re-examined and tested before Project Papers, contracts, targets and SOWs are developed. Where there is latent demand, resources should be set aside to stimulate commercial utilization of technical services. Second, efforts to deliver integrated technical assistance will be more successful if individual TA interventions are linked by incentives and conditionalities. Third, clear guidelines on AID's role in start-up management assistance to executing agencies are essential if Projects are to avoid protracted delays in implementation. Fourth, development projects should include budgeted line items for baseline data management. Impact measurement activities should be defined in Grant Agreements, included in Contractor SOWs and incorporated into work plans and progress reviews during implementation. Finally, changes in management policy and practices are more reliable indicators of sustainable impact than changes in output indicators such as prices or profitability.

**COSTS**

| Evaluation Costs  |  |   |  |                 |
|---|--|---|--|-----------------|
| 1. Evaluation Team  |  | Contract Number OR<br>TDY Person Days   | Contract Cost OR<br>TDY Cost (U.S. \$) | Source of Funds |
| Name  | Affiliation                                    |   |  |                 |
| Michael Julien  | N/A  |   |  |                 |
| Waithaka Kang'ethe  | Eureka Educational & Training Consultants Ltd. | 106 Days  | \$47,460                               | Project         |
| George Kigathi  | Kigathi & Associates                           |   |  |                 |
| 2. Mission/Office Professional Staff<br>Person-Days (Estimate) <u>2 Weeks</u> |  | 3. Borrower/Grantee Professional<br>Staff Person-Days (Estimate) <u>3 Weeks</u> |  |                 |

b'

## A.I.D. EVALUATION SUMMARY - PART II

### SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>● Purpose of evaluation and methodology used</li> <li>● Purpose of activity(ies) evaluated</li> <li>● Findings and conclusions (relate to questions)</li> </ul> | <ul style="list-style-type: none"> <li>● Principal recommendations</li> <li>● Lessons learned</li> </ul> |
|--|--|

Mission or Office:  
USAID/KENYA

Date This Summary Prepared:  
28 JUNE 1991

Title And Date Of Full Evaluation Report:  
FINAL EVALUATION/AMP, 25 JUNE 1991

1. Purpose of activities evaluated. The Agricultural Management Project (AMP) was designed to address weaknesses in management in private and public sector agribusiness concerns in order to strengthen their capacity to provide services and products to smallholders in rural areas. Principal Project activities consisted of technical assistance to agribusiness clients through Management Needs Assessments (MNAs), Consultancies and short term training programs.

2. Purpose of the evaluation and methodology used. To assess Project impact on management practices of participating intermediary institutions. Approach used included review of Project documents, interviews with USAID/Kenya; with key host country institutions; with the contractor, sub-contractors and private and public sector clients; site visits to AMP-assisted institutions and businesses and quantitative/qualitative measurement of findings and Project data.

3. Findings and Conclusions. Against key indicators as specified in the Scope of Work:

- Availability/ quality/timing of personnel. Initially, Price Waterhouse floundered in its delivery of technical assistance between 1987 -89 mainly because of the late PCC start, core team weaknesses, administrative frustrations over the lack of GOK guidance, and differences with the PCC over work programs. In contrast, about 80% of AMP's activities were implemented over the next 24 months; partly as a result of personnel changes, faster delivery of TA through use of a reliable pool of local subcontractors (consultants), quick turn-around time ( less than 3 weeks for most assignments) and streamlined implementation procedures.

- Adequacy and appropriateness of home office support. Home Office Support apart from logistical assistance from the Price Waterhouse/Nairobi office, was minimized by a switch in emphasis from using offshore consultants to a more practical and cost effective alternative of subcontracting to Kenyan agribusiness consulting firms.

- Level of local support. The key host country participants - Egerton University and the Project Coordinating Committee -demonstrated a high degree of commitment to Project implementation. Between 1988 and 1991 the Committee held 21 meetings; approved 36 needs assessment assignments, 8 on-site training sessions, 14 consultancies and 13 short courses; acted as informal promoters of AMP services to public sector clients; visited client operations; and reviewed and directed Contractor activities on a quarterly basis.

- Relevance of training relative to needs. The quality of training in terms of relevance to identified needs, delivery methodology and logistical support provided by the contractor was adequate and met project objectives of combined short courses for multiple AMP clients. On-site courses were well received by clients but content and methodology were difficult to assess because no records were available to the evaluation team.

- Demand for Project Services. Demand for needs assessments could not be verified because these were offered free of charge. Thirty-three needs assessments, 14 consultancies, 8 on-site training programs and 13 short courses were completed. The Project exceeded the needs assessment goal of 32 MNAs, reached 58% of the consultancy benchmark and trained 291 (83%) of 350 employees targeted for AMP assistance. As an indicator of demand, eight clients were expected to contribute some financial resources towards Project assistance. In contrast, nine of the 14 consultancy clients contributed at least 50 % of the direct costs of AMP TA interventions.

- Evidence of Project focus. The Project successfully targeted and reached some of the most important agribusiness organizations in Kenya. These included Horticultural Crops Development Authority (HCDA), the Kenya Grain Growers Cooperative Union and the Agricultural Society of Kenya.
- Future financial responsibility for the Project. There was no evidence that participating Kenyan institutions could assume financial responsibility for the Project after the PACD.
- Improved operational efficiency of clients in providing services to smallholders. There were several instances where AMP interventions transformed medium-sized companies such as Mea Ltd, and strengthened the management capabilities of smallholder entities like HCDA and the Mumias Outgrowers Company Ltd. Benefits derived by these and other clients led the evaluation team to conclude that AMP has made a meaningful contribution to the long term goal of increasing smallholder production in Kenya.
- Improved effectiveness of clients in providing services to smallholders. The evaluators could not measure impact on the smallholder sector. Measurement was impeded by an inadequate baseline data system and by the lack of suitable indicators linked to each AMP intervention. Also, because of the Project's late start, benefits as a result of AMP TA have not yet been manifested in increases in number of smallholders served, growth in exports and diversity of services or increased earnings attributable to Project interventions. Because of this the evaluators were unable to ascertain the effect on smallholder production and incomes.
- Demonstration of Demand for Project Services. There is evidence that sustainable demand is emerging for AMP services: some clients have paid for consultancy services while others clients are now inclined to pay for special services; other donors are contracting with AMP to provide additional assistance to AMP clients (the European Economic Community for TA to KGGCU).
- Evidence of benefits to local consulting firms hired by AMP. Kenyan firms benefitted from AMP assignments by being exposed to new methodologies and by having to adhere to standards established by an experienced Contractor. However, the Contractor's decision to only use local firms eliminated opportunities for transferring advanced consulting techniques through joint assignments with offshore consultants.

#### 4. Principal Recommendations.

- There were some cases where PCC members were also representatives of AMP-assisted organizations. USAID and the GOK should ensure that all future AMP clients are selected on an arms length basis.
- Emphasis on TA to the private sector should be discontinued. For impact, the Project should concentrate on consultancies and training assistance to cooperatives over the remaining LOP.
- Requirements that clients should have some managerial capability and reasonable financial resources should be added as priority criteria to AMP's selection process.
- The Contractor should provide Egerton with weekly summaries of its work plan and itinerary in accordance with its contractual agreement with the GOK.
- No more than four new needs assessments should be conducted during the next extension period to allow the Contractor time and resources to concentrate on providing consultancies to the bulk of clients who have not yet received such assistance. The Project should carry out 10 - 12 new consultancy assignments during the July 1991 - June 1992 extension period. On-site training courses should be developed for 7 - 10 AMP clients.
- Cost Benefit Analyses should be introduced to determine the level of client contributions under the reinstated cost sharing program. All clients should be required to pay at least 50% of the direct costs of future needs assessment, consultancy and training assignments.
- A program for developing expertise in case studies should include the involvement of EU lecturers in another four cases to stimulate capacity building through transfer of expertise.
- The Project should provide the EU Deputy Vice Chancellor for Research and Extension with a database of registered consultants and private sector managers from AMP client organizations who could teach Agribusiness Management on a part-time basis.

## S U M M A R Y (Continued)

- The USAID/Mission in Kenya Agricultural Office should continue to look at ways to incorporate development assistance for small scale consulting firms under a larger institutional umbrella such as a national agribusiness trade association.
- The Contractor should host a seminar on the AMP Consultancy Strengthening Plan and conduct two five-day training programs; one on professional management and marketing techniques and the other on proposal and report writing, for AMP-registered firms.
- The Project should stimulate the market for AMP-type services, by capitalizing on its "success stories" through private sector networking and marketing.
- The issue of AMP's DIT registration as a training firm should be resolved through GOK inter-department reconciliation.
- Institutionalization of AMP training programs should be incorporated in Project agenda for the next extension (July 1991-June 1992). However, the Contractor should continue to host the short courses during the next six months of implementation.
- The Project should transfer needs assessment and consulting procurement expertise to the Ministry of Cooperatives Development.
- Greater control should be executed over consultancy-related training. The Contractor should exercise increased control and coordination to maintain efficient delivery of consultancy services.
- Further attempts to interview farmers to measure impact should be terminated. This initiative has produced limited results and is unlikely to do so within the remaining twelve months of implementation.
- Broader measures of the impact of AMP interventions should be adopted for the July 1991 - June 1992 extension. These should include the proportion of recommendations implemented by the clients themselves; policy changes in organizations and the level of after-care services solicited by clients and provided commercially by AMP-registered consultants.

### 5. Lessons Learned.

#### - Project Design Implications.

- Unattainable expectations about impact and performance occur when the need for technical assistance is mistaken for demand. Assumptions about demand should be re-examined and tested before Project Papers, contracts, targets and SOWs are developed. Where there is latent demand, resources should be set aside to stimulate commercial utilization of technical services.
- Efforts to deliver integrated technical assistance will be more successful if TA interventions are linked by incentives (discounts for follow-up services) and conditionalities (ceilings on Project costs).
- Feasibility studies and business plans should be essential elements of future firm level assistance projects. This would lead to a more balanced range of services to offer clients. Feasibility studies, however, should be limited to problem-solving activities such as business expansion programs and should be linked to other project interventions.
- Changes in management policy and practices (of Project-assisted clients) are more reliable indicators of sustainable impact than changes in output indicators such as prices or profitability.

#### - Broad Action Implications.

- Clear guidelines on AID's role in start-up management assistance to executing agencies are essential if Projects are to avoid protracted delays in implementation.
- Development projects should include budgeted line items for baseline data management. Impact measurement activities should be defined in Grant Agreements, included in Contractor SOWs and incorporated into work plans and progress reviews during implementation.

ATTACHMENTS

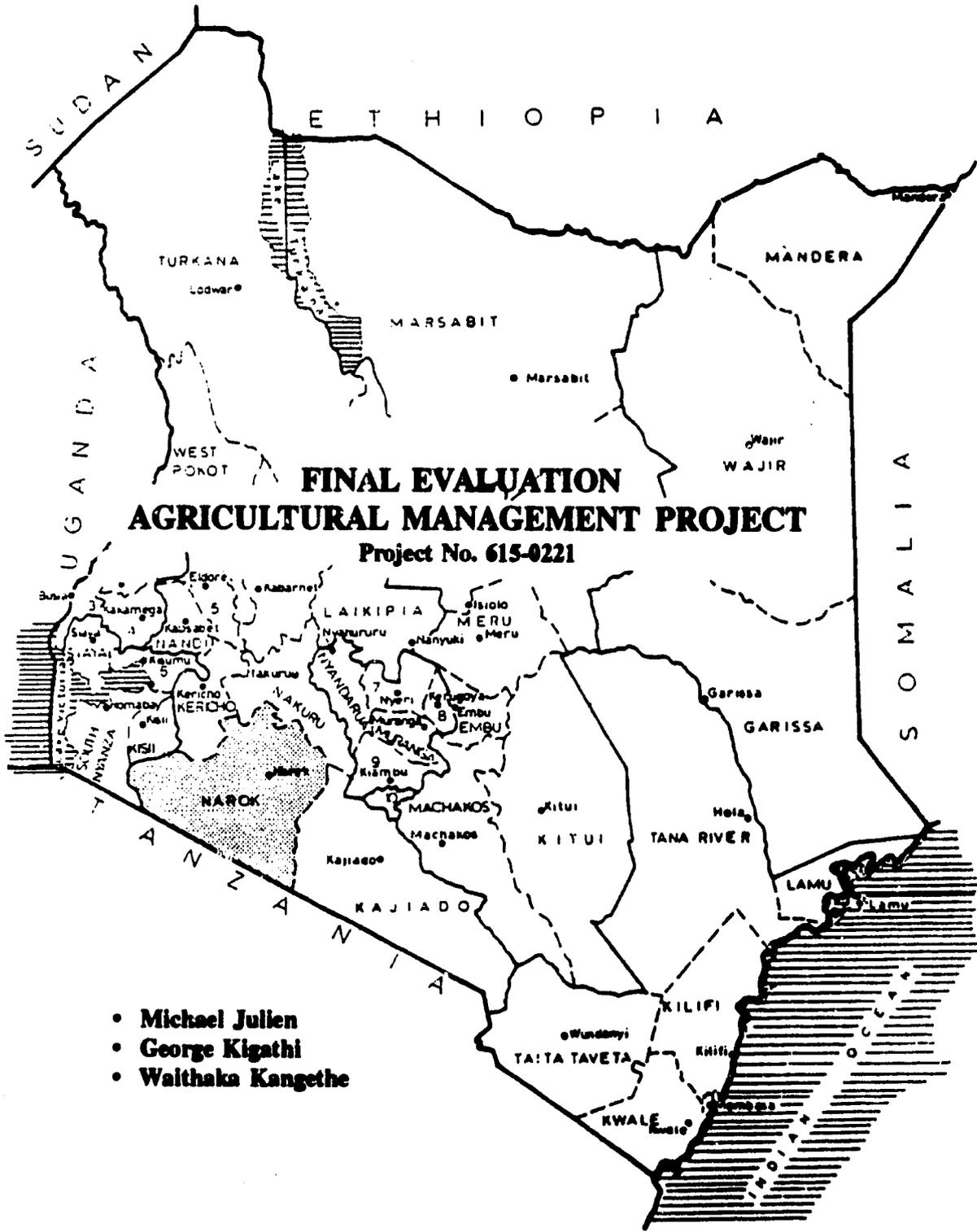
K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Attachment:

FINAL EVALUATION  
AGRICULTURAL MANAGEMENT PROJECT  
Submitted to USAID/Kenya  
25 June 1991

COMMENTS

L. Comments by Mission, AID/W Office and Borrower/Grantee On Full Report



Submitted to  
USAID/KENYA

June 25, 1991

## **PROJECT DATA SHEET**

- 1. Country:** Kenya
- 2. Project Title:** Agricultural Management Project
- 3. Project Number:** 615-0221
- 4. Project Design:** USAID/Kenya, DAI,  
and Government of Kenya.
- 5. Grantee:** Republic of Kenya
- 6. Executing Agency:** Ministry of Education
- 7. Project Dates:** Grant Agreement:  
September 28, 1985  
PACD: June 30, 1992
- 8. Project Amendments:** Amendment No. 1 : July 3, 1986  
Amendment No. 2 : July 19, 1990  
Amendment No. 3 : July 6, 1990  
Amendment No. 4 : July 2, 1990
- 9. Final Obligation:** FY 1990/91
- 10. Project Funding:** a. AID Grant: US\$3.432 million  
b. Host Country: US\$1.042 million
- 11. Implementation:** Host Country Contract with Price  
Waterhouse Inc.
- 12. Contract Amendments:** Amendment No. 1 : April 22, 1987  
Amendment No. 2 : August 18, 1988  
Amendment No. 3 : July 6, 1989  
Amendment No. 4 : July 2, 1990  
Amendment No. 5 : July 2, 1991 est.
- 13. Mission Officials:** Mission Director: John Westley  
Deputy Mission Director: Eric Zallman  
Chief/Ag Office: Jim Gingerich  
Project Officer: Dr. Maria Mullei
- 14. Prior Evaluation:** Mid Term by MSI Inc., August 1989
- 15. Final Evaluation:** Contract with Michael V. Julien,  
LOE: 106 person days/Cost: US\$47,460.

## **PREFACE**

From April 26 to June 25, 1991, a three person evaluation team, contracted under a USAID direct contract for professional services in Kenya, conducted the final evaluation of the Agricultural Management Project (Project No. 615-0221). The team members were:

**Michael V. Julien**, Agribusiness Specialist and Team Leader, (M.Sc in Industrial Development), an independent consultant with 12 years experience in finance and agribusiness management. Mr. Julien was Chief of Party of an AID-funded agricultural investment project in the Caribbean from 1988-1990. His recent work included an impact evaluation of an area development project in Pakistan, design of a private enterprise program in The Gambia and project design of the private sector component of USAID's Kenya Export Development Project (KEDS).

**Waithaka Kange'the**, Management and Entrepreneurial Specialist (M.Ed in Industrial Training and Management) and chief executive of Eureka Educational and Training Consultants Ltd. Mr. Kange'the has 12 years of professional exposure to management training, curriculum design, manpower development and industrial relations in Kenya. He has conducted consulting assignments with the Office of the President, and has completed diagnostic assessments, an educational sector evaluation, and was team leader of an institutional strengthening study for USAID/Kenya.

**George Kigathi**, Financial Systems Specialist, (Certified Public Accountant) and managing partner of Kigathi & Associates in Nairobi since 1983. He has carried out auditing assignments for parastatals and corporate clients and was a short term financial analyst on USAID's Rural Enterprise Project in Kenya. Mr. Kigathi has related agribusiness experience as an internal auditor of Kenya Tea Development Authority.

The evaluators carried out their investigations and generated a draft report between April 26th - June 9th. Prior to arrival in Kenya, the Team Leader met with a senior member of the AMP Project Design Team and the Team Leader of the August 1989 Mid-Term Evaluation in Washington D.C. to discuss the conceptual framework, initial expectations and progress attained at the time of the Mid-Term Evaluation.

The team was briefed by AID/Kenya on April 29th then spent the first week in Nairobi reviewing Project documents and meeting with AMP clients. The next three weeks were dedicated to field work, first interviewing Contractor personnel and Egerton University officials in Njoro and then meeting twenty-one of thirty-three AMP clients in the Rift Valley, Western, Central, and Coast Provinces to assess implementation, contractor performance and impact.

The evaluators presented a summary of their initial findings and conclusions to USAID and the Project Coordinating Committee (PCC) on May 21st in Nairobi.

The fifth and sixth weeks were spent completing the evaluation report and interviewing six AMP-registered consultants in Nairobi. The team revisited the AMP Project office at Egerton for data verification and follow-up interviews with Contractor personnel and Egerton University officials on May 27 - 29 May and returned to Nairobi to complete the report, a field draft of which was discussed with USAID/Kenya on June 12, 1991.

Recommendations for the July 1991 - June 1992 extension were discussed with USAID and Egerton University at Njoro on June 17th. The final report was completed prior to the Team Leader's departure from the country on June 26th and incorporated factual corrections on the draft report from GOK, USAID and the Contractor.

This Evaluation was accomplished with the special assistance of those who shared their knowledge and perceptions of the AMP concept, strategies and activities since inception.

We thank Government of Kenya officials including Egerton University Vice Chancellor, Professor R. Musangi and Deputy Vice Chancellor for Research and Extension, Professor Juma A. Lugogo. The Team acknowledges interviews granted by individual PCC members and by Mr. Allan Shibira, Secretary to the PCC and express our appreciation for their cooperation and comments on key issues and recommendations raised during the Evaluation. In addition, the team was well received by a broad cross-section of AMP clients as well as Kenyan consultants who provided frank responses to questions and concerns about AMP's impact and effectiveness.

The Evaluation team would like to acknowledge Jim Gingerich and Maria Mullei of the USAID Agricultural Office for their perspectives, guidance and feedback on our draft findings and conclusions. Finally, we would like to thank the Price Waterhouse/AMP professional team - Robert Clark, Simiyu Wambalaba, Kimani Nganga, Dr. Desie Ouma and Tom Wambua - for their cooperation in providing access to Project files; for their personal time in responding to additional queries, and for providing contacts with various clients and institutions associated with Project activities and implementation.

