

PID-ABE-954
54

82008

World Education Inc.
Kenya Rural Enterprise Programme.

FINAL PROGRAMME REPORT

CO-OPERATIVE AGREEMENT
No. 615-0220-A-00-4005-00

RURAL PRIVATE ENTERPRISE PROJECT (RPE)
PVO-NGO COMPONENT (1984 TO 1991)

June 1991

Prepared by

Allan Miller (Consultant - World Education, Inc)

and

Jill Harmsworth (Vice President - World Education, Inc.)

C O N T E N T S

EXECUTIVE SUMMARY	i to iv
--------------------------	----------------

INTRODUCTION	1 - 3
---------------------	--------------

K-REP AS A GRANT MAKING INTERMEDIARY	4 - 13
---	---------------

TRAINING AND TECHNICAL ASSISTANCE	14 - 29
--	----------------

INTER-AGENCY COMMUNICATION AND CO-ORDINATION	30 - 36
---	----------------

RESEARCH MONITORING AND EVALUATION	37 - 45
---	----------------

EVOLUTION OF K-REP AS AN AUTONOMOUS INSTITUTION	46 - 55
--	----------------

FINANCIAL REPORT	56
-------------------------	-----------

ANNEXES:	I	List of Persons Interviewed
	II	List of Board Members
	III	List of Werep Staff
	IV	List of REP Sub-Grantees

Executive Summary

The purposes of the Rural Private Enterprise Project (RPE) were to "strengthen institutions that can improve Kenya's business environment and to encourage growth of businesses directly through the financial and advisory assistance those institutions provide." The \$62 million project, begun in 1984, included two components: The first, and much larger, worked with formal sector institutions and was managed by a commercial firm, Deloitte, Haskins and Sells. The second, the subject of this report, was funded initially at \$6.46 million (later amended to \$7.7 million), was directed at the informal sector, and was executed through a Cooperative Agreement between USAID/Kenya and World Education, Inc., a U.S. PVO. The Cooperative Agreement was for a five-year LOP, later extended to 7 years.

In Kenya, like many African countries, the informal (jua kali) sector employs the majority of workers and has the greatest potential for growth. However, it is constrained by many factors, including an uncondusive legal environment, poor access to technology and credit, market constraints, inadequate research and information dissemination, and inappropriate institutional infrastructures. Small-scale entrepreneurs (SSEs) are plagued with serious financial problems. There are inadequate loanable funds available to them from formal sector financial institutions, who lack incentives to loan to SSEs, who often can not meet the stringent traditional collateral requirements demanded, and constitute, therefore, an unacceptable risk. Since there is little documentation on SSEs, formal sector financial institutions are unaware of their importance or impact on the Kenyan economy and continue to perceive SSEs in a negative light

The vast majority (85%) of Kenyans reside in the rural areas. The expansion of the agricultural sector has long been relied upon to provide employment opportunities. It is, however, reaching its limit due to the finite amount of arable land available and increasing desertification as arable land becomes overused. Opportunities for employment in the civil service are likewise very limited at this time. If Kenya is to create employment opportunities for its rapidly growing (nearly 4% per annum) population, it is forced to create jobs in non-farm enterprises, especially in the rural areas. Most of these jobs will be in the informal sector.

The only institutions dealing with the micro-entrepreneurs of the informal sector have been non-governmental organizations (NGOs). In preparing for the RPE project, USAID surveyed 6 of these institutions and found that their impact, although limited, was positive, and showed great potential for growth. The activities outlined in the Cooperative Agreement between USAID and World Education were designed to increase the effectiveness of the NGO involvement in the informal sector by:

- 1) providing a grant-making facility to PVOs <NGOs> registered in Kenya for support of income-generation assistance projects at the local level;
- 2) the provision, or the arrangement for the provision of, technical assistance and training to PVOs <NGOs> and enterprises for the upgrading of staff skills and the improvement of managerial and administrative capacities, especially in the area of credit administration;
- 3) the facilitation of inter-agency communication and program- and-policy coordination;
- 4) monitoring and evaluating all assisted sub-projects in systematic fashion; and
- 5) exploring and developing possibilities for the institutionalization of the functions performed by the recipient (World Education Incorporated).

The RPE PVO Component, which came to be known as the Kenya Rural Enterprise Program (K-REP), worked with 24 NGOs as part of its grant-making function. Financial assistance to these organizations and community-based groups amounted to over Kshs. 54 million (\$3.3m) over the life of the project, and supported SSE credit schemes, production units, group enterprises, and SSE conferences, seminars, and workshops. 8000 job opportunities have been created as a direct result of this assistance (2000 full-time and 6,000 part-time), while the incomes of assisted entrepreneurs has risen by an average of 110%. Money has been both granted and loaned to K-REP's NGO partners, and in the case of loans, the repayment rate has been around 80%. 65% of the assisted enterprises have been owned by women. Total employment at assisted enterprises has grown by 37% during the project period, and sales at these enterprises jumped by 47%.