Michael V. Julien  
Waithaka Kange'the  
George Kigathi

June 26, 1991

## AMP HIGHLIGHTS

| <u>Year</u> | <u>Activity</u>                       | <u>Date</u>  |
|-------------|---------------------------------------|--------------|
| 1984        | 1. AMP PID approved by A.I.D          | Feb 24       |
|             | 2. PIOT for DAI Design study          | Mar 20       |
|             | 3. ASSP Evaluation                    | June         |
|             | 4. AMP Workshop in Mombasa            | June 27      |
|             | 5. Ag Mgmt Conference                 | Jul 2-5      |
|             | 6. AMP Project Paper Review           | Sept 18      |
| 1985        | 7. Egerton College Proposal for AMP   | August       |
|             | 8. PAP signed by Mission Director     | Sept 27      |
|             | 9. Project Grant Agreement signed     | Sept 28      |
| 1986        | 10. RFP issued by GOK/Egerton College | Feb 15       |
|             | 11. GOK awards contract to PW         | July 29      |
| 1987        | 12. PW signs contract with GOK        | March 9      |
|             | 13. PW Core Team starts work          |              |
|             | - Admin and Finance Manager           | March 9      |
|             | - Team Leader                         | June 7       |
|             | - Promotion Specialist                | Nov 1        |
|             | - Training Specialist                 | Nov 9        |
|             | 14. GOK/PW Amendments # 1             | April 22     |
|             | 15. LBI/PW subcontract signed         | June 30      |
|             | 16. GOK appoints PCC members          | Jan 5        |
|             | 17. Egerton U. to execute Project     | Feb          |
|             | 18. Promotion Specialist leaves       | Sept 30      |
|             | 19. Fina. Officer to Prom Spec'list   | Sept 30      |
|             | 20. New Admin and Fina. Officer joins | Sept 30      |
| 1988        | 21. EU seconds Dr. Desi Ouma to AMP   | Nov          |
|             | 22. Newberg Report on EU program      | July 14      |
|             | 23. First Team Leader leaves AMP      | July 5       |
|             | 24. New Team Leader assumes duties    | July 5       |
|             | 25. EU seconds Tom Wambua to AMP      | July         |
|             | 26. Mid- Term MSI Evaluation          | Aug 1        |
|             | 27. LBI Training Specialist leaves    | Sept 9       |
|             | 28. LBI Sub-contract expires          | Sept 9       |
|             | 29. GOK/PW Amendment # 3 signed       | July 1       |
|             | 30. GOK/PW Amendment # 4 signed       | July 2       |
|             | 31. PACD extended to June 30 1991     | July 2       |
| 1989        | 22. Newberg Report on EU program      | July 14      |
|             | 23. First Team Leader leaves AMP      | July 5       |
| 1990        | 24. New Team Leader assumes duties    | July 5       |
|             | 25. EU seconds Tom Wambua to AMP      | July         |
| 1991        | 26. Mid- Term MSI Evaluation          | Aug 1        |
|             | 27. LBI Training Specialist leaves    | Sept 9       |
| 1990        | 28. LBI Sub-contract expires          | Sept 9       |
|             | 29. GOK/PW Amendment # 3 signed       | July 1       |
| 1990        | 30. GOK/PW Amendment # 4 signed       | July 2       |
|             | 31. PACD extended to June 30 1991     | July 2       |
| 1991        | 32. Final Evaluation of AMP           | May 6        |
|             | 33. GOK/PW Amendment # 5              | July 2, est. |
|             | 34. PACD Extended to June 30,1992     | July 2, est. |

## ACRONYMS

|        |   |
|--------|---|
| AMP    | Agricultural Management Project                         |
| ASK    | Agricultural Society of Kenya                           |
| ASSP   | Agricultural Sector Strategy Program                    |
| BBK    | Barclay Bank of Kenya                                   |
| DAEBM  | Department of Agricultural Economics and Business Mgmt. |
| DAI    | Development Alternatives Inc.                           |
| DIT    | Directorate of Industrial Training                      |
| EU     | Egerton University                                      |
| GOK    | Government of Kenya                                     |
| HCDA   | Horticultural Crops Development Authority               |
| KAM    | Kenya Association of Manufacturers                      |
| KDFCS  | Kitinda Dairy Farmers Cooperative Society Ltd           |
| KEDS   | Kenya Export Development Support Project                |
| KGGCU  | Kenya Grain Growers Cooperative Union Ltd.              |
| KNCCI  | Kenya National Chamber of Commerce and Industry         |
| KSC    | Kenya Seed Company Ltd                                  |
| LBI    | Louis Berger International Inc.                         |
| LNFCs  | Lake Niavasha Fishermen Cooperative Society Ltd.        |
| LOE    | Level of Effort   |
| LOP    | Life Of Project   |
| MDCU   | Muranga District Cooperative Union                      |
| MFCS   | Matungulu Farmers Cooperative Society Ltd.              |
| MKAI   | Mount Kenya Agro Industries Ltd.                        |
| MMCFCS | Malaba Malakisi Cotton Farmers Cooperative Society Ltd. |
| MNA    | Management Needs Assessment                             |
| MOA    | Ministry of Agriculture                                 |
| MOALD  | Ministry of Agricultural and Livestock Development      |
| MOCO   | Mum'as Outgrowers Company Ltd                           |
| MOE    | Ministry of Education                                   |
| MSI    | Management Systems International Inc.                   |
| NCPB   | National Cereals and Produce Board                      |
| NOCO   | Nzoia Outgrowers Company Ltd.                           |
| NSC    | Nzoia Sugar Company Ltd.                                |
| PACD   | Project Assistance Completion Date                      |
| PAM    | Policy Analysis Matrix Project                          |
| PAP    | Project Authorization Paper                             |
| PAV    | Pan African Vegetables Ltd.                             |
| PCC    | Project Coordinating Committee                          |
| PID    | Project Identification Document                         |
| PIOT   | Project Implementation Order/Technical Assistance       |
| PP     | Project Paper   |
| PREC   | Premier Refrigeration & Engineering Company Ltd.        |
| PW     | Price Waterhouse Inc.                                   |
| RFP    | Request for Proposal                                    |
| RVH    | Rift Valley Hatcheries                                  |

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### APPENDIX A : SCOPE OF WORK

## **EXECUTIVE SUMMARY**

The Agricultural Management Project was created by USAID to strengthen the management capacity and performance of public and private organizations that support smallholder agricultural production in Kenya. AMP was designed to deliver an integrated model of technical assistance to intermediate organizations through management needs assessments (MNAs), management consultancy and training. The long range goal of the Project was to increase agricultural production by smallholders in rural areas.

The Project consisted of a three year \$3 million grant to the Government of Kenya and \$1.042 million of host country counterpart contributions. Principal participants were the Treasury Department (counterpart funding), the Ministry of Education (executing agency), Egerton University (project administration), a Project Coordinating Committee (policy and monitoring) and Price Waterhouse Inc., (AMP contractor).

There was limited implementation during the original three-year Life Of Project. The USAID/GOK Grant Agreement was established in September 1985, the technical assistance contract in March 1987 and the Coordinating Committee in January 1988. Reasons for the 36 month delay included lack of GOK familiarity with project management requirements; an extended contracting process; deferrals by some GOK officials; and the reassignment of key host county functions from the Ministry of Agriculture and Livestock Development to the Ministry of Education.

This setback led to implacable perceptions of limited impact, poor implementation and AMP failure among some USAID and GOK officials. The evaluation team did not reach the same conclusions about impact and Project progress but agreed that the late start irrevocably compromised AMP's experimental attributes as well as opportunities for subsequent redesign and institutionalization.

For purposes of this evaluation, Project activities were classified and examined under Host County Management, USAID Oversight, and Contractor Performance.

The evaluation team concluded that the key host country participants - Egerton University and the Project Coordinating Committee - demonstrated a high degree of commitment to Project implementation. Between 1988 and 1991 the Committee held 21 meetings; approved 36 needs assessment assignments, 8 on-site training sessions, 14 consultancies and 13 short courses; acted as informal promoters of AMP services to public sector clients; visited client operations; and reviewed and directed Contractor activities on a quarterly basis.

The evaluators noted that USAID had opted for a "hands off" oversight role but had prudently switched into closer monitoring and interaction with GOK intermediaries once the PCC was put in place. However the team believed that AID could have acted sooner to encourage efficient implementation.

Contractor performance was unsatisfactory during the Project's earlier phase but changed significantly over the LOP. Price Waterhouse floundered in its delivery of technical assistance between 1987 -89 mainly because of the late PCC start, core team weaknesses, administrative frustrations over the lack of GOK guidance, and differences with the PCC over work programs.

In contrast, about 80% of AMP's activities were implemented over the next 24 months; partly as a result of personnel changes in the AMP team and partly because the GOK had streamlined project management to facilitate efficient implementation. Twenty-five of the 33 needs assessments, 11 of 14 consultancies, all short courses and 5 of 8 on-site training programs were completed between 1989 and 1991. The Contractor exceeded the needs assessment goal of 32 MNAs, reached 58% of the consultancy benchmark and trained 291 (83%) of 350 employees targeted for AMP assistance.

It was exceedingly difficult to quantify impact on clients or the smallholder sector. Measurement was impeded by an inadequate baseline data system and by the lack of suitable indicators linked to each AMP intervention. This was one area of project implementation in which Price Waterhouse failed to meet its contractual obligations. Nonetheless, there were several instances where AMP interventions transformed medium-sized companies such as Mea Ltd, and strengthened the management capabilities of smallholder entities like HCDA and the Mumias Outgrowers Company Ltd. Benefits derived by these and other clients led the evaluation team to conclude that AMP has made a meaningful contribution to the long term goal of increasing smallholder production in Kenya.

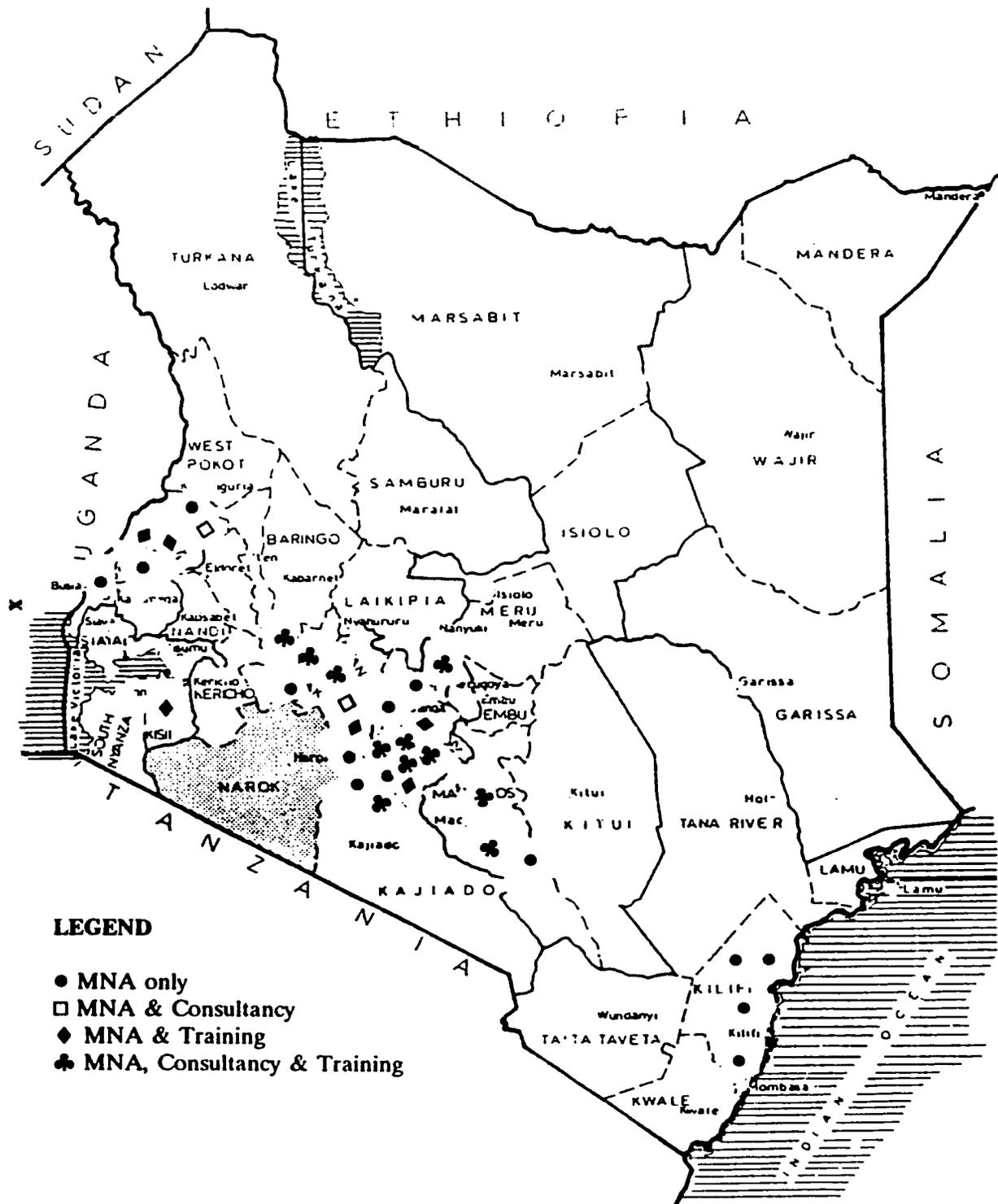
Lessons learned about project design, technical assistance and impact measurement should help to improve emerging AID programs with similar objectives and design features. First, unattainable expectations about impact and performance occur when the need for technical assistance is mistaken for demand. Assumptions about demand should be re-examined and tested before Project Papers, contracts, targets and SOWs are developed. Where there is latent demand, resources should be set aside to stimulate commercial utilization of technical services. Second, efforts to deliver integrated technical assistance will be more successful if individual TA interventions are linked by incentives and conditionalities. Third, clear guidelines on AID's role in start-up management assistance to executing agencies are essential if Projects are to avoid protracted delays in implementation. Fourth, development projects should include budgeted line items for baseline data management. Impact measurement activities should be defined in Grant Agreements, included in Contractor SOWs and incorporated into work plans and progress reviews during implementation. Finally, changes in management policy and practices are more reliable indicators of sustainable impact than changes in output indicators such as prices or profitability.

The team concluded its examination of AMP activities with the following key recommendations:

- There were some cases where PCC members were also representatives of AMP-assisted organizations. USAID and the GOK should ensure that all future AMP clients are selected on an arms length basis.
- Emphasis on TA to the private sector should be discontinued. For impact, the Project should concentrate on consultancies and training assistance to cooperatives over the remaining LOP. This would allow AMP to focus on its principal purpose of strengthening intermediate institutions with the greatest probability of delivering direct benefits to smallholders.
- Stringent application of selection criteria should be used to select clients for needs assessments, consultancy and training assistance. Requirements that clients should have some managerial capability and reasonable financial resources should be added as priority criteria.

- **The Contractor should provide Egerton with weekly summaries of its work plan and itinerary in accordance with its contractual agreement with the GOK.**
- **No more than four new needs assessments should be conducted during the next extension period to allow the Contractor time and resources to concentrate on providing consultancies to the bulk of clients who have not yet received such assistance.**
- **The Project should carry out 10 - 12 new consultancy assignments during the July 1991 - June 1992 extension period. On-site training courses should be developed for 7 - 10 AMP clients. Assignments should be carefully selected from the outstanding 22 clients and from new MNA clients.**
- **Cost Benefit Analyses should be introduced to determine the level of client contributions under the reinstated cost sharing program. All clients should be required to pay at least 50% of the direct costs of future needs assessment, consultancy and training assignments.**
- **Feasibility studies and business plans should be essential elements of future firm level assistance projects. This would lead to a more balanced range of services to offer clients. Feasibility studies, however, should be limited to problem-solving activities such as business expansion programs and should be linked to other project interventions.**
- **There should be closer cooperation between EU and AMP if Egerton is to build a successful case study approach to lecturing. A program for developing expertise in case studies should include the involvement of EU lecturers in another four cases to stimulate capacity building through transfer of expertise.**
- **The Project should provide the EU Deputy Vice Chancellor for Research and Extension with a database of registered consultants and private sector managers from AMP client organizations who could teach Agribusiness Management on a part-time basis. This would link EU into AMP's resource/client base, create opportunities for marketing short courses and enhance the University's agribusiness teaching capabilities.**
- **The USAID Agricultural Office should continue to look at ways to incorporate development assistance for small scale consulting firms under a larger institutional umbrella such as a national agribusiness trade association.**
- **The Contractor should host a seminar on the AMP Consultancy Strengthening Plan and conduct two five-day training programs; one on professional management and marketing techniques and the other on proposal and report writing, for AMP-registered firms.**
- **The Project should stimulate the market for AMP-type services, by capitalizing on its "success stories" through private sector networking and marketing.**
- **The issue of AMP's DIT registration as a training firm should be resolved through GOK inter-department reconciliation. The Permanent Secretary/ Ministry of Education, who is the GOK/AMP representative, should take up the matter with the Director of Industrial Training.**

- **Institutionalization of AMP training programs should be incorporated in Project agenda for the next extension (July 1991-June 1992). AMP and Egerton should develop a strategic plan to transfer the Project's training capability to the University by establishing management and administrative requirements for scheduling short courses after the PACD.**
- **The Contractor should continue to host the short courses; at least during the next six months of implementation. A fusion approach where Egerton University lecturers are teamed-up with local consulting firms for the 1991-92 extension should be considered. In this way the responsibility for managing training programs would be gradually transferred to EU.**
- **The Project should transfer needs assessment and consulting procurement expertise to the Ministry of Cooperatives Development by establishing a work plan to second Ministry participation on AMP assignments and by relocating AMP's database and project management information to the Ministry during the last six months of implementation.**
- **Greater control should be executed over consultancy-related training. While AMP entrusted the execution of on-site courses to consultants, the Contractor should exercise increased control and coordination to maintain efficient delivery of consultancy services.**
- **Further attempts to interview farmers to measure impact should be terminated. This initiative has produced limited results and is unlikely to do so within the remaining twelve months of implementation.**
- **Broader measures of the impact of AMP interventions should be adopted for the July 1991 - June 1992 extension. These should include the proportion of recommendations implemented by the clients themselves; policy changes in organizations and the level of after-care services solicited by clients and provided commercially by AMP-registered consultants.**



| LND | CLIENT   | LOCATION  |
|-----|----------|-----------|
| ♣   | Mea Ltd  | Nakuru    |
| ◆   | LNFC     | Naivasha  |
| ♣   | KGGCU    | Nakuru    |
| ◆   | NCPB     | Nairobi   |
| ◆   | MOCO     | Bungoma   |
| ●   | BBK      | Nairobi   |
| ♣   | EU       | Njoro     |
| ◆   | MDFCU    | Muranga   |
| ◆   | MFCU     | Kisii     |
| ♣   | KNFC     | Nairobi   |
| ♣   | TCFCS    | Nyeri     |
| ◆   | KDFCS    | Bungoma   |
| ♣   | HCDA     | Nairobi   |
| ♣   | MFCS     | Machakos  |
| ●   | MMCFCS   | Busia     |
| ♣   | Novachem | Nairobi   |
| ♣   | ASK      | Nairobi   |
| ♣   | MFDCS    | Machakos  |
| ●   | KSC      | Transzoia |
| ●   | KCC      | Kilifi    |
| ●   | KDCU     | Kilifi    |
| ●   | MOA      | Nairobi   |
| ♣   | Farmchem | Nairobi   |
| ●   | NSC      | Bungoma   |
| □   | NOCO     | Bungoma   |
| ●   | Ufuta    | Mombasa   |
| □   | Ndume    | Gilgil    |
| ●   | F/Flora  | Kiambu    |
| ●   | TFP Ltd  | Kilifi    |
| ●   | Maanzoni | Machakos  |
| ●   | KPC Ltd  | Kiambu    |
| ●   | Chemagro | Nairobi   |
| ●   | PREC Ltd | Nakuru    |



MAP OF AMP PROJECTS IN KENYA

## **SECTION ONE**

### **METHODOLOGY AND REPORT STRUCTURE**

#### **BACKGROUND**

On April 30, 1991 the USAID Mission in Kenya contracted an Agribusiness Consultant to conduct the Final Evaluation of the Agricultural Management Project. The purpose of the evaluation was to assess the impact of AMP technical assistance on management practices of participating intermediary institutions so as to promote more efficient delivery systems of agricultural inputs. In particular, the evaluation was to look at the relationships between selected inputs, outputs, purpose level and goal level indicators and the development of management practices which result in increased returns on investment to smallholders.

USAID and the GOK were also interested in determining whether sufficient demand existed for AMP services to institutionalize AMP initiatives in the management consulting sector by demonstrating that clients were willing to pay the full cost of TA services. Other key issues to be addressed included lessons learned, usefulness of the AMP model and recommendations for future project design.

#### **METHODOLOGY**

The consultant adopted the following technical approach and analytical framework for the evaluation.

##### **1. Technical Approach**

- a. Clarification of Scope of Work through discussions between the evaluation team and USAID.
- b. Review of essential documents: including Project Paper, Work Plans and Progress Reports, Egerton University/ AMP Reports and Correspondence, Project Coordinating Committee Reports, GOK/Ministry of Education AMP Information, the MSI draft mid-term Evaluation, Impact Evaluations, Needs Assessment Reports, Short Term Training Programs and Consultancy Reports, the Management Consultancy Strengthening Plan and GOK/MOE AMP correspondence and communications.
- c. Interviews and briefings with The Kenya Mission's Agriculture Office, The GOK Ministry of Education, Egerton University, The Project Coordinating Committee, The Contractor and Sub-Contractor(s), Consultants, AMP-supported institutions and AMP public and private sector clients and
- d. Site Visits to AMP-supported institutions and public and private sector clients, data collection, and evaluations of AMP inputs, utilization by clients and benefits derived from Project assistance.

## **2. Analytical Framework**

The analytical framework was partly derived from the Scope Of Work and used for investigations and for developing findings, conclusions and recommendations. This consisted of:

- a. A review of the original project design, the Mid-Term Evaluation, recommendations for Phase I and II, and changes in project implementation since the August 1989 mid-term evaluation.
- b. Performance and Financial Evaluations of the Agricultural Management Project against key indicators outlined in the Project Paper and specified in the Statement of Work (Appendix A).
- c. Identification and examination of key issues, such as sustainability and the extent of private sector involvement in AMP-funded activities.

### **REPORT STRUCTURE**

The evaluation was prepared in four sections. Section I (this section) provides a synopsis of the purpose and evaluation methodology. Section II contains assessments of Host Country Management, USAID Oversight and Contractor Performance. Section III offers perspectives on Lessons Learned and Future Directions and Section IV provides a summary of key recommendations for the next twelve months of implementation.

## **SECTION TWO**

### **ASSESSMENT OF PROJECT PERFORMANCE**

#### **INTRODUCTION**

Section II represents the major focus of the Final AMP Evaluation. It consists of segments on Host Country Management, Donor Agency Oversight and Contractor Performance. Each segment contains sections on management roles or Project activities which begin with brief descriptions of key functions, responsibilities and a synopsis of progress to date. This is followed by highlights of issues, assessments of impact and conclusions and recommendations. The evaluation team has incorporated input, output, purpose level and goal level indicators in its assessment of Project Performance and has structured its recommendations in the context of strategic options for the final 1991-92 extension period.

The three primary Host Country institutions - the Ministry of Education, Egerton University and the Project Coordinating Committee - were evaluated under Section II. A. Host Country Management. Section II. B. provides a brief summary of USAID Oversight. The following nine interrelated contractor activities were evaluated under Section II. C. Contractor Performance:

1. Management Needs Assessments
2. Management Consultancies
3. Egerton Agribusiness Curriculum
4. Management Consultancy Strengthening
5. Exclusive Private Sector Focus
6. Training
7. Measurement of Impact on Smallholders
8. Baseline Survey and Measurement of Project Impact, and
9. Contractor Management and Administration

Key issues, findings on project impact and the evaluators' conclusions and recommendations form the framework for holistic observations and suggestions about the usefulness of the AMP model and the design and implementation of agribusiness and private sector programs funded by AID. These perspectives are contained in Section III. Lessons Learned and Future Directions.

## **A. HOST COUNTRY MANAGEMENT**

### **Description**

The AMP Project Grant Agreement was signed on September 28, 1985 by the Ministry of Finance, acting on behalf of the Republic of Kenya, and USAID on behalf of the United States of America. Three Government of Kenya (GOK) entities were identified as essential intermediaries for delivering institutional support services under the Project: The Ministry of Agriculture and Livestock Development (MOALD), Egerton College and a Project Coordinating Committee (PCC).

MOALD was responsible for obtaining the services of a project Contractor in consultation with USAID/Kenya and had primary responsibility for Project execution. The principal of Egerton would take care of day to day project administration while the PCC would meet quarterly to review progress and to make recommendations to the AMP contractor regarding operations.

Chart I, page 5, illustrates the proposed AMP structure in 1985. Various organizational changes occurred during Project implementation and are described below.

#### **a. The Ministry of Education**

In 1986 Egerton College became a constituent College of the University of Nairobi. Jurisdiction was transferred to the Ministry of Education (MOE) which, by virtue of its functional responsibility, became the primary GOK executing agency for AMP. The College attained full University status in 1987.

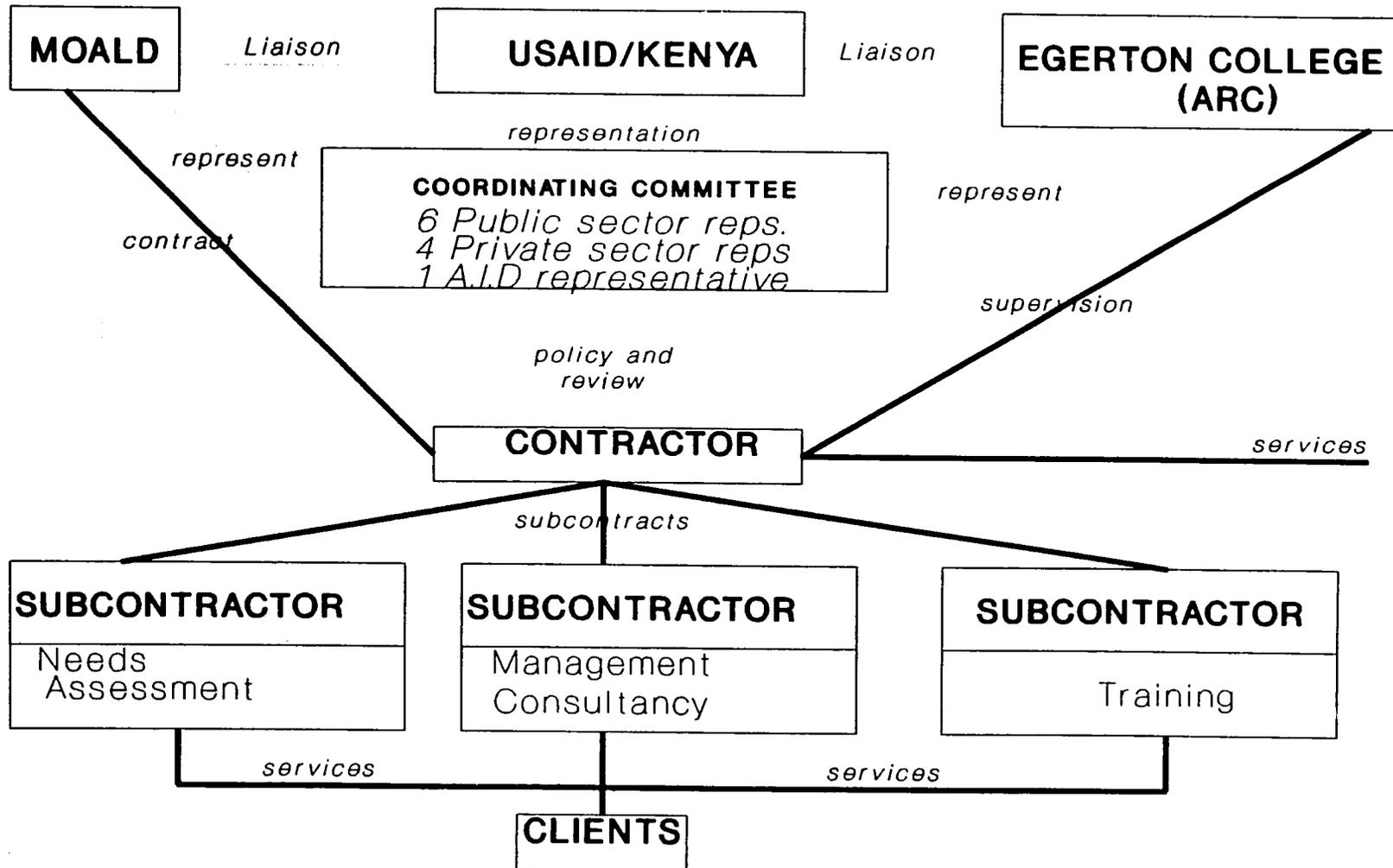
On March 9, 1987, the MOE signed the host country contract with Price Waterhouse Inc. In January 1988 the Ministry gave Egerton, through the Vice Chancellor, the requisite authority to oversee day-to-day implementation of the Project. The Vice Chancellor delegated this authority to the Deputy Vice Chancellor for Research and Extension, Professor Juma Logogo. The Ministry acts as a financial conduit for GOK counterpart funding and represents the GOK as the executing agency for the Price Waterhouse (PW) contract but has had minimal on-going involvement with AMP management or implementation.

#### **b. Egerton University**

Egerton was required to assign two University staff members to participate in project implementation, provide office space at the Agricultural Resource Center and procure, upkeep and maintain vehicles and equipment. This level of involvement was expected to enhance Egerton's agribusiness teaching expertise and provide additional manpower and infrastructure to support AMP field operations.

# CHART 1

## ORIGINAL ORGANIZATIONAL STRUCTURE AGRICULTURAL MANAGEMENT PROJECT



**SOURCE: AMP Project Paper, September, 1985**

**Egerton's key functions were to:**

- **Oversee the implementation process of the Project,**
- **Facilitate GOK logistical support activities and ensure access to counterpart resources,**
- **Promote PCC involvement in the generation of policies and encourage monitoring and appraisal of AMP agenda**
- **Verify that contractor expenditure had achieved intended objectives and certify payment approval of invoices to be submitted to AID.**

Although the Price Waterhouse team was ready to begin work in March 1987 the MOE was still in the process of identifying potential candidates for PCC membership. In Mid-1987, to get the Project started, Egerton gave directions to the contractor and assumed PCC responsibilities for approving clients and selecting consulting firms for AMP work.

Once the Committee was established client selection and approval of consultants reverted to the PCC. More importantly, Egerton transferred some of its decision making authority to the Committee as a conscious strategy to engender PCC-member commitment to the Project. For example, the PCC minutes revealed that the Committee made decisions on procurement and from time to time had advised the Contractor on budgetary matters such as publicity programs and fee structures for AMP-registered consultants.

The switch from MOALD to MOE, transfer of authority from Egerton University to the PCC, key responsibilities, and current lines of communication between the various AMP agencies are illustrated in Chart II, Revised Organizational Structure (page 7).

### **Key Issues**

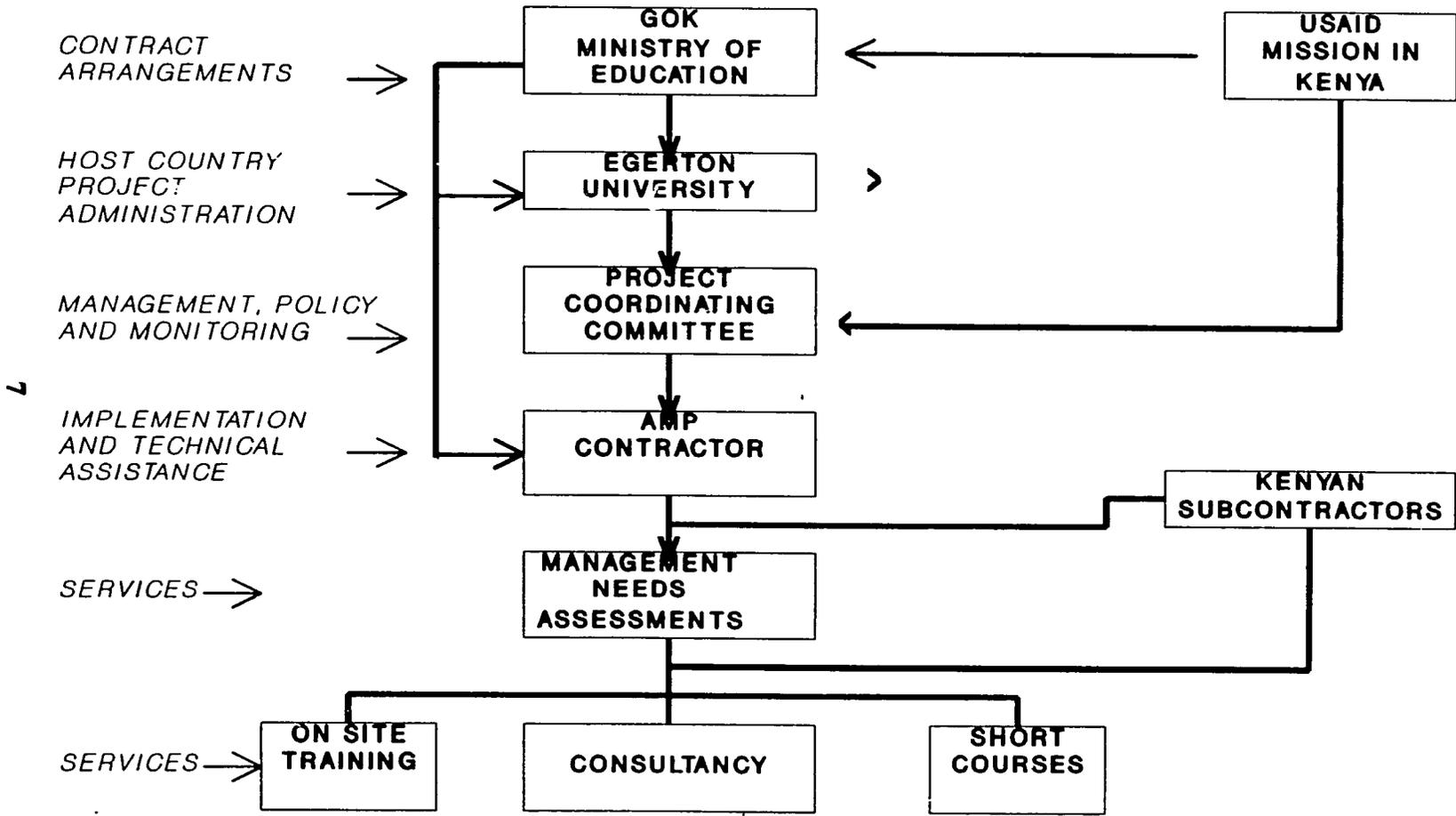
Egerton officials expressed concern about three implementation issues: i) the University's administrative role in project implementation, ii) the use of University lecturers as AMP consultants and iii) opportunities for institutionalization of Project activities.

#### **i) Egerton's administrative role**

The strategy of strengthening the role and functions of the PCC by transferring partial authority to the Committee unintentionally reduced Egerton's administrative influence over the Contractor. In turn, the AMP team, notwithstanding its responsibility to act on guidance from the University and its reciprocal obligation to keep Egerton apprised of day-to-day administration, responded to PCC direction on policy as well as administrative issues. It is worth noting however that the University's representative is the PCC Chairman and that Egerton is kept informed of AMP's work plans and progress reports on a quarterly basis.

# CHART 2

## REVISED ORGANIZATIONAL STRUCTURE AGRICULTURAL MANAGEMENT PROJECT



**SOURCE: Derived From AMP Information, MAY 1991.**

ii) University lecturers as AMP consultants

The concern that lecturers should have been utilized on MNAs' and consultancy assignments as a strategy to strengthen Egerton's agribusiness teaching capability was investigated by the evaluators.

The team found that neither the University nor the Contractor had pursued options for strengthening EU's teaching capabilities through consulting assignments. KOLMS Ltd., a private consulting practice owned by senior University lecturers, tried to obtain assignments through the Contractor. The firm submitted its credentials and was granted PCC/AMP approval. It was offered three needs assessments jobs but was unable to match consultants' availability with AMP schedules for the assignments.

iii) Institutionalization of Project activities

Institutionalization was never a primary Project objective but surfaced during 1990 - 91 implementation. Since then, the PCC and the University have agreed to establish a program to transfer AMP's training activities to Egerton between July 1991 and June 1992. Similar strategic plans for institutionalization of needs assessments, consultancies and impact evaluations have not been conceptualized. Given the limited time frame, stringent budgetary allocations, and operational priorities for the July 1991 - June 1992 period, complete institutionalization would be difficult to facilitate over the next twelve months.

In terms of counterpart funding the evaluation team noted that the Treasury Department has regularly transferred GOK contributions to the MOE. The University, however, experienced lengthy delays in MOE transfers to Egerton. Only one of the five annual allocations of counterpart funding set aside in the GOK Development Budget Estimates between FY '86 and '91 was received by Egerton by March 31, 1991 (Table I).

**Table I**  
**GOK Counterpart Funding to AMP**  
**As at March 31, 1991**

| <b>Year</b> | <b>Allocations Per<br/>GOK Budget Estimate</b> | <b>Transfers<br/>Received by Egerton</b> |
|-------------|--|--|
| 86/87       | Kshs.2,800,000                                 | -  |
| 87/88       | 14,760,000                                     | -  |
| 88/89       | 1,500,000                                      | 1,500,000                                |
| 89/90       | 500,000  | -  |
| 90/91       | 1,500,000                                      | -  |
|             | 21,060,000                                     | 1,500,000                                |

Source: Egerton University and PCC Data, May 1991

In May 1991, the MOE transferred Kshs.10 million or about 50% of the GOK's counterpart funding to Egerton. Nonetheless, previous delays displaced resources from the University's recurrent budget to fund AMP development expenditures: Egerton accrued one third of Government's counterpart expenses since Project inception although only 7% of the Estimates was received by March 31,1991. This constraint, apart from cash flow restrictions, confined Egerton's scope for exploring opportunities to institutionalize AMP.

**c. The Project Coordinating Committee**

The Coordinating Committee was to be composed of eleven members - six from the public sector, four from the private sector and one from USAID/Kenya. Public sector members were to come from the Ministries of Finance, Agriculture, Planning, and Cooperative Development; from Egerton College (University); and from the Directorate of Personnel Management. The four private sector representatives were to be nominated by MOALD in consultation with USAID but because the Ministry of Education replaced MOALD as the GOK's executing agency, PCC appointments were made by the MOE.

The Committee's main functions were to:

- Meet quarterly, or more often if necessary, to review project progress based on reports prepared by the contractor and to make recommendations regarding project operations
- Approve the contractor's selection of clients in accordance with TA criteria and
- Act as resource persons to identify specific management consulting or training resources required to execute the Project.

The MOE, through consultations with Egerton, appointed the six public sector, and four private sector members plus the USAID representative between 1987 and 1988. Both public and private sector members were appointed in their personal capacities to avoid delegation of responsibilities and to encourage long term commitment to AMP implementation among Committee members.

The Committee held its inaugural meeting on April 14th 1988. As the Committee's work evolved, decision-making was refined to include client selection, consultant approval and selection, project monitoring, self evaluation of progress and procurement of equipment. An Executive Committee was formed in April 1988 to facilitate interim reviews and to increase the frequency of decision-making on AMP issues.

Twenty-one meetings were convened since inception. These consisted of fourteen quarterly PCC meetings held between April 1988 and April 1991, two special meetings to evaluate contractor performance, and five Executive Committee sessions between April 1988 and April 1989. The Executive meetings merged with the quarterly sessions in April 1989 after PCC operations, contractor planning and reporting procedures had been streamlined.

Overall, the Committee demonstrated a consistently high degree of participation, organizational management, monitoring, and commitment to AMP implementation. Attendance at meetings averaged 75% and the PCC's agenda and minutes encompassed most Grant Agreement requirements including six-

month work plans, status of existing and potential clients, reports on training and contractor financial updates.

Issues raised covered the full spectrum of AMP activities including publicity, quality of consultants' work, strategies for client payment for needs assessments and future options for implementation. The Contractor was held accountable for operational work although PCC members, acting informally through their respective Offices, often circumvented procedural bureaucracy to facilitate faster AMP access to cautious clients. Finally, the Committee reinforced its monitoring role by combining quarterly meetings with site visits to various client operations.

The PCC's budget was financed through Egerton University as part of the GOK's counterpart funding for the Project. Cumulative expenditure as at February 28, 1991 was Kshs. 257,580. The Committee's operations were relatively inexpensive. PCC costs (including travel, per diem, meeting expenses and other miscellaneous costs) averaged Kshs. 12,879 or approximately \$477/meeting.

### **Key Issues**

In its assessment of PCC performance the evaluation team identified three issues which were subsequently reviewed in greater detail: i) assistance to clients with which PCC members has either direct or close contact, ii) the mix of PCC representatives and the proportion of public and private sector clients assisted and iii) use of the AMP client selection process. The first two issues are discussed below. The client selection process is review under Section II. A. Contractor Performance. a. Management Needs Assessments.

#### **i) Assistance to clients associated with PCC members**

With the exception of smallholder organizations associated with the Ministry of Cooperative Development, there were five instances where aid was provided to client organizations whose officers hold representative membership on the Coordinating Committee: Mea Ltd, Kenya Seed Company, Chemagro Ltd, Egerton University and the Ministry of Agriculture.

There were two plausible reasons why the PCC authorized assistance to these organizations. First, with the exception of Kenya Seed, each entity was experiencing management problems and genuinely needed AMP assistance. Second, contrary to the Development Alternatives' (DAI) demand study and Project Paper expectations, AMP services were a "hard sell" and had received a lukewarm reception from the agribusiness community. To establish a track record the Project turned to organizations where PCC members could sanction utilization of AMP services.

There were equally valid reasons why these institutions should have been second priorities on the PCC selection list. Notwithstanding liberal eligibility criteria and the absence of conflict of interest conditions in the Grant Agreement, it is prudent policy for implementing agencies to maintain arms length relationships with beneficiaries. In AMP's case, there was one instance where a PCC member represented two clients at different stages in the life of those companies.

The University is an eligible candidate for AMP assistance because of its central human resource role in agriculture development. Still, there is only a marginal relationship between a needs assessment

of Egerton's financial management and the likelihood of tangible benefits accruing to agricultural smallholders as a result of assistance to the University.

Kenya Seed is one of the most efficient agribusiness companies in Kenya. The company confirmed that it could have afforded to procure diagnostic services commercially. AMP's client selection criteria states that " by preference, the Project will not assist well-established, large businesses which are judged fully capable of acquiring services similar to those offered by the Project on a commercial basis". In the opinion of the evaluators Kenya Seed should not have been eligible for AMP assistance.

#### ii) PCC representation and client mix

Concerns over sectoral representation neither addressed nor resolved the overriding issue of whether the Project purpose (strengthening intermediate institutions) or the objective ( increasing smallholder incomes) should be the basis for determining client mix. Initially public sector representation appeared to have created a bias towards parastatals and cooperatives: by July 1989, 80% of AMP's clients were cooperatives, parastatals or public sector institutions. However by May 1991 the private sector represented 43%; public sector 24%; and cooperatives 33% of AMP's clientele.

Cooperatives are not classified as private sector organizations but represent the largest proportion of smallholder groups in Kenya. These smallholders are small scale private sector operators. Thus when combined with firms, AMP delivered about 76% of its assistance to smallholders through client organizations which serve private farmers and through private sector companies.