The cost of job creation through K-REP has averaged \$1,797 per job, about 1/8 of the cost of a job in the formal sector. What is more impressive is the fact that the assisted enterprises have increased the value of their fixed assets by 27% during the loan period.

As the project evolved, the limitations of the "integrated" (credit linked directly to training and technical assistance) methodology became evident. None of the NGO SSE credit intervention schemes funded under this program could have become self-sustaining. K-REP attributes this to the methodology which resulted in limited impact in terms of numbers of entrepreneurs reached, and average repayment rates below 90%. These problems were addressed through a re-design of the project under PED (see below) funding in 1987.

The role that K-REP provided training and technical assistance has played has evolved from that of basis skills transfer to NGOs working in the SSE sector in the early years to problem-specific training and technical assistance as the NGOs have gained more sophistication in micro-enterprise promotion. It has always concentrated on the "training-of-trainers" rather than direct training to entrepreneurs as such. From 5 or 6 NGOs active in SSE promotion work in 1984, the number has grown to over 100, and their training needs have become much more diverse as the sector attracts attention. During the life of the project, over 600 participants from 16 K-REP grantees and 22 local, non-project assisted NGOs, 2 Somali NGOs, and government departments from Kenya and Tanzania have benefitted from K-REP training. All NGO grantees participated in at least one K-REP training, and in most cases, 5-6 sessions. The training has been systematically evaluated, but the report notes the need for a more thorough post-training field-level assessment in order to more accurately judge the impact of the work. Since 1989, training has focused primarily on the design of NGO micro-enterprise promotion training programs rather than SSE skills training. World Education has helped in the design of training materials for the program. Partnership for Productivity International, a U.S. PVO, initially held a sub-contract to assist in providing expertise and training materials to K-REP, but it ceased operations as a PVO three years into the project, and these functions were filled by World Education or, increasingly, by local consultants. In 1988, a Ford Foundation grant allowed K-REP to hire a full-time Kenyan training director.

Exchange visits to Bangladesh, Haiti, Peru, and other countries, as well as consultations (Tanzania, Malawi, Uganda, South Africa) have served to broaden K-REP's perspectives and have led to improvements in SSE extension methodology and training techniques. The consultations have also provided welcomed revenue for K-REP and have served to reduce the burden of administrative costs.

Training is now seen by K-REP as a service and benefit in and of itself and not a pre-condition for credit, as it was in the first years of the project. Under this approach, known minimalist, training and technical assistance should be attractive to clients, tailored to their needs, and be paid for to the extent possible.

K-REP's role as an Inter-Agency Facilitator was dropped in 1986 when another USAID-assisted project came into being. That project moved the umbrella functions originally envisaged for K-REP to VADA, a Kenyan NGO. Although the agreement between VADA and USAID soon came to an end, the K-REP's umbrella functions were never re-instituted. However, in an informal way, K-REP has played this role by bringing a number of SSE sector NGOs together in training programs and seminars.

Monitoring and Evaluation have been priority areas for the project since its inception. These functions have been facilitated since 1988 through a grant from the Ford Foundation which provides funds for K-REP's Research Department, including the salary of the Department Chief.

K-REP has monitored its grantees very closely through a systematic reporting system and site visits. Audits are required on a regular basis. Special studies, project evaluations, and issues papers have been undertaken by the K-REP staff and local consultants on a regular basis. Project impact criteria have been developed, and project strategies have been modified through a K-REP, NGO consultation process using the findings of these studies as the basis for changes. Recently, K-REP has done some pioneering work in the development of systems for monitoring minimalist credit programs: this includes measurement of sustainability, whether the project is actually reaching its intended beneficiaries, how assisted entrepreneurs use their increased profits, and what direct and indirect benefits flow to the local community from K-REP assisted enterprises. As it undertakes its monitoring and evaluating work, the project has identified and developed some very competent Kenyan evaluators who have used this experience to assist other organizations working in the SSE sector.

The Cooperative Agreement for the Private Enterprise Development Project, 1987-94 (PED) between USAID/Kenya and Weprep, Ltd., the Kenyan NGO that has managed the PVO component on World Education's behalf since 1987 (see below) stipulates that there will be a combined mid-term PED-, final RPE external evaluation. Both projects ran concurrently between 1987 and 1991, and this has at times made direct RPE impact difficult to separate from PED. Given the fact that the two projects are complementary, the exercise can at times appear academic. But K-REP has done well to separate the projects financial reporting and the two projects have meshed well in the field.

The final objective of the USAID/Kenya - World Education Cooperative Agreement speaks of exploring and developing the possibilities for institutionalization of the functions performed by the intermediary <World Education>. The achievement of this objective has been impressive, indeed.