### **Conclusions**

- The Project Coordinating Committee has demonstrated a consistent commitment to the AMP concept and implementation. Originally conceived as an advisory and policy unit the PCC took on a strong leadership role in addition to fulfilling its primary functions of client selection, project review and endorsement, and monitoring of AMP work plans and activities.
- The PCC system of assigning accountability and follow-up responsibility to its members and the Contractor as part of its quarterly review sessions was an efficient and effective method of project management.
- The decision to appoint members in their personal capacities was an important feature underlying the success of the PCC. Individual members have played pivotal roles as critical liaisons to primary AMP clients such as parastatals and cooperatives. It is doubtful whether the Project could have successfully accessed the larger and most representative smallholder organizations without such interventions.
- The current mix of 6 public, 4 private sector and one representative from USAID met the requirements of the AMP Grant Agreement. The Project could have established closer ties with the private sector if the GOK had opted for stronger representation in this area. The imbalance has had no discernible negative effects on client selection during the first extension period since AMP's new clients were all private sector businesses.

- **The Treasury Department, as the principal GOK financing intermediary responsible for AMP counterpart funding, has performed its financial management functions with reasonable efficiency and has promptly disbursed Project funds to the GOK's implementing agency, the Ministry of Education (MOE). However, MOE transfers have lagged behind the University's AMP budgetary requirements. This has impinged Egerton's administrative and financial capacity to perform its supervisory role as host country project manager.**
- **Despite delays in fund transfers, the University, through its AMP representative and PCC chairmanship, has shown a reasonable degree of management oversight and has sustained its coordinating responsibilities through leadership at the Committee level. Its major role - that of host country manager - evolved as the raison d'etre of the PCC and was gradually absorbed by the Committee.**
- **While sustainability is recognized as a key AMP issue, the PCC is still undecided about the extent to which participating host country institutions such as Egerton should be involved in the institutionalization of selective AMP activities. With only one year remaining to the PACD, the University has limited opportunities to properly institutionalize AMP.**

#### **Recommendations**

- **USAID and the GOK should ensure that future AMP clients are selected on an arms length basis**
- **The USAID Desk at the GOK Treasury Department should strengthen its monitoring system to ensure that AID grant funds are efficiently transferred to the designated GOK administrative agency.**
- **AMP should concentrate on the cooperative sector since this would allow the Project to focus exclusively on its principal purpose of strengthening intermediate smallholder institutions with the greatest probability of delivering direct benefits to their members.**
- **In recognition of the University's administrative role, the Contractor should provide Egerton with a weekly summary of its work plan and itinerary.**

## **B. USAID OVERSIGHT**

### **Description**

Under the Grant Agreement, USAID/Kenya agreed to monitor Project progress through representation on the PCC. AID agreed to organize a major evaluation to be undertaken after the first eighteen months of contract services. The Mission was to liaise with Ministry Officials and Egerton University on administrative matters and with the Ministry of Finance on counter funding decisions.

As mentioned under Section II A. Host Country Management, USAID was appointed to the PCC in accordance with the Grant Agreement and has participated in PCC meetings since 1988. AID organized the mid-term evaluation, which was carried out by Management Systems International (MSI) Inc., in August 1989. The report was never accepted by USAID/Kenya because of Mission concerns about the lack of analytical depth and unsubstantiated perspectives proffered by the MSI team.

Initially, AID adopted a "hands off" approach to Project monitoring and oversight. After two years of GOK inactivity, the Mission increased contacts with Egerton and the Contractor to strengthen full scale implementation. In this regard the Agricultural Office has helped the GOK to establish performance targets and has monitored Contractor performance against new benchmarks. Equally important, AID through other assistance programs to Egerton has encouraged institutional initiatives through AMP to improve Egerton's teaching capability in Agribusiness Management.

### **Key Issues**

The evaluators were concerned about AID monitoring of GOK transfers of AMP counterpart funding. This was a critical issue as pointed out under Host Country Management. In retrospect, AID could have adopted a stronger approach to soliciting efficient transfers of these resources to Egerton University.

### **Conclusions**

- While AID intended to restrict its involvement in day to day implementation it fell short on defining its own role in project development support to Host County counterpart institutions. Apart from assisting with the procurement of services of the principal Contractor (Price Waterhouse inc.,) there were no further guidelines on AID's start-up assistance to the GOK.

### **Recommendations**

- USAID Kenya should concentrate on facilitating institutionalization of AMP's training activities. In addition, the mission should ensure that the Contractor establishes strategic plans to transfer AMP's project data and procedures to relevant host country institution such as the Ministry of Cooperatives Development and Edgerton.

## **C. CONTRACTOR PERFORMANCE**

### **1. MANAGEMENT NEEDS ASSESSMENTS**

#### **Description and Rationale**

The Project Paper targeted 32 needs assessments during Life Of Project (LOP). These assessments were to be the first phase of an integrated package of technical assistance to intermediary smallholder institutions. The model was comprised of three components: management needs assessments (MNAs); consultancies arising out of MNAs; and training, to be provided either as a part of each consultancy or through Project-developed short courses. MNAs were to be diagnostic investigations of strengths and weaknesses of intermediary institutions, so that appropriate interventions of management assistance and training could be recommended. Areas to be covered by needs assessment investigations included financial systems, general management, human resources, information management, corporate strategy, manufacturing management and marketing.

Work was to begin with selection of client institutions based on Project Paper criteria. Highlights of the selection criteria were: local or foreign ownership; nature of agroactivity and geographical distribution. Once clients were selected, AMP would discuss the areas to be investigated by a needs assessment team. Initial identification of operational weaknesses was, however, to be left to each client.

The Project was responsible for identifying suitable consultants, drawing-up scopes of work, recruitment, briefings and then placing consultants with each client. In turn, the client was to make technical information available, provide office space for the needs assessment team, and instruct personnel to participate as counterparts to the consultants so that some degree of in-house participation was achieved. At the end of the field work AMP was expected to supervise and guide production of reports to ensure proper documentation of the outcomes of the MNAs.

#### **Implementation and Progress to Date**

The Contractor spent twelve months installing AMP implementation systems after the GOK/PW contract was signed in March 1987. This included procurement of equipment/materials, placement of Contractor personnel, drafting implementation documentation and conferring with GOK, USAID, and Egerton University to clarify working roles and relationships between these groups.

Some marketing work was carried out in 1987. According to the Promotional Specialist Simiyu Wambalaba, AMP created a database of potential clients from membership lists from Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI), GOK referrals and other sources. The Contractor then used media advertising, direct mailing, direct visits to clients and informal networking to market MNA assistance.

Two hundred clients were selected from a database of more than 1000 agribusiness organizations by matching organizations and companies with TA selection criteria. The 32 clients targeted for AMP technical assistance were picked from the 200 by using more stringent applications of selection criteria.

The Contractor was to begin needs assessment work in mid-1987 but could not proceed as PCC approval of clients and consultants was needed in accordance with the Contract Agreement. Due to administrative delays and reassignment of contractual responsibility from the MOALD to MOE it took GOK three years after signing the Grant Agreement in 1985 to constitute the PCC. In mid-1987, in an effort to get the Project started, the University sought authority from the MOE to begin needs assessment work. MNAs for Mea Ltd and Lake Naivasha Fishermen Cooperative Society (LNFCS) were undertaken in September and November 1987 respectively.

After the PCC became operational in March 1988 the Contractor intensified MNA work to make-up for lost time. Twenty five assessments were completed by June 1990. These consisted 6 private, 11 cooperative sector and 8 public sector organizations and surpassed the original target in the Grant Agreement of 24 MNAs by the revised Project Assistance Completion Date (PACD) of June 30, 1990.

Further MNAs were completed during the Phase I extension (July 1990 - June 1991) to bring the total to 33 by May 1991. The additional eight clients were private sector organizations selected in accordance with Contract Amendment No. 4. The MNAs were distributed as follows: Private sector: 8 (24%), public sector: 14 (43%) and cooperative sector: 11 (33%).

Three assessments will be conducted for cooperatives in Rift Valley Province between July 1991 - June 1992. ( At the time of writing this report USAID and GOK were in the process of drawing-up agenda for the 1991/92 extension.)

### **Key Issues**

During the evaluation of needs assessments five key issues were identified and examined in greater detail by the team: i) client selection and use of criteria; ii) payment for needs assessments; iii) guidelines to link assessments to consultancies; iv) Contractor's management of needs assessments; and v) cost-benefit analyses of MNAs.

#### **i) Client selection and use of criteria**

AMP's client selection system did not allow for a weighing system to facilitate a more objective selection process that would discriminate among clients in terms of how well they met AMP requirements for technical assistance (TA). For example if Kenya Grain Growers Cooperative Union Ltd (KGGCU) and Mea Ltd were to compete for assistance, KGGCU would score higher on number of farmers served while Mea Ltd would score higher than KGGCU in other parameters, e.g. financial and technical viability.

The absence of a points system against which potential clients could be ranked led to at least three instances where clients were selected by the PCC that otherwise would not have passed a stringent weighing test: Malaba/Malakisi Cotton Farmers Cooperative Society (MMCFCS), Kitinda Dairy Farmers Cooperative Society (KDFCS), Maanzoni Ltd and Premier Refrigeration & Engineering Company Ltd (PREC).

Malaba/Malakisi and Kitinda Dairy were technically bankrupt and would not have met the criterion of financial viability. Maanzoni Ltd is a holding company that manages a large scale agricultural farm owned by the proprietor of Nova Chemicals Ltd. Nova has benefitted from AMP technical

assistance but Maanzoni had not developed any capacity for procuring cashewnuts and therefore did not fit into the mainstream category of AMP clients.

AMP assisted Maanzoni with a feasibility study which is outside the Contractor's scope of work. The purpose of the Project was to strengthen the management capacity and performance of intermediary institutions that perform critical functions in support of smallholder productivity.

Premier Refrigeration manufactures hardware items which include wheelbarrows and spades. PREC had underutilized its production capacity and received assistance through a market feasibility study to identify new product opportunities to improve capacity utilization. A review of the company's production and supply networks suggested that the company was not performing important functions in support of the smallholder sector. It would appear that PREC was chosen more to fulfill the private sector quota set in Contract Amendment No.4 than on its ability to meet comprehensive selection criteria.

ii) Payment for needs assessments

The question of whether clients should pay for needs assessments should have been resolved by the PCC during the LOP. Some clients like the National Cereals and Produce Board (NCPB) drew heavily on the TA budget (US\$ 39,988) but showed little interest in consultancy assistance. The evaluation team noted that the issue had been discussed at a number of PCC meetings but that the policy of free MNAs had not changed.

iii) Guidelines to link MNAs to consultancies

The Project Paper fell short on policy guidelines to link MNAs with consultancies. Clients were left to decide whether further AMP technical assistance was needed. If they opted not to use AMP consultancies the relationship was terminated. This compromised the concept of integrated technical assistance since there was no way of ensuring that the client would implement MNA recommendations. It was particularly difficult to measure the impact on clients who did not take-up consultancy services from the Project.

iv) Contractor's management of MNAs

The Contractor's oversight and direction of MNA assignments was an issue. Some consultants complained that they were placed on assignments without adequate briefings on the scope of work or methodologies to be used. In other cases, a team leader was not appointed to coordinate consulting work. These shortfalls did not have a serious effect on the quality of work but increased the Contractor's MNA support work at the report preparation stage of assignments.

v) Cost-benefit analyses of needs assessments

One reason why some clients did not seek further assistance through consultancy was because MNAs did not contain cost-benefit analyses of MNA recommendations. Clients would have been more inclined to take-up AMP consultancies if they were shown the magnitude of benefits to be realized, either in the short-term or long-term, from implementing specific AMP recommendations.

## **Assessment of MNA Reports**

Despite constraints experienced by the Project team, the Contractor exceeded the target of 32 needs assessments during LOP. Thirty-three assessments were completed and three were in progress as at the time of this evaluation. Also, AMP delivered inputs such as promotion, client selection, appointment of consultants and direct involvement in the actual assessments in an efficient and professional manner. However, comments have been registered elsewhere in this section that more leadership and direction of inputs by the Contractor could have led to greater client acceptance of AMP's consultancy services.

From analysis of ten randomly chosen MNA reports the evaluators found 6 of them adequate in terms of content organization, depth of investigations undertaken and clarity of recommendations presented. The other four had inherent weaknesses in content, organization framework and recommendations based on inadequate observations. Three acceptable and three badly presented reports are reviewed below:

- Mea Ltd

MNA conducted in August 1987. Report size 28 pages. Areas addressed: corporate and marketing strategy, finance and budgeting systems, computerization of inventory and purchasing systems, and human resource development. Number of recommendations: 19; LOE: 45 person days. Cost: US\$ 16,346. Comments: report was well organized; indicated in depth investigations of problem areas and has clear recommendations.

- Farmchem Ltd

MNA conducted in February 1990. Report size: 29 pages. Areas addressed: organization structure; strategic planning; manpower development; sales and marketing; and accounts and financial systems. Number of recommendations: 25. Comments: report well structured; in depth treatment of problem areas. Clear recommendations; had a company profile.

- Agricultural Society of Kenya

MNA conducted in May 1989. Report Size: 35 pages. Areas addressed: finance and accounting systems; human resource management and development; operations; organizational mission. Number of recommendations: 15. Comments: Report has clear content and organization framework; indepth investigations of issues and clear statements of findings, conclusions and recommendations. Helpful annexes.

- K.G.G.C.U. Ltd

MNA conducted in June 1988. Report size: 14 pages. Areas addressed: sales and marketing; cereals produce; procurement and supplies; finance and accounting systems. Number of recommendations: 23; LOE not specified. Cost: \$4,533. Comments: KGGCU Ltd is a national corporation with an elaborate network of retail outlets. In view of the problems KGGCU has faced in its short life-time, a fourteen pages MNA for this size of organization suggests inadequate treatment of issues and problems. For example the sales and marketing sections was 3/4 page of superficial

perceptions of problems and issues. The report did not identify training needs as required by the scope of work; instead the consultants recommended further needs assessments.

- **Nzoia Sugar Company Ltd**

MNA conducted in May 1990. Report size: 32 pages. Areas addressed: finance; management; and operations. Number of recommendations: 25. LOE 30 person days. Cost: US\$ 8,125. Comments: Report lacked specific recommendations for internal controls (pages 7 and 8). Recommendations weak in terms of guidance on remedial actions. Section on manpower planning poorly presented, i.e. a theoretical presentation on manpower planning rather than a practical analysis of personnel needs.

- **Barclays Bank of Kenya**

MNA conducted in February 1989. Report size: 11 pages. Areas addressed: Lending portfolio; transportation. Number of recommendations: 3. LOE: not specified since time spent on flex-time basis. Cost: \$17,019. Comments: Problems not clearly defined which led consultant to shop around for issues. Cost not justified relative to the size/content of the report. Recommendation for AMP to assist in review of lending policies not based on clear observations and too weak to be adopted by the client. Had good structural approach but lacked organization and clarity of investigations.

Only one of the ten reports analyzed had a fact sheet which summarized salient client data. This would have assisted consultants in designing interventions and in conducting preliminary enquiries. Many of the poorly prepared MNAs were done during the early stages of Project implementation when clear guidelines had not yet been developed. MNAs conducted under the second Team Leader were more focused and indicated consistent delivery of technical assistance and standardization of report-writing.

The evaluation team also looked at four organizations which declined AMP assistance although TA was approved by the PCC:

- **Pan African Vegetables Ltd**

Declined because it was undergoing restructuring and was receiving management assistance by its parent company, Industrial and Commercial Development Corporation.

- **Rift Valley Hatcheries Ltd**

Declined because they were unprepared for AMP assistance. Could not give reasons and further attempts to recruit the organization were terminated by Price Waterhouse.

- **Mount Kenya Agro-Industries Ltd**

Declined because they were undergoing restructuring through technical assistance provided by their financiers, Kenya Industrial Estates.

- **Alpharma Ltd**

Hides and skins processors. Declined because they had other priorities and hence unprepared to host the needs assessment team at the time.

Because of production linkages with smallholders, Rift Valley Hatcheries and Alpharma were sound prospects for AMP assistance. However, given the total number of clients targeted, their refusal represented lost opportunities but did not have a material effect on overall AMP performance.

### **Contractor Use of Project Resources**

Over 75% of the MNAs were conducted by local firms. The earlier practice of using offshore consultants had proved costly and time consuming. For example the average cost of 20 needs assessments during Phase I (March 1989 - June 1990) when off-shore consultants were used was US\$ 15,334 in comparison with \$ 7,148 per assessment for 12 MNAs conducted by Kenyan consultants during the Phase I extension (July 1990 - June 1991). It took 1 - 3 months to contract with an offshore consultant while about 2 - 3 weeks notice was enough for a local consultant to schedule similar work.

The number of local AMP-registered firms for short-term contracts exceeded utilization. Forty five firms with diverse capabilities were approved for AMP use during LOP but only 23 were actually selected for AMP work.

MNA logistical support was well organized by the Contractor. Despite difficulties experienced due to GOK delays in remitting counterpart funds for logistical support, Price Waterhouse maintained an efficient support system which facilitated timely completion of MNA assignments and reports.

### **Demand and Client Distribution**

The need for MNAs was beyond Project capacity. Most of the 200 potential clients in the AMP data bank were eligible for preliminary technical assistance. However, since assessments were free of charge, ( none of the 33 clients who received needs assessments contributed to the cost) the evaluators were unable to confirm how much commercial demand existed for MNA services.

AMP assessments were well distributed among the public, private and cooperative sectors. The 200 potential clients included prominent agribusiness organizations as KGGCU, Horticultural Crops Development Authority (HCDA), Agricultural Society of Kenya (ASK) and sugar industries in Western Province. The Project therefore succeeded in reaching some of the larger organizations which serve smallholders in Kenya.

### **Impact on Client Operations**

Each of the 21 clients visited during the evaluation reported improvements in various operations as a result of one or more AMP interventions. Mea Ltd registered gains in profits of up to US\$700,000/year due to better methods of credit control, improved accountability and better utilization of packaging capacity.

Tetu Coffee Growers Cooperative Society (TCGCS) increased its subsidiary's revenues by 150% as a result of adjusting property rental rates. TCGCS also increased earnings by US\$80,000/year through enhanced internal control and accounting systems. Kenya Cashewnuts Ltd saved US\$700,000 through

staff cuts and efficient labor management. The company improved raw material procurement by using procedures and policies from a procurement manual developed from MNA recommendations.

Other enhancements in operational efficiency included reduction of accounts production time by 50% by HCDA, Malaba/Malakisi Coop. Society Ltd, ASK, Nova Chemicals, Ufuta Ltd., and Mumias Outgrowers Company Ltd., (MOCO).

About half of the 33 organizations assisted by AMP are still in the process of implementing MNA recommendations. In many cases recommendations were implemented without further AMP support. For instance, 17 clients had adopted 217 (63%) out of a total of 346 recommendations by March 31, 1991 (Table II). Twelve of the seventeen had opted for consultancy interventions.

**Table II**  
**Client Adoption Of MNA Recommendations**  
**January 1988 - December 1990**

| No. | Client       | # Adopted | Total # Recommendations |
|-----|--------------|-----------|-------------------------|
| 1.  | Mea Ltd      | 17        | 19                      |
| 2.  | Novachem Ltd | 7         | 6                       |
| 3.  | Farmchem Ltd | 18        | 25                      |
| 4.  | MOCCO Ltd    | 9         | 12                      |
| 5.  | NSC Ltd      | 10        | 31                      |
| 6.  | MFDCU        | 20        | 25                      |
| 7.  | KNFCU        | 10        | 15                      |
| 8.  | ASK          | 11        | 15                      |
| 9.  | MFCU         | 15        | 25                      |
| 10. | TCGCS        | 18        | 30                      |
| 11. | MDCU         | 11        | 28                      |
| 12. | MFCS         | 5         | 12                      |
| 13. | MMFCU        | 22        | 31                      |
| 14. | BSOC         | 8         | 21                      |
| 15. | KDFCS        | 11        | 18                      |
| 16. | KGGCU        | 22        | 23                      |
| 17. | HCDA         | 3         | 10                      |
|     |              | 217       | 346                     |

Source: AMP Project Data, May 1991

## **Conclusions**

- **The Contractor achieved the Project Paper target for management needs assessments. Thirty three MNAs were conducted during LOP compared to the Project Paper target of 32. Significant benefits in operational effectiveness, performance efficiencies, cost savings and revenue gains were reported in five of the twenty-one clients interviewed by the evaluation team. Similar gains may have occurred in other clients' operations. However, data was unavailable to substantiate these changes.**
- **About 60% of the needs assessments were of acceptable quality while 40% were poorly presented, lacked logical content, had inadequate organization frameworks and were weak in the depth of treatment of problems and issues.**
- **The absence of a ranking system for client selection resulted in technical assistance to some organizations which would not have been otherwise chosen for AMP support. A weighing or points system would have allowed AMP and the PCC to prioritize clients and allocate inputs on a more objective basis.**
- **Clients should have met some MNA costs since they were able to use the report without further Project assistance. The PCC could have established maximum LOE limits and cost ceilings beyond which clients would have had to finance excess expenditures.**
- **Although baseline data on smallholder production was unavailable, evidence gained from interviews with 21 client institutions led the evaluation team to conclude that the needs assessment component had some impact on smallholder production. MNAs had more impact than any other Project activity since the majority of clients had implemented some recommendations on their own.**

## **Recommendations**

- **No more than four new needs assessments should be conducted during the next extension period to allow the Contractor time and resources to concentrate on providing consultancies to the bulk of clients who have not yet received such assistance.**
- **More stringent application of selection criteria should be used to select clients for needs assessments. Greater weight should be given to the size of smallholder agricultural community served by the client institutions. The requirements that clients should have some managerial capability and reasonable financial resources should be added as priority selection criteria.**
- **All future MNA clients should pay at least 50% of the total direct costs for technical assistance.**
- **AMP should provide cost-benefit analyses of MNA recommendations to induce clients to use its consultancy services. Success stories such as Mea Ltd., TCGCS and HCDA should be used to market and popularize the AMP model of technical assistance.**

## **2. MANAGEMENT CONSULTANCIES**

### **Description and Rationale**

AMP's approach to assistance and training included management consultancies developed in close collaboration with clients through the MNA process. Using findings from MNAs the Contractor was required to formulate a program of management consulting services for each client and to contract with the client for follow-up assistance. Anticipated services included support in business organization, communications and records, financial systems, inventory control, marketing, production, procurement, planning, and personnel management and development. Since management deficiencies are often systemic, the AMP concept of providing customized packages of multi-purpose consultancies was a deliberate strategy to strengthen the overall management capability of agribusiness clients.

### **Process, Constraints and Achievements**

After submitting final assessment reports, Price Waterhouse encouraged clients to use its consulting and training services to implement needs assessment recommendations. This involved consultations with senior management, presentations by the AMP team leader to Boards of Directors or Executive Committees and discussions on priority areas for further assistance.

Additional meetings were held to provide clients with budgets, scopes of work and short lists of consultants for each job. Contracts for AMP services were established after agreement had been reached on types of assistance, fee payments, cost sharing, levels of effort and consultant selection.

Despite the marketing leverage of free needs assessments, selling consultancy services was unpredictable and more time consuming than expected at the Project design stage. A sequence of AMP assistance is illustrated in Table III. On average, it took ten months before the Contractor could deliver resources to an organization and there were instances where clients took 12 - 16 months to commission AMP services. Lengthy lead times were caused by delays in client reviews of MNA reports, changes in senior personnel or management procrastination in identifying the areas of technical assistance which the organization should use. In comparison, Price Waterhouse took about 2 - 3 weeks to turn around a consulting team for an assignment.

Twenty four clients were targeted for consultancies between March 1988 and June 30, 1991. By May 31, 1991 twenty three consultancies had been provided to 14 clients on an average LOE of 3 - 4 weeks per assignment. Thus, the Project attained 58% of its stipulated target of reaching 24 clients by June 30 1991. Fifteen assignments were in functional/technical fields while eight were on-site training sessions in strategic planning, stores management and accounts computerization. Table IV provides a list of clients served, the area and frequency of assistance and the level of effort for each assignment.

Six clients - Horticultural Crops Development Authority (HCDA), Agricultural Society of Kenya (ASK), Tetu Coffee Growers Cooperative Society (TCGCS), Machakos District Cooperative Union (MDCU), Kenya Grain Growers Cooperative Union (KGGCU), Matungulu Farmers Cooperative Society (MFCS) - commissioned 2 consultancies each. One client, Mea Ltd, benefitted from four AMP interventions.

**TABLE III  
AGRICULTURAL MANAGEMENT PROJECT / TIME SEQUENCE OF AMP ASSISTANCE TO CLIENTS  
(MONTHS)**

| <b>NO.</b> | <b>CLIENT</b>                | <b>TIME BETWEEN<br/>1ST CONTACT AND<br/>NEEDS<br/>ASSESSMENT</b> | <b>TIME BETWEEN<br/>MNA AND<br/>CONSULTANCY</b> | <b>TIME FOR<br/>CONSULTANCY</b> | <b>TOTAL<br/>TIME</b> | <b>TIME<br/>BETWEEN<br/>MNA AND<br/>IMPACT<br/>EVALUATION</b> |
|------------|------------------------------|--|---|---------------------------------|-----------------------|---|
| 1          | MEA                          | 12.00  | 16.00   | 4.00                            | 32.00                 | 31.00   |
| 2          | LNFCs                        | 3.00   | 7.00  | 1.00                            | 11.00                 | 33.00   |
| 3          | EGERTON UNIVERSITY           | 1.00   | 10.00   | 1.00                            | 12.00                 | 11.00   |
| 4          | KGGCU                        | 4.00   | 6.00  | 1.25                            | 11.25                 | 14.00   |
| 5          | MFCU                         | 4.00   | 16.00   | 0.75                            | 20.75                 | 4.00  |
| 6          | TCGCS                        | 7.00   | 10.00   | 0.75                            | 17.75                 | 8.00  |
| 7          | HCDA                         | 8.00   | 13.00   | 1.00                            | 22.00                 | 15.00   |
| 8          | MFCS                         | 7.00   | 11.00   | 2.75                            | 20.75                 | 6.00  |
| 9          | NOVACHEM                     | 3.00   | 5.00  | 0.50                            | 8.50                  | 13.00   |
| 10         | ASK                          | 4.00   | 9.00  | 0.75                            | 13.75                 | 8.00  |
| 11         | MACHAKOS                     | 12.00  | 11.00   | 0.75                            | 23.75                 | 4.00  |
| 12         | FARMCHEM                     | 3.00   | 8.00  | 0.10                            | 11.10                 | 1.00  |
|            | <b>Total</b>                 | <b>68.00</b>   | <b>122.00</b>                                   | <b>17.50</b>                    | <b>215.50</b>         | <b>148.00</b>   |
|            | <b>Average Time Sequence</b> | <b>5.70</b>  | <b>10.17</b>                                    | <b>1.46</b>                     | <b>17.92</b>          | <b>12.30</b>  |

**SOURCE: AMP Project Data, May 1991**

**Table IV**  
**List of AMP Consultancies**  
**March 1988 - May 1991**

| <u>No.</u>                            | <u>Date</u> | <u>Client</u> | <u>Assistance</u>       | <u>LOE<br/>Person Mths</u> |
|---------------------------------------|-------------|---------------|-------------------------|----------------------------|
| 1.                                    | 03/88       | Mea Ltd       | Strategic Planning(T)   | .15                        |
| 2.                                    | 05/88       | LNFCs Ltd.    | Mkt'ing & Stra. Plan(T) | 1.00                       |
| 3.                                    | 06/88       | Mea Ltd       | Mkt Opportunities       | 3.00                       |
| 4.                                    | 06/88       | "             | Financial Systems       | 1.00                       |
| 5.                                    | 12/88       | KGGCU Ltd     | Strategic Planning(T)   | .15                        |
| 6.                                    | 05/89       | KGGCU Ltd     | Procurement Mgmt.       | 1.25                       |
| 7.                                    | 08/89       | HCDA          | Financial Systems       | 1.00                       |
| 8.                                    | 09/89       | NovaChem Ltd  | Financing Plan *        | .50                        |
| 9.                                    | 01/90       | Egerton U     | Financial Systems       | 1.00                       |
| 10.                                   | 02/90       | HCDA          | Strategic Planning(T)   | .15                        |
| 11.                                   | 02/90       | ASK Ltd       | Accts. Computerization  | .25                        |
| 12.                                   | 02/90       | "             | Financial Systems       | .75                        |
| 13.                                   | 03/90       | TCGCS Ltd     | Financial Systems       | .75                        |
| 14.                                   | 03/90       | "             | Stores Management(T)    | .75                        |
| 15.                                   | 04/90       | MFCS Ltd      | Financial Systems       | 2.00                       |
| 16.                                   | 04/90       | "             | Debt Management         | .75                        |
| 17.                                   | 05/90       | Mea Ltd       | Computerization (T)     | 2.00                       |
| 18.                                   | 05/90       | NOCO          | Financing Plan *        | .50                        |
| 19.                                   | 06/90       | MDCU Ltd      | HRD Assistance(T)       | .75                        |
| 20.                                   | 06/90       | "             | Marketing Management    | .75                        |
| 21.                                   | 08/90       | MFCU Ltd      | Management & Admin      | .75                        |
| 22.                                   | 09/90       | Farmchem Ltd  | Strategic Planning(T)   | .15                        |
| 23.                                   | 05/91       | Ndume Ltd     | Plant Operations & Mkt. | <u>2.00</u>                |
| Total Level of Effort (Person Months) |             |               |                         | <u>20.35</u>               |

\* = Completed by AMP Team/ (T) = Training Consultancy  
Source: Agricultural Management Project Data, May 1991

The concept of an integrated management and training consultancies was less successful than expected. Of the 23 consultancies there were only eight instances (32%) where AMP provided a combination package of training and business assistance. Furthermore, consultancies were concentrated in three fields: Finance and Accounting (44%), Marketing (17%) and Strategic Planning (17%).

There were various reasons why AMP faltered in providing integrated services to clients. First, partly because of the experimental nature of the Project and partly because clients had the prerogative to select areas of technical assistance, AMP had minimal control over prioritizing or choosing recommendations for implementation. As a result, the Contractor played an advisory role in selection of consultancy services. The AMP team did, however, have a reasonable degree of influence with clients because of the collaborative circumstances under which MNAs and consultancy programs were developed.

Second, according to the Contractor, the cost of an integrated program of consultancies was prohibitive. For example, while clients were prepared to contribute part of the average \$7,100 cost for one consultancy, they would have rejected 3 or 4 prepackaged interventions at higher quotations of \$20,000 - \$30,000 because they could not afford to contract for TA at those prices. The evaluation team agreed with this conclusion after assessing the financial capacity of 17 AMP clients.

Third, almost every client had implemented some recommendations on their own and only wanted assistance where the required expertise could not be obtained internally. Over 25 clients had implemented at least 20% of the MNA recommendations independently. Consequently, there was mutual agreement between clients and the AMP team to use consultancies on a case by case basis.

Consultancies stalled in September 1990, three months after the full cost recovery policy was introduced. The Contractor claimed that this was one of the main reasons why AMP fell short of the Project target. In the opinion of the evaluators it was price inflexibility rather than the request for maximum client contributions which detracted from the marketability of AMP consultancies during the 1990 - 91 extension period. Pricing is discussed in more detail under Section II. C.5. Exclusive Private Sector Focus.

One barometer of client satisfaction with Project services and of the quality of the Contractor's work was the number of repeat requests for AMP consultants. Five of the fourteen clients (36%) asked for the same professionals for consultancies as for needs assessments. The repeat rate was influenced by consultant availability, perceived benefits of services, and client satisfaction with the consultant's previous work.

Another indicator of Project efficacy was the sourcing, availability, and cost of professionals provided by AMP. Twenty-one of the 24 interventions were carried out by Kenyan consultants. There were three cases (Mea, KGGCU and Ndume) where offshore consultants were involved in consulting assignments. Because of proximity, local professionals were available within 2-3 weeks vs. 6-8 weeks for offshore specialists. Moreover Kenyan consultants were sourced at half the cost of Price Waterhouse's US-based associates.

There were significant differences in the level of detail, the amount of support information and the structure used in consulting reports. Some reports were well developed and presented the purpose, methodology, actions taken, recommendations and key issues with exceptional clarity. Others were of moderate quality and were difficult to interpret. The absence of guidelines for preparing consulting reports and deficiencies in consultants' writing skills were major reasons for inconsistencies in quality and usefulness of these documents.

### **Impact On Client Performance**

AMP consultancies resulted in improvements in some organizations and marginal changes in others. Two success stories (Mea Ltd and HCDA), one potential performer (NOCO Ltd) and two cluster cases (Lake Naivasha Fishermen Cooperative Society and Matungulu Farmers Cooperative Society) are examined below to highlight key factors which influenced the success or failure of AMP-assistance to clients.

- **Mea Ltd.** Mea is a national marketer of fertilizer and farm inputs. The company became AMP's first client in August 1987 and adopted over 80% of its MNA recommendations. A similar adoption rate was achieved from the strategic planning, financial systems and marketing consultancies commissioned between 1988 and 1991. Management changes included introduction of a sales performance system, operation of a stock control system, restructured product prices and organizational and manpower development. It also consisted of expanded market coverage through recruitment of eight independent stockists/distributors, access to new credit facilities and reintroduction of low cost fertilizer blends. Results: Mea recaptured 5% of its client base, increased annual sales from Kshs.40 million to Kshs. 120 million and reduced past due receivables by changing its credit policy with buyers.

- **Horticultural Crop Development Authority (HCDA).** AMP installed a new accounting system and conducted in-house training in financial systems. This led to updated draft accounts, reconstructed budgets and improvements in the Authority's accounting department. Results: Management established effective financial planning, strengthened its day to day financial management capabilities and improved strategic decisions on programs that support smallholder production of export crops.

- **Nzoia Outgrowers Company Ltd (NOCO).** NOCO is a newly formed smallholder company whose mission is to foster and support production and marketing of sugar cane to the Nzoia Sugar Company (NSC). Nzoia Sugar is currently undertaking a US\$60 million plant rehabilitation and expansion program to increase throughput from 2,000 to 7,000 tons by 1993-94. Viability will depend on a 100% increase in production from NOCO small farmers.

To facilitate this expansion, AMP developed a financing plan and secured approval of a USAID Kshs. 30 million line of credit in May 1991 to establish a revolving fund for cane production in Bungoma District. The line of credit will i) allow 18,000 smallholders to access loans to increase acreage under cultivation and ii) increase acreage from 18,000 to 35,000 hectares by providing access to farm credit to an additional 16,000 smallholders between 1993-94.

- **Lake Naivasha Fishermen Cooperative Society Ltd (LNFCS).** In November 1987 LNFCS became the second client to receive AMP assistance. Unlike Mea, the Society failed to implement the majority of AMP recommendations from the May 1988 marketing survey and strategic planning consultancy. The survey established realistic estimates of sustainable catch and found interested buyers for the landed catch. Strategic Planning confirmed financial viability and identified training and management requirements to improve cooperative administration.

- **Matungulu Farmers Cooperative Society Ltd (MFCS).** Matungulu is a coffee cooperative with 17,000 registered smallholder members. Like many micro enterprise institutions, the Society suffers from poor financial management and weak operational procedures and practices. AMP consultants spent 11 weeks developing financial and debt management recommendations for the Society. At the time of the AMP impact evaluation, Matungulu was in the process of recruiting two accountants to strengthen its financial management capability. However MFCS experienced difficulties in implementing many recommendations contained in the consultants' debt management proposal. Of ten recommendations, three had been implemented, two were under consideration and five were not adopted.

Although Mea is a private company and HCDA a parastatal, AMP assistance was successful because both organizations function under competent management. The Mea and HCDA managers had more control over functional activities than less capable administrators in many other client organizations.

Mea and HCDA utilized consultancies more effectively because they were aware of their organizational weaknesses and had competent personnel to implement major recommendations from these assignments.

The outstanding feature of Mea's success was its commitment to integrated management assistance. Recommendations from the four consultancies allowed the company to implement systemic changes in finance, production, personnel and marketing which undoubtedly contributed to the company's capacity to triple sales in ensuing years.

The NOCO intervention illustrated the importance of Project flexibility and the potential for high impact in cases that meet the Project objective but are beyond the intended scope of implementation. The NOCO financing plan, notwithstanding the soundness of its strategic implications, was not an AMP offer of management assistance to strengthen the organizational capabilities of an established intermediate institution but a proposal to create an entirely new smallholder entity.

Assistance to the Naivasha Society failed because of moribund management and the absence of an operational structure for developing and implementing basic business decisions. Matungulu suffered from comparable deficiencies. In addition there were fundamental flaws in the development and presentation of the debt restructuring report. The Society got a proposal but, given its inherent administrative limitations, actually needed a clearly defined implementation plan for improving its financial structure.

## **Conclusions**

- The Project attained 58% of its target of 24 consultancies by June 30th 1991. However, this statistic (number of consultancies completed) does not reflect the full extent of AMP's impact in terms of demonstration effect, changes in management policy or spin-off benefits generated as a result of AMP support to intermediate smallholder organizations.
- The extensive use of Kenyan consultants made assignments more affordable to clients because of lower consultancy costs. This strategy strengthened client confidence in technical services by ensuring reliable access to consultants. It created commercial opportunities for sustaining AMP activities, gave the Project the flexibility to convey resources more efficiently and provided a greater measure of accountability from consultants after job completion.
- Client involvement in selecting critical areas for consultancy assistance, developing scopes of work, and choosing consultants was a key reason why AMP TA programs were successfully assimilated by assisted organizations. One benefit of this approach is that it engendered sustainability: clients are now favorably disposed to diagnostic assessments and commercial consultancy services.
- Feedback from clients, analysis of consultants' reports and assessments of impact on operations have led the evaluation team to conclude that the Contractor's consultancy services were, with little exception, well utilized by AMP clients.

- **Management competence in client organizations was a key factor which determined the extent of implementation of MNA recommendations and was a predominant feature of the success or failure of AMP assistance to the agribusiness community.**
- **AMP unintentionally compromised the marketability of its own consulting services by offering free Needs Assessments. Although 21 consultancy interventions were commissioned, the concept of proffering integrated TA was less successful than anticipated in the Project Paper because a) costs for multiple consultancies were prohibitive, and b) clients had implemented many MNA recommendations independently. Therefore in most cases there was less interest in additional AMP services.**
- **The policy of full cost recovery was inflexible and consequently difficult to sell commercially. Nevertheless, the Contractor could have enhanced its marketing of consultancies by presenting clients with analyses of needs assessment recommendations to illustrate costs, benefits, and payback time frames. This approach would have been particularly relevant where quantitative benefits may have been realized as a result of client procurement of AMP consultancies.**
- **AMP's lack of control over consultancy scheduling resulted in twelve to sixteen month delays between submission and client approval of MNA recommendations. This increased the proportion of needs assessments in relation to the number of consultancies and created an imbalance in AMP's TA portfolio: for every three needs assessments completed, AMP sold one consultancy package.**

### **Recommendations**

- **The Project should carry out 10 - 12 new consultancy assignments during the July 1991 - June 1992 extension period. Assignments should be carefully selected from the outstanding 22 clients and from new MNAs.**
- **Broader measures of the impact of AMP interventions should be adopted for the second extension period. These should include the proportion of recommendations implemented by the clients themselves; policy changes in assisted organizations and the level of after-care services solicited by clients and provided commercially by AMP-registered consultants.**
- **Cost Benefit Analyses should be used to determine the level of client contributions under the reinstated cost sharing program. Since clients have accepted the idea of partial payment for services, AMP should graduate clients to full cost recovery rather than revert to subsidized assistance. All clients should be required to pay at least 50% of the direct costs of future consultancy assignments.**
- **Feasibility studies and business plans for financing expansions should be essential elements of future AMP-type projects. New projects would have a more balanced range of services to offer clients. Feasibility studies, however, should be limited to problem-solving activities such as business expansion options and should have a direct link with other TA interventions.**

### **3. EGERTON AGRIBUSINESS CURRICULUM**

#### **Description**

During the 1990-91 extension, the lessons learned from AMP consultancies and short courses were to be incorporated into the Agribusiness curriculum. As a first step, Egerton University was to invite AMP to assist with the development of four case studies based on consultancy experiences with agribusiness firms that had received management assistance. The task of the evaluation team was to assess the extent to which this mission had been carried out and to develop recommendations for further cooperation between AMP and Egerton University.

#### **AMP Input into the Curriculum**

The Bachelor of Agribusiness Management Degree is a new 4-year undergraduate program introduced by Egerton University. It was offered during the 1990-91 academic year with an enrolment of 66 students recruited from Kenya's 8-4-4 generation of high school graduates.

The Project became involved in the development of the Bachelor of Agribusiness curriculum in September 1990 following a request by EU's Vice-Chancellor for the Project to i) critically look at the syllabus and provide written comments on course structure and content and ii) identify AMP consultants who could be contracted as part-time lecturers for selected courses of the syllabus.

The AMP Team Leader suggested that semesters be reorganized to introduce foundation courses like Introduction to Accounts at earlier stages in the Program. It was recommended that Cooperatives Management and Taxation be added to the curriculum, and that Business Accounting II be deleted as the description referred to oil and exploration costs and inflation accounting topics which had little relevance to Agribusiness Management in Kenya.

These changes were incorporated in the syllabus, issued in October 1990. The team also learned that the AMP Team Leader was searching for suitable consultants to provide teaching assistance to the University.

#### **Case Study Development**

In November 1990 Egerton University asked AMP, through USAID, to develop four case studies for third and fourth year Agribusiness Management courses. The matter had also been discussed under Min: 44/90: Agribusiness Curriculum of the PCC meeting held on October 24 1990 in which the PCC established AMP's role in EU's case study development: "AMP's contribution was limited to case studies which had been practically carried out in the field and lecturers would find such notes/reports a necessary demonstration to students of actual field experience".

In January 1991 a policy meeting was held at Njoro to discuss the case studies. The meeting was attended by Dr. Maria Mullei (USAID's AMP Project Officer), Prof. J.A. Lugogo (Egerton University and GOK project manager for AMP) Robert Clark (Team Leader, AMP) Dr. H.K. Maritim (EU Department of Agricultural Economics and Business Management) and Dr. Desi Ouma (EU/AMP).

It was agreed that 4 cases would be written from AMP's experience and that more case studies should be developed depending on the needs of the Department of Agricultural Economics and Business Management (DAEBM). Cases would be prepared by AMP-registered firms over an average period of 2 weeks per study. The Department, together with AMP, would provide terms of reference for consultants. In addition the Department would select, on a priority basis, the areas for case study development. Consultants would be selected by the University and the donor (USAID).

The University decided on case studies in the following areas: Cooperative Business Management; Marketing Management; Organization Theory and Agribusiness Management; and Financial Management. Terms of reference were provided to the Department of Agricultural Economics and Business Management and included guidance on structure, content coverage and specific curriculum issues. Four registered firms were selected for these assignments.

### **Implementation and Progress to Date**

By May 31, 1991 AMP had submitted four drafts to the University for review and comments. According to Prof. B.K. Acquah, Head of DAEBM, the cases on Organization Theory and Agribusiness Management, Cooperative Management, and Marketing Management were accepted by the University subject to minor amendments.

The University found that the Financial Management study was shallow in content and coverage and substandard in terms of meeting the University's teaching objectives. Prof. Acquah suggested that the author assemble another case that would meet the terms of reference provided by EU. Alternatively the draft could be strengthened as suggested by the University. Follow-up meetings between the case study development steering committee and the four consultants have been scheduled for June 1991.

### **Key Issues**

DAEBM was concerned about its capacity for developing case studies because the concept was new to the Department even though the lecturers are conscious of its usefulness as an instructional tool.

The Deputy Vice-Chancellor (Research and Extension) expressed reservations about the absence of appropriate AMP/EU modalities to transfer lessons learned by AMP through consultancy and short course training programs. Although a forum exists for furthering this objective, a deliberate effort has to be made to make this linkage work. The Deputy Vice Chancellor believed that planning and consultative meetings should be increased to facilitate identification of new areas for cooperation.

The Deputy Vice Chancellor asked AMP to involve lecturers at all stages of the case study development process as a learning opportunity for capacity building. AMP, however, failed to involve EU subject-matter experts in case-study development.

Prof. Acquah believed that the two week level of effort for writing cases was adequate since research information was available through MNA and consultancy reports. The evaluators' knowledge of the case method both locally and elsewhere suggests that the LOE was inadequate if the AMP cases are expected to contribute substantially to student involvement in EU's Agribusiness Management program.

Further investigations revealed that the decision on the two week LOE was influenced by financial constraints at the time of undertaking the assignments. This issue should be addressed by both USAID and the University to ensure that case study quality is not compromised as a result of further financial constraints.

### **Conclusions**

- Substantial progress was accomplished in developing case studies for Egerton's Agribusiness Management Program. University acceptance of three of the four cases represented 75% performance against the benchmark.
- With the exception of one consultant, the case study specialists had the relevant exposure, technical qualifications and AMP management consultancy experience to conduct these assignments.

### **Recommendations**

- There should be closer cooperation between EU and AMP if Egerton is to build a successful case study approach to lecturing. A program for developing expertise in case studies should be initiated by the University prior to project completion. This should include involvement of EU lecturers in four new cases to stimulate capacity building through transfer of expertise.
- AMP should provide the EU Vice Chancellor with a database of consultants and private sector managers from client organizations who could provide part-time teaching in Agribusiness Management. This will strengthen EU/AMP linkages, create opportunities for marketing short courses and enhance EU's agribusiness teaching capabilities.
- Post graduate qualifications should be an essential criteria for selecting consultants for case development. This requirement should be over and above any professional or practical experience which consultants may have gained.

## **4. MANAGEMENT CONSULTANCY STRENGTHENING**

### **Description and Rationale**

The AMP team was required to develop a plan for strengthening small agribusiness-related management consulting firms as part of the July 1990 Amendment No. 4 of the Price Waterhouse contract. The aim of the plan was to recommend TA that would help local firms establish a clearing house to promote agribusiness consulting services in Kenya. Another motive was to explore options for incorporating agribusiness consulting services under other USAID institutional development programs for private sector trade associations.

## **Assessment of the Strengthening Plan.**

The plan was commissioned in July 1990. A consultant was contracted for 3 weeks to conduct a structured survey to identify the strengths and weaknesses of smaller consulting practices in Kenya. AMP directed the consultant to examine twenty-five active firms from its list of 45 registered companies. Larger and more successful firms were not included in the sample nor interviewed by the consultant.

Questionnaires were sent to the selected companies and data collected on business size, areas of specialization, marketing techniques and in-house management support. The survey also solicited responses on financial, management and human resource needs of each firm. Data collection was reinforced by subsequent interviews with principals of 21 of the 25 firms. The interviews allowed consultants to respond to broader issues, such as interest in a national consultants' association.

The survey revealed that:

- 80% of the firms were severely undercapitalized.
- The majority of firms had less than 3 full-time professional support staff.
- Proactive marketing techniques were virtually nonexistent among small firms
- Administrative and in-house support was exceedingly weak
- There was limited interest in the formation of an Association of Management Consultants

The survey and interviews, coupled with AMP's three-year experience with local subcontractors and Price Waterhouse/Nairobi perspectives on the capabilities of Kenyan consultants, formed the basis of a well developed management strengthening plan. The plan included assessments of demand, consultant qualifications, business management, capitalization and ethical issues. AMP outlined institutional development options and recommended intensive training seminars in practice management, skills analysis, effective marketing, client and public relations, proposal preparation, report writing and communication skills.

The evaluation team interviewed six consultants from AMP-registered firms to solicit suggestions for future implementation of a management strengthening program. The consultants indicated that marketing and report writing were their major deficiencies. Additionally, they expressed keen interest in intensive training courses to improve their management capabilities. Some consultants pointed out that the questionnaire survey had created professional reservations about business confidentiality and had placed considerable limitations on their ability to address key issues affecting the profession.

AMP suggested that AID develop a technical assistance program to help the consulting sector. Unfortunately, the proposal stopped short of prescribing an action plan, implementation schedule, course profiles, training schedules or a budget for the proposed activities.

In retrospect, there was a basic incompatibility between the June 30, 1991 PACD and the longer term implications of creating a special TA program to strengthen Kenyan management consulting firms. Also, a professional association had not been identified that would "buy into" the concept of developing

consultancy services. The result: local firms did not receive assistance for promoting or developing their agribusiness services.

### **Conclusions**

- The AMP consultancy strengthening plan identified the training, management, marketing and professional ethics needs of small Kenyan management consulting firms. However, Price Waterhouse could have i) indicated how the TA should be provided, ii) proposed a source of funding and iii) identified what role, if any, AMP might play to facilitate these initiatives.
- Data collection by mail questionnaire was not an appropriate method for obtaining confidential information such as the level of current business or for encouraging consultants to seriously consider options for developing a professional trade association.

### **Recommendations**

- The Agricultural Office should continue to look at ways to incorporate development assistance for agribusiness consulting firms under a larger institutional umbrella such as a national agribusiness trade association.
- The Contractor should host a seminar on the AMP Consultancy Strengthening Plan and conduct two five-day training programs; one on professional management and marketing techniques and the other on proposal and report writing for AMP-registered consultants.

## **5. EXCLUSIVE PRIVATE SECTOR FOCUS**

### **Rationale for Private Sector Emphasis**

USAID established a target of eight private firms for needs assessments, consultancy and training during the 1990-91 extension to test AMP's ability to attract and assist non-government business organizations and to measure the impact of management consultancy interventions on the private sector. AID also stipulated that all training and newly initiated consulting activities should be conducted on a full (direct cost) recovery basis.

### **Implementation, Achievements and Constraints**

Management needs assessments (MNAs) were completed for seven of the eight private firms within nine months of the first extension period (Table V). The eighth client, Ndume Ltd, received a combined MNA and consultancy intervention through a special International Executive Service Corp. (IESC)/AMP arrangement in May 1991.

**Table V**  
**AMP Private Sector Clients**  
July 1990 - June 1991

| <u>No.</u> | <u>Client Name</u> | <u>Business Activity</u> | <u>AMP Assistance</u> |
|------------|--------------------|--------------------------|-----------------------|
| 1.         | TFP Ltd            | Juice Concentrate        | MNA                   |
| 2.         | Ufuta Ltd          | Edible Oil Processing    | MNA                   |
| 3.         | Fairview Flora     | Horticulture             | MNA                   |
| 4.         | Chemagro Ltd       | Fertilizer Distribution  | MNA                   |
| 5.         | PRE Ltd            | Farm Implements          | MNA                   |
| 6.         | Kenya Peanut Ltd   | Processing & Packing     | MNA                   |
| 7.         | Maanzoni Ltd       | Cashew Nut Marketing     | MNA                   |
| 8.         | Ndume Ltd          | Farm Machinery Mfgr.     | MNA & Consult.        |

( MNA = Management Needs Assessment )

Source: Agricultural Management Project Data 1991

The Contractor also met another benchmark which required AMP to demonstrate that a minimum of 8 clients contributed "some degree of financial resources to the Project" by the end of the final AMP evaluation. Five of 12 consultancy clients paid 100% of the direct costs while 2 others contributed at least 60%. Overall, 9 of the 12 clients (75%) paid at least 50% of the AMP's direct costs.

The Project had little success in marketing its training and consulting services at full direct cost. According to Price Waterhouse, AMP's new clients either thought that fees were too expensive or were unable to afford AMP's services at the new quoted rates.

Under the AMP cost sharing program the Contractor had discretionary authority over pricing. In practice, AMP set fee rates to cover total direct costs but negotiated funding levels with each client. (This partly explains why, in the past, some clients paid all of the direct costs while others were charged about 50% for similar services.) With the introduction of an "all or nothing" full cost recovery policy the Project lost the flexibility to bargain with clients who either had to agree to a fixed price or relinquish the chance to use AMP consultancies.

The evaluation team observed that the PCC and the Contractor had discussed options for pricing AMP services at various Committee meetings but were unable to formulate feasible alternatives to the cost sharing program. The team also examined the soundness behind the decision to focus exclusively on private sector activities. While PW successfully reached the performance target of 8 new clients, it was important to assess the extent to which the switch in emphasis to private sector assistance advanced the Project purpose by creating better opportunities for facilitating impact on the smallholder community.

The strategy to concentrate on the private sector compromised the Project purpose of strengthening the management capabilities of intermediate institutions which serve smallholders. In terms of impact, it would have been logical to have concentrated almost exclusively on cooperatives since these organizations represent the overwhelming majority of smallholders in Kenya. The typical cooperative served by AMP represented between 10,000 -20,000 small farmers. None of the private firms targeted during the 1990 -1991 extension period have comparable contact with smallholders.

## **Demand and Market Development Issues**

Integrated technical assistance was difficult to sell to the agribusiness community. Although the Project Paper envisaged strong demand for AMP's services, various constraints affected the utilization and supply of these resources.

First, the AMP concept was a novelty to Kenya's agribusiness sector. The typical private sector client, (small and medium-sized agribusiness operations) were not familiar with the use or benefits of consulting services. Of the 14 AMP private sector clients, 13 had never used management consulting services before.

Second, public sector management believed that consultants have yet to demonstrate the benefits and usefulness of management services to recipient institutions. This sector, which has had more contact with consultants through donor-funded programs, has seen numerous studies commissioned, many of which have proved to be impractical or irrelevant in the local environment.

Third, because of poor management, parastatals failed to perceive the significance of AMP's integrated approach to problem solving. Parastatal management quality is poor because senior positions are filled with technocrats whose backgrounds are outside required areas of expertise. These professionals lack in-depth insights of operational problems and are reluctant to accept TA which might highlight their own deficiencies and shortcomings. Only one parastatal client, Nzoia Sugar Company, had a professional manager with management skills acquired while rising through the ranks of the company. Likewise, only a third of the cooperative clients had managers who had backgrounds in agribusiness or cooperative management.

Fourth, Kenya has a limited number of high quality agribusiness management consultants. Consultancy was and still is at an early stage of development and has evolved without the benefits of rigorous qualifications, accreditation, a code of ethics or consistent adherence to professional marketing and management practices. Many consultants did not have the practical work experience needed to offer valuable knowledge and operational know-how to clients and were weak in essential areas such as communications and writing skills. Consequently, consultancy marketing was inconsistent and lacked the professional delivery to successfully solicit new business from clients.

Public sector skepticism, limited client experience and exposure to services, and perceptions of unpredictable quality and questionable benefits were formidable obstacles to clear to successfully market TA to clients. This increased AMP's promotional workload and slowed the delivery of MNA, consultancy and training programs. Frequent managerial changes - as often as every 12-24 months in parastatals and cooperatives - compounded the challenge of selling AMP services to organizations such as Kenya Cashewnuts Ltd, KGGCU, Kitinda Dairy Farmers Cooperative Society (KDFCS), Kenya National Farmers Cooperative Union (KNFCU), and National Cereals and Produce Board (NCPB).

In summary, evidence of management weaknesses in smallholder organizations and of the high adoption rate of recommendations by clients led the evaluation team to conclude that an obvious need existed for AMP-type assistance. In comparison the market for these services was relatively underdeveloped. Consequently AMP had to "stimulate demand" through aggressive marketing and demonstration work to prove that its services were worth procuring, albeit on an experimental basis.

## **Conclusions**

- **The Contractor met the target of delivering AMP services to 8 private sector clients during the July 1990 - June 1991 extension period. However, the strategy of an exclusive private sector focus has not added to AMP's purpose of strengthening the management capabilities of intermediate institutions in a discernable way. Instead, it diverted scarce resources from institutions with the potential for greater impact on small farmers.**
- **The policy of full cost recovery was inflexible and adversely affected AMP's ability to market its consulting and training services. To overcome this hurdle, AMP's marketing strategy should have been strengthened in line with its full cost recovery policy. Cost benefit analyses should have been used to enhance selling of AMP's services to clients.**

## **Recommendations**

- **Emphasis on TA to the private sector should be discontinued for the final 1991 - 92 extension. For impact, the Project should concentrate on delivering consultancies and training assistance to cooperatives over the remaining LOP.**
- **The Project should stimulate the market for technical services, by capitalizing on its "success stories" through private sector networking and marketing. This strategy should be implemented through scheduled presentations to special business groups such as the Kenya Association of Manufacturers (KAM), Fresh Produce Exporters Association of Kenya (FPEAK) and the Kenya National Chamber of Commerce and Industry (KNCCI). AMP-type services will be difficult to sustain beyond the July 1992 PACD unless deliberate steps are taken to develop the market for diagnostic and consultancy work.**

## **6. TRAINING**

### **Description and Rationale**

**The Project Paper envisaged that skill deficiencies identified through the MNA process would be addressed in three ways. Customized on-site courses were to be part of further management assistance for individual clients. These courses would prepare employees for new changed work conditions. AMP short courses would focus on common training needs which were perceived to be shared by a number of clients from whom needs assessments had been carried out. Courses in the U.S or third countries were expected to meet development requirements of chief executives and senior line managers by giving participants a wider perspective of management practices through cross-cultural exposure and by providing training opportunities in skill areas where special programs were unavailable in Kenya.**

**Demand for on-site courses was to depend on the nature and scope of customized consultancy services generated as a result of AMP needs assessments. Therefore no benchmarks were established for that program.**

Short courses were to be provided either by the Contractor or through sub-contractual arrangements with local training firms. The Scope Of Work in the GOK/PW Contract Agreement did not specify levels of effort (LOE) for short-term training but combined the LOE with needs assessments and consulting functions. A total of 112 person-months was allocated for short-term consultancy covering the three areas of management assistance. Of this LOE, 56 months were to be provided by Price Waterhouse staff and LBI, while 60 months were to be sub-contracted to Kenyan firms. The Contract also specified 28 person-months for a training specialist sub-contracted through Louis Berger International (LBI) Inc.

### **Implementation and Progress to Date**

The LBI training specialist joined AMP in 1987 to develop the Project's training capabilities. No training was conducted between February 1987 -June 1989 because AMP had not conducted enough MNAs from which training programs could be based. Only three assessments - Mea Ltd, Lake Naivasha Fishermen Cooperative Society and KGGCU - had been completed by the end of June 1988. Training was hindered by start-up problems which included the three year delay to constitute a PCC and hence deferrals in approvals for needs assessment work. The LBI specialist also took exceedingly long to procure equipment. This was a further setback for AMP's training programs.

In June 1989 Egerton University seconded Mr. Tom Wambua as a counterpart to the LBI training specialist. This was done so that i) EU could acquire first hand experience in management of agribusiness short courses and ii) AMP could begin to improve its training capability in anticipation of the expiration of the LBI subcontract in September 1989. The first course, held in June 1989 on Inventory Control for Agricultural Marketing Cooperatives, attracted 15 participants from three AMP clients: Kitinda Dairy Cooperatives (4), Tetu Coffee Cooperative Society (4), Muranga District Cooperative Union (4) and Matungulu Farmers Cooperative Society (3).

Participants were satisfied with both the quality and organization aspects of the program. This TA, coupled with renewed management and administrative efforts by Egerton's counterpart, was a catalyst for AMP training programs. Thereafter, one course was held monthly between June 1989 and July 1990. As Table VI shows this constituted 13 classes with total participation of 184 trainees, twenty-seven of whom came from non-AMP clients.

Courses were offered under an optional cost-recovery framework between June 1989 - July 1990:

- Clients who had received both assessments and consultancy: all direct expenses to be met by AMP (direct cost = accommodation + Subsistence + Course fee)
- Clients who had received needs assessment only: accommodation expenses to be met by client and AMP to meet course fees and overheads.
- Non-AMP clients to meet all direct costs.

The total direct cost of the 13 classes was KShs. 1,123,672 (US\$ 40,713). Clients contributed KShs. 142,930 (US\$ 5179) or 12.7% of the total. Details on expenditures against budgeted estimates are provided in Section II. C. 9. c. Budget Utilization.

**Table VI**  
**AMP Short Courses**  
**June 1989 - July 1990**

| No.                | Date  | Course Description               | Participants |
|--------------------|-------|----------------------------------|--------------|
| 1.                 | 07/89 | Inventory Control                | 15           |
| 2.                 | 08/89 | Intro to Microcomputers          | 8            |
| 3.                 | 09/89 | Personnel Management             | 16           |
| 4.                 | 10/89 | Finance for Managers             | 8            |
| 5.                 | 11/89 | Leadership in Management         | 12           |
| 6.                 | 12/89 | Strategic Planning               | 12           |
| 7.                 | 01/90 | Purchasing and Procurement       | 17           |
| 8.                 | 02/90 | Storage and Distribution         | 25           |
| 9.                 | 03/90 | Internal Audit                   | 17           |
| 10.                | 04/90 | Delegation of Responsibility     | 17           |
| 11.                | 04/90 | Personnel Management             | 18           |
| 12.                | 05/90 | Marketing                        | 11           |
| 13.                | 06/90 | Finance for Non-Finance Managers | 8            |
| Total Participants |       |                                  | 184          |

Source: AMP Project Data, May 1991.

All training was provided by local firms. Total level of effort used was 82 person-days. Of this LOE, 26 days were provided by Price Waterhouse at a cost of KShs.417,694 compared to LOE provided by other local firms of 56 person days at a total cost of KShs 705,978.

PW's services cost 25% more, on a person day basis than similar services from small-scale consultants. The evaluation team was informed that this cost differential led to a decision to use only indigenous firms.

No short courses were held during the July 1990 June 1991 extension. Despite efforts to sensitize clients to courses, registration was poor. Enrolment in three courses - personnel management (proposed for August 1990), marketing management (proposed for October '1991) and stores management cooperatives in Rift Valley Province - were 3,4 and 0 respectively. These courses had to be postponed since the break-even enrolment was 16 participants per course.

Two factors contributed to poor responses during the Phase I extension. The PCC decision to run courses on full-cost recovery after introducing the clients to free or cost-sharing services changed client perceptions about the cost and benefits of AMP programs. The change was sudden and inflexible and clients were not prepared to pay such an exponential increase in costs ie. from 12% to 100%.

Also, AMP was not registered as a consulting training firm with the Directorate of Industrial Training (DIT). Registration is necessary to enable clients to recover training costs from levies to which they are contributors by authority of the Industrial Training Act. AMP's non-registration gave other local

training consulting firms an edge because the latter's fees could be reclaimed by clients while AMP's could not.

AMP applied for DIT registration although it was unclear to the evaluators why this was done when Price Waterhouse/Nairobi already held DIT registration. The AMP Team Leader explained to the Directorate that AMP was a donor-funded project but did not get a response to the separate request for registration.

Up to May 31, 1991, seven of 14 consultancy clients had received a total of five person months of on-site training. One hundred and seven employees were trained in strategic planning (48), computerization (13), stores management (22), Accounts (10) and field services (14). The remaining seven clients were either pending installation of new systems or awaiting availability of funds to carry out on-site training. The Agricultural Society of Kenya, for example, intends to start computer training sessions once the software and hardware systems are put in place while the Ministry of Agriculture was looking for donors to finance in-house training programs recommended by AMP.

The content, methodology and appropriateness of these courses was difficult to assess as no records were available to the evaluation team. The counterpart specialist claimed that he had no control over on-site training activities. Technical assistance was prepackaged with consultancies and there was no separate mechanism for monitoring on-site training results. However, clients interviewed were satisfied with the management of the courses because the consultants used flextime to schedule sessions. In this way, training did not interrupt business operations or the use of trainees time during normal work hours. Table VII provides a list of AMP on-site programs and clients.

**Table VII**  
**AMP On-Site Training Programs**  
**March 1988 - Sept 1990**

| No.                                      | Date  | Client       | Assistance           | LOE Person Mths |
|--|-------|--------------|----------------------|-----------------|
| 1.                                       | 03/88 | Mea Ltd      | Strategic Planning   | .15             |
| 2.                                       | 05/88 | LNFCs Ltd.   | Mkt'ing & Stra. Plan | 1.00            |
| 3.                                       | 12/88 | KGGCU Ltd    | Strategic Planning   | .15             |
| 4.                                       | 02/90 | HCDA         | Strategic Planning   | .15             |
| 5.                                       | 03/90 | TCGCS        | Stores Management    | .75             |
| 6.                                       | 05/90 | MEa Ltd      | Computerization      | 2.00            |
| 7.                                       | 06/90 | MDCU Ltd     | HRD Assistance       | .75             |
| 8.                                       | 09/90 | Farmchem Ltd | Strategic Planning   | .15             |
| Total Level of effort<br>(Person Months) |       |              |                      | 5.10            |

Source: Agricultural Management Project Data, May 1991

## **Delivery of Resources**

The Project Paper called for 350 employees to be trained through short courses and on-site programs. During LOP 291 employees or 83% of the 350 benchmark were trained. This was achieved in 12 months since training did not take-off until June 1989 and was suspended during the July 1990 - June 1991 extension.

The Contractor's training specialist, Mr. Bruce Cohen was attached to the Project through a PW/LBI subcontract from September 1987 to September 1989. Mr. Cohen, an experienced consultant in curriculum design and instruction, did not perform in line with scope of work requirements. The GOK counterpart who took over from Bruce Cohen was qualified in Agricultural Economics at the masters level and had considerable university teaching experience. He had no training administration background although his performance during June 1989 - June 1990 was more supportive of AMP's objectives than the LBI specialist's.

The Project had adequate training materials and equipment including overhead projectors, video system, training films and reference books on various management topics. As noted earlier in this section, there was a 12 month delay in procuring equipment due to logistical and administrative difficulties.

As mentioned under Section II. A 1. Management Needs Assessments, 45 firms were available for training assignments of which 23 were subcontracted to carry out management and training consultancies. Six of the 23 firms were subcontracted to carry out on-site training. The professional capabilities of the consultants matched the areas of specialization required by clients. More than 70% of them had either a Masters degree or professional qualification after a basic degree and managed their own training firms.

## **Utilization of Training Services**

During LOP 30 business organizations participated in AMP training activities. Twelve were non-client organizations and included Kenya Commercial Bank (public), Rhone-Poulenc Kenya Ltd. (private) and Food For The Hungry (NGO).

Although demand declined for short courses when offered at full cost recovery, there was a continued interest in on-site courses. All 21 clients interviewed were willing to make financial commitments to consultancy training once certain operational problems were solved. Examples are KGGCU Ltd., Ministry of Agriculture, Ufuta Ltd., Kenya Cashewnuts Ltd., Agricultural Society of Kenya (ASK) and Mumias Outgrowers Company Ltd (MOCO).

## **Impact on Clients**

Except in the areas of financial management and computer operations where training results were quantified in terms of reduced lead time, there were no clear indicators of training effectiveness. The evaluation team therefore depended on personal perspectives of those interviewed as well as information available from the AMP training specialist. Fifteen course participants and their superiors confirmed that their organizations had gained from project-assisted training. At Mea Ltd. performance skills had

improved after accounting personnel had received training in computer operations. Customer orders, debtor lists and quarterly accounts were prepared on time compared to the previous practice when data lagged for up to three months. Improvements in employee productivity were also reported by HCDA, MDCU, Nova Chemicals, MOCO, Kitinda Dairy and ASK.

### **Capacity building**

It was anticipated that local firms would team up with PW personnel on training assignments and that this would result in capability building for the smaller practices. Unfortunately, PW trainers was found to be far too expensive and were dropped from the Contractor's roster of technical resources. The apprenticeship did not therefore take place and there was no evidence that Kenyan consulting firms had, apart from their direct involvement with AMP clients, improved their training skills from working with PW.

### **Impact on Smallholders**

There was no direct one-to-one relationship between training interventions and improvements in smallholder activities. In some cases like HCDA, Malaba/Malakisi, ASK, Mea Ltd., KGGCU and TCGCS, training reduced delivery times for inputs and lead times for farmer payments. These were, however, indirect indicators of AMP benefits to smallholders.

### **Conclusions**

- AMP training activities during LOP met project objectives by 83%. This performance was satisfactory in light of the three year delay and start-up problems encountered during implementation.
- The quality of training offered to client institutions in terms of relevance to identified needs, delivery methodology and logistical support was adequate and met project objectives. Also, the Contractor's professional, administrative and logistical support was of acceptable quality.
- Failure to obtain Directorate of Industrial Training registration had an adverse effect on AMP training activities during the 1990-91 extension period. Because the Project was not DIT-registered, clients could not seek reimbursement from the Directorate for fees paid for AMP training programs. As a result AMP courses were uncompetitive with similar courses offered by DIT-registered firms.
- It was difficult to identify quantitative benefits derived from AMP training activities. However on-site customized training had higher impact than open-ended short courses because they addressed specific performance needs for each organization.

## **Recommendations**

- **The Permanent Secretary/ Ministry of Education, who is the GOK/AMP representative, should take up the matter of registration of AMP by DIT with the Director of Industrial Training. AMP is a GOK Project and DIT is a GOK department. The issue of registration should therefore be resolved through inter-department reconciliation.**
- **Institutionalization of AMP training programs should be incorporated in Project agenda for the next extension (July 1991-June 1992). AMP and Egerton should develop a strategic plan to transfer the Project's training capability to the University by establishing management and administrative requirements for scheduling short courses on a consistent basis after the PACD.**

**To do this AMP and the University must select courses and teaching material; estimate the frequency and number of courses to be held; establish the level and type of marketing to reach clients and attract participants; identify lecturers for the respective programs; determine logistical and administrative support needed, and derive a budget for the overall program. This process would allow EU to determine the management and implementation requirements for institutionalization. In addition, AMP and EU could ascertain the rate at which the Project should transfer training activities to the University.**

- **Currently Egerton University has limited capability for providing AMP-type short courses. Therefore AMP should continue to host the short courses at least during the next six months of implementation. A fusion approach where Egerton University lecturers are teamed-up with local consulting firms for the 1991-92 extension should be considered. In this way the responsibility for managing training programs would be transferred gradually to EU.**
- **Greater control should be executed over consultancy-related training. While AMP entrusted on-site courses to consultants, the Contractor should exercise increased control and coordination to ensure efficient delivery of consultancy services.**

## **7. MEASUREMENT OF IMPACT ON SMALLHOLDERS**

### **Rationale**

**AMP interventions were expected to have a direct effect on increasing smallholder production and incomes. Under the GOK/PW Contract Amendment No. 4 the Contractor was required to "place special emphasis on measuring impact on the smallholders serviced by organizations included in AMP".**

### **Problems in Determining Impact**

**The Contractor tried to assess impact on small farm holders between October 1990 and February 1991. Twenty five farmers were interviewed in Western and Central Kenya by the baseline data specialist and the training coordinator to obtain feedback on benefits derived from AMP-assisted organizations.**

Considerable constraints emerged during these interviews. Most small farmers do not maintain records on produce, prices or services from cooperatives or parastatals. Farmers were therefore unable to provide tangible information on positive changes from AMP support to suppliers of goods and services.

None of the farmers interviewed were aware of managerial or organizational difficulties at the client level neither were they privy to decisions taken by their respective institutions as a result of AMP assistance. At the time of the interviews, anticipated changes in the level, quality and relative prices of expanded goods and services from AMP clients had not yet occurred and could not be verified by the AMP team. Most AMP clients were still in the process of implementing recommendations and had not taken substantive decisions on product pricing or services. Therefore the Contractor was unable to quantify economic benefits which may have been derived by smallholders.

The task of measuring impact was complicated by the levels of distribution channels between intermediate organizations and smallholder clients. While AMP assistance was concentrated at head office and institutional levels, farmer interactions with these organizations are mostly centered at the retail stage of distribution. Thus, improvements in operational efficiency would first have to be effected at senior functional stages before being passed on in lower prices or additional services to smallholders.

In addition to AMP assistance, intermediate institutions and smallholders are beneficiaries of TA programs from other donors. It was equally difficult to separate benefits derived from AMP support for purposes of this evaluation. Nonetheless, 15 of the 21 clients interviewed confirmed improvements in operational efficiency and that implementation of other AMP recommendations were currently in progress. For example, recommendations adopted by the Mumias Outgrowers Company (MOCO) led to the introduction of new MOCO food production and livestock programs to encourage farmers to increase incomes and ensure agronomic efficiency. This resulted in 700 credit applications in 1990 and 1700 in 1991 from smallholders interested in establishing food crops and livestock production to ameliorate the volatility in commodity prices.

### **Conclusions**

- The three-year delay in implementation is the principal reason for the absence of quantitative data on the impact of AMP interventions on smallholder incomes and production. Full implementation began in April 1988 but emphasis on measuring AMP's impact on smallholders was only formally highlighted through the fourth Contract Amendment in July 1990.
- It is too early to gauge improvements in smallholder activity as a result of AMP assistance to intermediate organizations. Also, some purpose level indicators such as increases in the number of smallholders served, diversity of services provided, and growth in exports were not measured by the AMP team.

### **Recommendation**

- Further attempts to interview farmers to measure impact should be terminated. This initiative has produced limited results and, given the complexity and constraints of isolating AMP benefits from other donor programs', is unlikely to do so within the remaining twelve months of implementation.

## **8. BASELINE SURVEY & AMP MEASUREMENT OF IMPACT**

### **Rationale For Surveys and Impact Evaluations**

Under the March 9, 1987 contract between Price Waterhouse and the GOK, the Contractor was required to establish a baseline data system for the Project. Indicators were to be used to measure changes in operational performance of client institutions and to determine whether those changes had translated into improved services, supplies and prices of inputs to smallholders. Ultimately, the system was supposed to allow the Project to gauge the extent to which strengthening the management capacity of intermediate institutions had resulted in increased agricultural production in Kenya's rural areas.

The Contractor had to obtain information of financial and managerial conditions so that progress could be properly assessed as clients adopted AMP recommendations. Data were to be collected at an early stage of implementation so that the Contractor could conduct subsequent evaluations of client operations.

### **Implementation and Measurement of Impact**

The baseline system, devised 18 months after Price Waterhouse signed its contract agreement with the GOK, consisted of a series of questionnaires on needs assessments, consultancies and training. Like other aspects of the Project, baseline work was delayed by organizational difficulties between 1985 and 1988.

In September 1988, Dr. Desi Ouma, an Egerton University lecturer, was seconded by the GOK to the AMP core team as host country counterpart team leader/baseline data consultant. From September 1988 to November 1989, Dr. Ouma helped to promote needs assessments to potential clients. He also collaborated with an evaluation and monitoring specialist from Louis Berger for a four-week assignment in November 1989 under an AMP/Louis Berger subcontract to develop and test baseline methodology. Dr. Ouma took part in one assessment to gain familiarity with issues and problems of targeting clients and accessing performance data.

Baseline questionnaires were used in three interviews with clients who had received assistance. Dr. Ouma participated in one of those interviews and, in late 1989, was assigned responsibility for management of the baseline data collection and impact evaluations systems under the supervision of the AMP Team Leader.

In keeping with the Project Paper requirement of conducting a baseline survey for each client, surveys were scheduled for each of the first 25 MNA clients. The same number of impact evaluations were programmed to follow MNAs, consultancy and training interventions.

Nineteen surveys were completed between November 1989 and February 1990. Client information included legal status, nationality of business, geographic location, number of employees, volume of business and type of customers served. The surveys identified the type of sales and service relationships between clients and customers, areas for operational improvement and priority areas for AMP assistance.

Since survey dates were not recorded on the questionnaire forms it was difficult to establish whether the baseline information had been collected before the respective needs assessments were conducted or whether they were partly based on the results of the MNAs themselves. According to the AMP baseline data consultant, information from these surveys was to be used to develop a second series of questionnaires for conducting impact evaluations.

The impact evaluations began in October 1990, about one year after the baseline surveys, to allow sufficient lead time between surveys and implementation of needs assessment recommendations. Seventeen MNA and consultancy clients were appraised between October 1990 and February 1991.

### **Usefulness of the Data**

The principal benefit of the baseline system was that it produced preliminary indicators of potential areas for AMP assistance. However the numerical information was of limited use for measuring changes in operational efficiency in client organizations because a systemic approach had not been established to correlate constraints identified in the baseline surveys with weaknesses and recommendations which arose out of AMP's needs assessment work.

Quantitative data - sales revenues, number of employees and smallholder members for example - varied from client to client. Of the 19 surveys 9 lacked any information on revenues. Also, LBI design deficiencies led to the omission of important indicators such as profitability, expenses and past due debts. Consequently, comprehensive changes in client performance could not be measured at a later time.

Attempts to establish a baseline system and conduct extensive impact evaluations were frustrated by client reluctance to share confidential information and by the widespread unavailability of up-to-date managerial and financial records. Discussions with the Contractor indicated that AMP clients were sometimes willing to provide managerial information but were either extremely reluctant to supply financial data or were unable to do so because of poor internal accounting and auditing systems. Of the 21 clients visited by the evaluation team, 16 confirmed that their financial records were at least 2 years behind schedule and 4 had gone more than 5 years without having prepared annual balance sheets, income statements or flow of funds records.

In comparison to weaknesses and limitations of the baseline system, the impact evaluations provided some relevant results because of the focus on measuring client adoption of MNA and consultancy recommendations. Evaluations were also used to determine quantitative and qualitative improvements in operational efficiency in client organizations. The approach produced valuable indicators of the positive effects of AMP interventions and allowed the evaluation team to substantiate the effectiveness of AMP interventions for 15 of the 21 clients visited.

### **Conclusions**

- Deficiencies in baseline design compromised the usefulness of AMP's monitoring and impact evaluation system. Apart from identifying potential areas for AMP assistance, the system did not include an adequate range of indicators against which client performance and improvements could be monitored.

- The absence of a systemic framework for identifying key variables to monitor benefits derived by farmers in areas such as pricing and availability of inputs, and improved advisory services exacerbated the difficulty of measuring impact on smallholders.
- Impact evaluations provided insightful summaries on actions taken by clients to implement AMP recommendations. However the evaluations contained limited quantitative information on spin off benefits to smallholders.
- The evaluators were unable to determine whether profits had increases by 5% or more in client institutions because of the pervasive absence of up to date financial information.

### **Recommendation**

- With only twelve months of implementation remaining, AMP should concentrate on measuring management policy changes in all AMP's MNA, consultancy, and training clients and on expanding the framework for measuring the results of improvements in the operational efficiency of client institutions. This would allow the Project to evaluate changes in key variables such as prices, number of outlets serving smallholders and services which benefit small farmers.

## **9. CONTRACTOR MANAGEMENT AND ADMINISTRATION**

### **Description**

#### **a. Project Administration**

The Price Waterhouse core team consisted of a Team Leader (over 20 years of donor agency and project management experience), promotion specialist (MBA with over 15 years in financial management, project administration and marketing) and a Finance/Administrative Officer (seven years as auditor and accountant). The team included two lecturers seconded from EU's Department of Agricultural Economics and Business Management. Administrative support is provided by Egerton and consists of one secretary, a copy typist and four logistical staff.

Performance assessments of professional staff were conducted quarterly by the Team Leader. The University's job descriptions and performance appraisals were adopted for administrative staff assigned from Egerton. Staff appraisals are conducted annually by Egerton. AMP work schedules are planned and revised weekly. The team reviews the previous week's outstanding assignments, impact evaluations and itinerary and reschedules activities for the ensuing week.

Short courses were scheduled semi-annually and therefore organized well in advance of planned dates. Delays occurred when clients took longer than expected to select AMP consultants. Normally, the Contractor turned around a team within 2 -3 weeks after receiving letters of acceptance authorizing AMP to carry out technical assistance work. By project management standards the Contractor delivered AMP inputs in a timely an efficient manner.

The PW team met its obligations to keep all parties informed of plans for future work through submission and response to Egerton, PCC, and USAID comments to semi-annual work plans, end of consultancy reports, quarterly reports and client progress reports.

While Price Waterhouse met its legal reporting requirements, the core team took most of its planning, guidance and technical directions from the PCC rather than Egerton University. There were isolated instances when the Contractor unintentionally omitted to inform Egerton of AMP work.

**b. Head Office Support**

Price Waterhouse D.C had to provide 11.25 person months of Home Office Support in administration, offshore procurement of goods and services and offshore management of training programs over the initial 30 month LOP.

Responsibility for offshore training and procurement of services became redundant after the PCC adopted policy decisions to confine training locally and to source all AMP consulting resources from Kenyan firms. Home Office Support is now limited to working capital financing, supplies procurement, core team administrative support and professional development/training.

**c. Budget Utilization**

The Contractor utilized minimal formal budgetary control because of the small size of the AMP budget which averaged \$50,000 - \$ 60,000 per month and because of the predictability of expenditures. Instead, expenses were monitored and updated weekly to ensure that spending was in line with previous trends. This was a practical and cost effective method of financial management.

AMP funding commitments as at March 31, 1991 were as follows:

**Table VIII**  
**AMP Funding Commitments**  
**As at March 31, 1991**  
**(US\$ 000)**

| <b>Category</b>       | <b>USAID</b> | <b>GOK</b> | <b>Clients</b> | <b>Total</b> |
|-----------------------|--------------|------------|----------------|--------------|
| Budgeted              | \$3,257      | \$580      | \$175          | \$4,012      |
| Actual                | \$2,964      | \$196      | \$71           | \$3,232      |
| % Used                | 91%          | 33%        | 40%            | 80%          |
| % Elapsed:<br>a. Time | 92%          | 92%        | 92%            | 92%          |

Source: AMP and GOK Data, March 31, 1991

A closer analysis of the data revealed more detailed findings:

- Contract funding by USAID and utilization of resources by the Contractor were both in line with the AMP budget timetable and Project Assistance Completion Date of June 30, 1991.
- GOK contributions have lagged behind projected disbursements eg. 33% actual vs. 92% expected over the present completion of LOP. Part of the GOK shortfall could be explained by poor records. However MOE delays in transferring the GOK's 1990/91 contribution of \$226,227 to Egerton University accounts for 48% of the existing shortfall.
- The financial variance in client contributions of \$104,000 occurred because only 11 of the 24 AMP clients had received consultancy and training assistance.
- For the first 20 AMP clients during Phase I (March 1987 - June 1990) the average needs assessment cost/client was \$15,334 in comparison to the Project Paper estimate of \$5,100. In contrast, the average cost for the 12 assessments carried out during the Phase I extension period (July 1st 1990 - June 30th 1991) was \$7,148/client and was attained because of 1) the switch from using offshore consultants to subcontracts with Kenyan specialists and 2) efficiencies gained as a result of PW revisions to the needs assessment process.

The cost reduction of more than 50% was highly commendable. Still, the combination of Phase I and extension period costs led to an average MNA cost/client of \$12,264 vs \$5,100 as estimated in the Project Paper.

- Total client contributions were first set at \$323,000. This projection was scaled down to \$175,000 in line with revised Project targets and overall estimates for the Phase I extension period. AMP clients were expected to commit \$135,000 for consultancies and \$40,000 for training. While the revision was realistic, it also explains why average client contributions are now in line with current AMP estimates (see below).
- The total direct cost of AMP consultancies was \$125,712. Of this amount AMP clients paid \$62,699 or approx. 50% of professional fees, per diem and incidental expenses. Of the 12 clients, 5 paid all of the direct costs, 2 paid at least 60%, 3 paid approx.50%, while 2 clients received assistance without paying any of AMP's charge out expenses.
- Average consultancy expenses paid by clients was \$5,308 vs. \$4,300 per Project Paper expectations. Of the fully loaded consultancy costs of \$345,141 borne collectively under the core contract and by clients, the AMP clients contributed 18% of these direct expenses.
- The original AMP budget for training was \$266,400 of which AID agreed to fund \$199,800. It was estimated that clients would fund \$66,600 of the seminar and short term training costs. The budget was reduced to \$99,688 of which \$59,688 (60%) was to come from AMP and \$40,000 (40%) from clients.

- As at March 31, 1991, AMP had spent \$59,234 (88%) while clients had contributed \$8499 (12%) for training. The lower level of client funding, which falls far short of the targeted ratios, was partly explained by the fact that AMP had adopted a policy of exempting clients (who had paid a portion of their consultancy costs) from making training contributions.

### **Conclusions**

- The Contractor has demonstrated due diligence and a conscientious level of Administration over the last two years of implementation. Initial difficulties, experienced by the first core team between 1987 and 1989 with host country coordination, were successfully resolved by the current Team Leader and his professional staff.
- Home Office Support, apart from logistical assistance from the Price Waterhouse Nairobi office, has been minimized by a switch in emphasis from using offshore consultants to a more practical and cost effective alternative of subcontracting through Kenyan training and agribusiness consulting firms.
- With the exception of the costs of using offshore consultants for the initial needs assessments, Price Waterhouse has utilized the AMP budget with a prudent degree of financial management.

## **SECTION THREE**

### **LESSONS LEARNED & FUTURE IMPLICATIONS**

#### **INTRODUCTION**

Section III provides a summary of Lessons Learned and implications for future design. These perspectives were drawn from observations of the strengths and weaknesses of the AMP model which emerged during Project implementation and from conclusions and recommendations of the evaluation team. The evaluators also drew on lessons learned from other AID projects with similar TA programs such as the High Impact Agricultural Marketing and Production Project (HIAMP) in the Eastern Caribbean to relate the AMP concept to emerging USAID projects such as the Kenya Export Development Support Project (KEDS).

Three principal areas which were particularly relevant to KEDS and to future design of agricultural sector projects were examined by the evaluation team:

1. Integrated Technical Assistance
2. Project Design
3. Baseline Data Management and Measurement of Impact.

Given AID's continued emphasis on private sector development, the evaluators believe that the sections on Integrated Technical Assistance and Project Design offer useful suggestions for future donor programs. Some of the lessons learned have been incorporated under Section IV, Recommendations for Project Extension Period while others, like Baseline Data Management and Measurement of Impact, are currently being addressed internally by USAID/Kenya.

#### **STRUCTURE**

Lessons Learned are presented at the beginning of A. Integrated Technical Assistance; B. Project Design and C. Baseline Data Management and Measurement of Impact. Each Lesson is supported by evidence from AMP implementation or general observations based on the evaluators' experience with design, management and evaluation of other USAID projects.

## **A. INTEGRATED TECHNICAL ASSISTANCE**

- 1. LESSON LEARNED: Quick access to reliable technical assistance resources is an essential precondition for efficient delivery of technical assistance services.**

Once management and implementation procedures were streamlined, AMP TA was delivered more efficiently than many other technical assistance programs: The Project created 61 interventions through needs assessments (25), consultancies (18), on site training (5), and short courses (13), within the first 24 months of full implementation (1989 - 1991). Actual implementation was higher than the average 2.5/month since there was a near shutdown of consultancies, on-site training and short courses by September 1990 as a result of the USAID-mandated full cost recovery policy. When this aberration is discounted, the assistance rate was closer to 4 interventions per month ie. 48 per year. In comparison, most long term projects aim for 15 - 20 interventions per year and are considered to have performed reasonably well at 12 - 15 assignments annually.

AMP used a blanket subcontract system to pre-register local firms and then to tap into an ample supply of professional resources at short notice. Project progress could not have been turned around nor would such a successful intervention rate without achieved without a preplanned framework for quick access to technical services.

- 2. LESSON LEARNED: The conceptual framework for successful delivery of technical assistance must include extensive client involvement in designing and packaging the TA intervention.**

Direct marketing and promotion and prescreening of potential beneficiaries must be reinforced by getting clients to buy into the TA concept by encouraging early involvement in problem identification, selection of consultants and participation in the development of the scope of work.

- 3. LESSON LEARNED: Efforts to integrate technical assistance will be more successful if the individual components are linked by incentives and conditionalities.**

While AMP delivery was impressive, the Project did not achieve a balanced portfolio of integrated TA because of its incompatible costing system for services: needs assessments were offered free of charge while consultancies were sold first on a flexible price basis and then on the basis of unnegotiable full cost recovery. The result: there were three times as many needs assessments as consultancies by the revised June 30, 1991 PACD.

One way to avoid this distortion is to offer diagnostic services conditionally; the client must pay part of the costs for diagnostic work but would be entitled to an offsetting "refund" if subsequent consultancies are commissioned. Similar strategies has worked well for commercial businesses both in the service sector and for sales of complementary product lines.

## **B. PROJECT DESIGN**

### **Demand Assumptions**

- 4. LESSON LEARNED: The need for Project assistance is often mistaken for demand. This leads to unrealistic perceptions about impact and performance benchmarks. Design would be more realistic and meaningful if initial conclusions about demand are thoroughly examined and tested before Project Papers, core contracts, targets and SOWs are developed. Where needs precede demand, a market development component should be built into the Project and resources set aside to establish strategic plans for commercialization of TA services as an essential Project implementation activity.**

The AMP design study " found a high level of demand for management assistance in organizations in all sectors " (Project Paper page 16.). As a result, the AMP strategy included the requirement that each client demonstrate a financial commitment towards the costs of consulting and training services.

Findings from the Evaluation show that this assumption was inaccurate. While there was a strong need for management assistance services, very few clients were prepared or financially capable of paying the full costs of AMP assistance although some were willing to contribute resources for discrete TA interventions. The key reason: the market for technical services in the agribusiness sector was still underdeveloped in Kenya.

### **Project Structure and Management**

- 5. LESSON LEARNED: The use of a Coordinating Committee with virtual autonomy from external private and public sector influences was a key reason for the efficient delivery of TA services. The policy of appointing PCC members in their personal capacities and the strategy to transfer decision-making on Project management to the Committee are prerequisites for commitment and effectiveness.**
- 6. LESSON LEARNED: Clear guidelines on AID's role in start-up project management assistance to executing agencies are essential if Projects are to avoid protracted delays in implementation.**

The AMP administrative structure was designed to provide i) autonomy from undue private or public sector pressure on client selection and provision of services, ii) a limited role for USAID staff in day to day implementation, iii) a strong focus on field activities ie. working with clients at their place of business and iv) simple systems of procurement to allow for the primary focus on services not contract management. The most important feature of AMP project management was the establishment of the PCC to preserve autonomy and to facilitate efficient implementation of AMP services by the Contractor.

However while AID intended to restrict its involvement in day to day implementation it fell short on defining its own role in project development support to Host County counterpart institutions. Apart from assisting with the procurement of services of the principal Contractor (Price Waterhouse inc.,) there were no further guidelines on AID's start-up assistance to the GOK.

## **C. BASELINE DATA MANAGEMENT AND MEASUREMENT OF IMPACT**

- 7. LESSON LEARNED: Development projects should include budgeted line items for baseline data management and measurement of impact. Impact activities should be defined in Grant Agreements and in Contractor SOWS. Impact measurement should be incorporated into work plans and progress reviews during implementation.**

AMP's principal weakness was its inability to develop an appropriate database system and the lack of systemic procedures to establish and monitor relevant indicators of changes in client performance. While the Contractor conducted impact evaluations and interviewed some smallholders, the data was only indirectly connected to technical assistance interventions for the evaluated clients.

Perennial failures to determine impact of most donor programs occur because donors, other than brief references to grantee and Contractor requirements to measure impact, fail to incorporate impact measurement functions into work plans or to set aside resources for baseline measurement work. ie. impact measurement is not seen as an input activity but rather as an output function.

This perception relegates measurement to the bottom of the list of Contractor and grantee priorities. Example: AMP had no resources set aside in the host country contract for baseline measurement nor did AID/GOK establish indicators or targets to measure Contractor performance in this area. Result: this was the least impressive aspect of AMP implementation.

## **SECTION FOUR**

### **RECOMMENDATIONS FOR PROJECT EXTENSION PERIOD**

#### **INTRODUCTION**

Section IV provides USAID and the Government of Kenya with selective recommendations for the final twelve months of AMP implementation (July 1991 - June 1992). These suggestions were synthesized from i) conclusions and recommendations contained in Section II, Assessment Of Project Performance and from ii) discussions with the Contractor, Egerton University, USAID and the PCC on priorities, performance targets, budget considerations, expected level of effort and lessons learned through the AMP experience and as a result of this evaluation.

#### **CONTEXT**

Four issues were identified as major areas of concern by the evaluators, the PCC, Egerton and/or USAID. First, there was a significant imbalance between the number of MNAs and consultancies and training interventions. This anomaly should be rectified by the June 30, 1990 PACD. Second, the evaluators noted that AMP could have enhanced the marketability of its TA services. Given the relative success of its interventions, the Project has a unique opportunity to stimulate demand for future firm level assistance programs by promoting AMP achievements to the private sector.

Third, Egerton and the PCC expressed increasing interest in sustainability and options for institutionalization of AMP's MNA, consultancy and training activities. Finally, the AID Agricultural Office was especially concerned about measurement of impact in the broader context of benefits to the smallholder sector.

Recommendations for the July 1991 - June 1992 period are presented under A. Balanced Portfolio; B. Marketability; C. Sustainability and Institutionalization and D. Measurement of Impact.

## **A. BALANCED PORTFOLIO**

By May 31, 1991 AMP's technical assistance portfolio consisted of 33 management needs assessments (MNAs), consultancies to 14 organizations and on-site training to 7 of the 14 clients. With twelve months left to the June 30, 1992 PACD, the Contractor should increase the number of consultancies and on-site training programs to ensure that a greater proportion of AMP clients have the option to complete the full cycle of AMP assistance. The evaluators recommend that:

- No more than 4 new needs assessments be completed. For maximum impact, MNAs should be directed at cooperatives with strong national or provincial representation of smallholders.
- Management consultancy should be provided to 12 - 15 existing MNA clients who have not benefitted from these services before.
- On-site training courses should be developed for 7 - 10 clients.

If the Contractor attains these targets, the revised Portfolio would consist of 37 MNA clients of whom 29 would have benefitted from consultancies and 17 from on-site training by the June 30, 1992 PACD. In this way, the Project would be closer to its original concept of successfully delivering integrated TA to clients.

## **B. MARKETABILITY**

AMP was USAID's first experimental program of firm level assistance to agribusiness organizations in Kenya. The following recommendations should be adopted to strengthen the marketability of AMP's services and to lay the groundwork for successful marketing of new private sector programs like the Kenya Export Development Support Project (KEDS):

- Promote AMP "success stories" to KAM, FPEAK, KNCCI and other trade associations to demonstrate how clients can benefit from integrated firm level assistance. This exercise could be initiated during the next six months of implementation or as an add-on to the introductory phase of KEDS.
- Stipulate that clients contribute a minimum of 50% of the direct costs for new MNA, consultancy and training services.
- Develop for each client, analyses of costs, payback periods, financial, and qualitative benefits of proposed consulting assignments. The Contractor should use the data to negotiate client contribution levels and to market similar consultancies to other clients.
- Obtain Directorate of Industrial Training registration for AMP short courses so that clients can reclaim course fees from the Directorate. The issue of AMP registration should be resolved between Egerton University, MOE and DIT.

By promoting "success stories" AMP will increase private sector awareness of the benefits of diagnostic assessments and management consultancies. The minimum 50% cost sharing policy and introduction of cost benefit analyses will engender practical decision-making by the private sector on

procurement of technical services. Finally, DIT registration will make AMP training courses more attractive to potential clients.

### **C. SUSTAINABILITY AND INSTITUTIONALIZATION**

With the exception of a management strengthening plan for agribusiness consulting firms, neither Sustainability nor Institutionalization was an AMP priority under the GOK/PW contract. Both issues have recently emerged as important considerations. However, the Project has run out of time to implement a detailed program for ensuring continuity after the PACD.

Partial institutionalization is possible if key AMP entities are encouraged to follow through with similar services to new clients. To do this the Contractor should adopt limited strategies to transfer TA capabilities to Egerton and the Ministry of Cooperative Development. AMP should also strengthen the capacity of small consulting firms to sell technical services to clients as proposed in the management strengthening plan. The Project should implement the following recommendations:

- Transfer MNA and consultancy procurement expertise to the Ministry of Cooperative Development by establishing a work plan to second Ministry participation in MNAs and consultancy assignments during the first six months of extension work; relocate AMP's marketing and consultancy management practices and database to the Ministry during the last six months of implementation.
- Transfer the short course program to Egerton University by developing a strategic plan to shift the AMP's training capability to the University. AMP and Egerton should select courses and teaching material; estimate the frequency and number of courses to be held; establish the level and type of marketing to target clients and attract participants; identify lecturers for the respective programs; determine logistical and administrative support needed, and derive schedules, course costs, fees structures, and a budget for the overall program.

This process will allow Egerton to determine the management and implementation requirements for institutionalization as well as its absorptive capacity and the rate at which the training activities should be transferred to the University.

- Help to improve Kenya's agribusiness consulting capacity by i) hosting a seminar on findings and recommendations of the management strengthening plan and by conducting two five-day courses; one on professional management and marketing techniques and the other on proposal and report writing for AMP-registered firms.

The Cooperatives Ministry has successfully introduced AMP-type TA to two cooperatives and has expressed interest in using AMP's techniques for future diagnostic interventions. Success of Egerton's short course programs however will depend on University commitment to a proactive strategy of direct marketing to AMP clients and the wider agribusiness sector after the July 1992 PACD.

#### **D. MEASUREMENT OF IMPACT**

Attempts to create a useful baseline system and subsequent efforts to measure impact have been unsuccessful. The three year setback in implementation and development of the baseline system in isolation of MNA and consultancy interventions were the main reasons why the system could not produce meaningful impact data. Delays in client adoption of MNA recommendations and in commissioning consultancy interventions limited AMP's access to information against which client impact and smallholder productivity could be properly measured.

The Contractor should focus on the following impact activities:

- Measure changes in management policy of all MNA clients and, in particular, of the 14 clients who received consultancy TA and the 7 clients who benefitted from training interventions between 1989 and 1991. Identify new policies adopted by clients during the 1991-92 extension.
- Establish impact indicators for new consultancy and on-site training interventions. AMP should ensure that consultants and trainers work with the Baseline specialist to select indicators which are based on proposed consulting and training activities so that subsequent measurement is both relevant and representative of specific TA interventions.

Changes in management policy and practices are more relevant indicators of Project impact than changes in output indicators such as prices or profitability. When organizations adopt improved management policies they "institutionalize" their commitment to use better management strategies such as diagnostic assessments and strategic planning. In this way AMP assistance is more likely to result in long term improvements in client operations and spin-off benefits to small farmers.

Finally, measurement of impact on smallholders should be incorporated under a broader umbrella of assessing the overall effects of USAID agricultural sector projects. This function could be assigned to a central program such as the Policy Analysis and Matrix (PAM) Project.

**o PERSONS CONSULTED**

**o DOCUMENTS REVIEWED**

## **AGRICULTURAL MANAGEMENT PROJECT**

### **PERSONS CONSULTED**

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**APPENDIX A**

**o SCOPE OF WORK**

SECTION C

DESCRIPTION/WORK STATEMENT

C.1. Background

The Agricultural Management Project was designed to provide assistance to private and public sector agri-business concerns in order to strengthen their management and operational performance to ultimately result in increased agricultural production and income for smallholder farmers. The design was to be a two-phased activity. The first phase (3 years) was to be devoted to testing methodologies and mechanisms for addressing needs in the targeted institutions, while the second phase (5 years) was to be devoted to applying those methodologies to an increasing number of agribusinesses.

Although the Project Grant Agreement was signed in September, 1985, the contracting process resulted in the implementation contract being signed in March, 1987, with the contract team leader arriving in June, 1987. Following a ten-month start-up period, the project began full implementation activities in April, 1988. During the mid-term review, it was concluded that the project should be extended for 12 months to: 1) reach the original outputs and revised EOPS; 2) to institutionalize the project in the private sector and at Egerton University which includes the development of case studies to be used in Egerton's agribusiness curriculum; and, 3) the verification of demand by demonstrating to the private sector consulting firms the clients' willingness and ability to pay 100% of the costs of the management consultancies. The extension period was also to be used to gather baseline and follow-up data from project-associated institutions and smallholders in order to assess impact and to determine the direction of future mission designs in the agribusiness sector.

C.1.2 Project Activities

1. Management Needs Assessments - The Project design included a series of activities with each client, beginning with a needs assessment serving as the basis for planning, consulting services and training to address problems identified. Purposes of needs assessments include: (a) demonstrating the effectiveness of consultant assistance in collaboratively identifying areas for improvement; (b) identifying common themes for training, either on the job or project developed short course training;

(c) for use by client firms as the basis for making changes either through AMP, through other consultancies or self-implemented adjustments; and (d) to work directly with client staff in developing strategies for change. A total of 32 needs assessments are to be completed under the project.

2. Management Consultancies - The integrated approach to management assistance and training includes management consultancies, developed in close collaboration with individual clients through the needs assessment process. 32 clients have been planned to receive consultancy work.

3. Egerton Agribusiness Curriculum - Egerton University (EU) planned to start offering the first year of a B.Sc. program in agribusiness starting with the September, 1990 university term. During the proposed extension period, EU will incorporate the lessons learned during AMP consultancies and the AMP short course training programs into the B.Sc. agribusiness curriculum. EU will do this by developing, with the assistance of the Project coordinator, four case studies of agribusiness firms that have been clients of AMP management consultancies.

4. Management Consultancy Strengthening - In order to ensure the institutionalization of agribusiness consulting in the Kenyan consulting community, the contractor will develop a plan for strengthening small Kenyan agribusiness-related management consulting firms. The plan will address, inter-alia, the training, management, marketing, professional ethics and needs of these organizations. The plan will also provide for assisting local Kenyan agribusiness-related management consulting firms to establish a clearing house to promote agribusiness management consulting in Kenya.

5. Exclusive Private Sector Focus - New clients added to the AMP portfolio will, during the extended period, be selected from the private sector. It was proposed that eight private sector firms be included in the one-year extension to test the ability of the AMP to attract and assist non-governmental business organizations and to measure the impact of management consultancy interventions on the private sector. To fully test the acceptance of agribusiness training and management consulting as management tools for the agribusiness community in Kenya, it was proposed that during the extension period, all training and newly initiated consulting activities will be conducted on a full cost recovery basis. Full costing of activities is defined as the actual costs of contracted consultants (outside the current Price Waterhouse-EU Project team) and lodging and trainer costs for formal training courses.

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6. Training - Project design allowed for on-site training and in-country seminars for 450 employees during the project period. Formal AMP training activities began in July, 1989 upon PCC approval of a training program based on client management weaknesses identified during the needs assessment element of the Project.

Follow-up evaluations of the impact of AMP training courses on client performance are to be undertaken beginning approximately three months after the courses have been conducted. Client specific on-site training is also conducted as part of most management consultancies and is a major component in the overall effort to improve the performance of client organizations.

7. Measurement of Impact on Smallholders - During the proposed Project extension period, special emphasis will be placed on measuring the impact of AMP interventions on the small farmholders who are serviced by organizations included in the AMP. This effort will focus on the level, quality and relative prices of expanded goods and services provided to smallholders by participating clients under the AMP. While it is recognized that it will not be possible to arrive at a full assessment of impact on smallholders until well after the end of the project, it is nevertheless possible, using selected case study methodologies, to collect over the course of the Project extension period some preliminary data on impact. A sample of smallholders that will benefit from the project will be selected. From this group, impact data will be collected, and the smallholders will be interviewed to provide impact data.

8. Baseline Survey&Measurement of Project Impact - Baseline data were to be developed to measure Project impact on client performance over time. Follow-up impact evaluations were to be carried out by the project team for each client covered under the project.

C.2. Objective

The purpose of this contract is to have the contractor conduct an evaluation to assess the impact of the Agricultural Management Project on management practices of participating intermediary institutions so as to promote more efficient delivery systems of agricultural inputs. In particular, the evaluation will be concerned with the impact of selected inputs, outputs, purpose and goal level indicators of the AMP on the development of those management practices which provide increased returns on investment.



Of special interest will be questions related to the original design hypothesis that sufficient demand exists for the project-provided services to institutionalize the efforts in the private sector management consulting sector by demonstrating that clients are willing to pay the full costs of the service. Other key issues to be addressed include: lessons learned, usefulness of the model, and recommendations for future design of projects.

C.3. STATEMENT OF WORK

The Contractor shall provide consultants to USAID/Kenya and the Government of Kenya (GOK) to assess the impact of the Agricultural Management Project. Specifically, the Contractor shall measure impact against key indicators as outlined in the project paper which include the following:

A. Input Indicators - Project inputs comprise the resources used and activities undertaken under Agricultural Management Project (AMP). Assessment of selected input indicators will tell us whether and how efficiently Project inputs were delivered. Input indicators shall include:

1. the availability, quality, timing of personnel (contractors and subcontractors), funding and materials/equipment;
2. the adequacy and appropriateness of home office support provided by the contractor to the Project;
3. level of local support for the Project; and,
4. the relevance of training relative to the needs.

B. Output Indicators - Program outputs are products that are generated as a result of the Project. Assessment of output indicators shall include the following:

1. demand for services provided by the Project, both in terms of the numbers of clients served and the resources provided by 32 clients in support of the Project. (As a benchmark, a minimum of 8 clients who contribute some degree of financial resources to the project is expected by the time of the end of Project evaluation). Indicators: numbers of firms requesting services; and, number of firms willing to pay.

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2. evidence of effective demand (actual clients) relative to the crucial needs for management consultancy and training (i.e., is the Project reaching the most important firms and organizations?).

3. evidence whether Kenyan institutions can assume financial responsibility for the Project.

C. Purpose Level Indicators - Products of the outputs listed above will result in the accomplishment of certain benefits which constitute the purpose of the Project, that is, the improvement in the performance of private and public organizations that support increased agricultural production, especially for the smallholders. Indicators for improved management capacity include:

1. improved operational efficiency of participating institutions in providing services to smallholders;

Indicators: increases in profits by 5% or more in client institutions;

2. improved effectiveness of participating client institutions in providing services to smallholders;

Indicators: increases of number of smallholders served and in diversity of services provided; quantitative increases in exports; and, quantitative measures in increased earnings by client firms attributable to project intervention both for domestic and export markets.

3. improved skills application of client employees; Project assisted management skills;

Indicators: evaluation of on-the-job application of management skills for client employees who have participated in project training.

4. demonstration of demand for project services;

Indicators: extent to which clients have paid management consultancy services; evidence of government organizations, private firms and other donors participation in the AMP activity; and, extent to which clients are willing to pay for management consulting costs.

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5. evidence whether the local consulting firms have benefitted from working with a professional consulting firm (Price Waterhouse) in improving their management skills.

D. Goal Level Indicators - AMP interventions were expected to have a direct effect on increasing smallholder production and incomes, which is seen as the immediate goal of the Project. To the extent to which purpose level indicators have been met, demonstrate the effect on increasing smallholder production and incomes.