Initially, the Kenya Rural Enterprise Project operated as a USAID-funded project of World Education, Inc. of Boston, Massachusetts (USA). After an unsuccessful attempt to register World Education as an NGO in Kenya, it was decided in 1986 to register the project as a Kenyan NGO, in part to be eligible for funding from the aforementioned PED project. In April, 1987, Werep, Ltd. was incorporated as an NGO under the Companies Act, limited by guarantee, with no share capital. It is recognized as an organization with social and developmental goals and is required to use all funds (including any surpluses) for these purposes. Werep, Ltd. uses K-REP as its trade name.

Many people believe the establishment of a strong, autonomous Kenyan organization, as Werep (K-REP) has become is the most significant achievement of the project. Its professional staff is extremely competent and motivated. The organizational structure of K-REP has evolved as the program has gained in complexity. The Board has moved from being a "Project Advisory Committee" in 1984 to a dynamic group of committed professionals which has demonstrated strong organizational leadership while at the same time leaving the staff free to manage the day to day operations of the organization. The Board has been instrumental in forging strong relationships with the Kenyan government and in charting the course of K-REP as an independent Kenyan institution. Several of its members have past or current experience with NGOs, and five of its nine members have important functions in the Kenyan administration. The Chairman of the Board is Bethuel Kiplagat, Permanent Secretary in the Ministry of Foreign Affairs.

K-REP is diversifying its funding base from reliance on USAID towards a more mixed portfolio of donors. Contacts with ODA (U.K.), Finnida, and CIDA have proved very promising for the future, while organizations such as the Ford Foundation and PACT have provided timely help that has served to strengthen K-REP institutionally.

As K-REP seeks sustainability for its programs, it is also moving towards its own financial sustainability. It is doing this through a policy of "managed growth" which includes donor diversification, the development of its minimalist strategy and direct program intervention, and through the provision of training and technical assistance on a fee-paying basis.

In short, the future looks bright for K-REP. World Education is proud of the role it has played in promoting micro-enterprise development in Kenya and in fostering the birth and growth of K-REP, an independent Kenyan institution. It looks forward in the coming years to a partnership with Werep, Ltd/K-REP based on mutual respect shared commitment. It is grateful to USAID/Kenya for having given it this opportunity.

Introduction

Kenya's population is increasing at a rate considered to be one of the highest in the world (close to 4% per year). As their population explodes, cities find that they are rapidly outstripping their infrastructures which were built for much smaller numbers of people. National policy has for the past decade emphasized the necessity of developing the non-farm and urban informal sectors as sources of income and employment to the rapidly growing labor force.

The purpose of the RPE project, as stated in the 1984 Cooperative Agreement was "to strengthen institutions that can improve Kenya's business environment and to encourage growth of businesses directly through the financial and advisory assistance those institutions provide." The Cooperative Agreement activity which is the subject of this report involves one component (with an initial obligation of \$6,455,159, later increased to \$7.7m through subsequent project amendments) of a two component program. The total I.OP cost of the two RPE components was set in 1984 at \$62m.

The RPE project overall specifically addressed itself to the need to generate employment and income-generating opportunities in the rural areas, where 85% of Kenya's population resides. The problem is that only 18% of the country's land is rated as having either high or medium potential for agriculture, with the rest being rated as arid or semi-arid. On-farm employment growth is obviously limited. Therefore, rather than follow traditional approaches which involved increasing agricultural production and therefore employment, through the provision of better services to the farm sector, the RPE project placed emphasis on off-farm activities.

The vast majority of Kenya's rural and urban population does not have access to formal sector financial institutions. The informal sector, of which micro-enterprises form a significant part, is the major employer of Kenyans and yet it lacks the basis elements that would allow it to expand at a rate at least equal to the rise in numbers of job-seekers.

In 1984, the only evident private sector institutions in Kenya which systematically provide credit and technical assistance to micro-entrepreneurs were non-governmental organizations (NGOs). For this reason, the PVO (World Education) component emphasized assistance through NGOs, as well as assistance to these same NGOs in order to increase their capacities in managing micro-enterprise promotional activities.

This report, which includes as Part II the World Education/RPE Financial Report under separate cover, attempts to outline the project's performance under its assigned functional objectives. These functions number five:

1) grant-making to PVOs <NGOs> for support of income-generation assistance projects at local levels;

2) the provision, or the arrangement for the provision of, technical assistance and training to PVOs <NGOs> and enterprises for the upgrading of staff skills and the improvement of managerial and administrative capacities, especially in the area of credit administration;

3) the facilitation of inter-agency communication and program-and-policy coordination;

4) monitoring and evaluating all assisted sub-projects in systematic fashion; and

5) exploring and developing possibilities for the institutionalization of the functions performed by World Education, Inc.

Report Methodology

This report was commissioned by World Education Incorporated (WEI). A WEI staff member, Jill Harmsworth (Vice-President for Program at WEI in Boston) and Al Miller (an independent consultant based in Lome, Togo) were responsible for its compilation. While not an evaluation of the RPE project as such, the report does represent an outside perspective on its activities.

Staff from Werep, Ltd., WEI's partner agency in Kenya, were brought in at key points to verify and rectify collected data at key points in the process, which was conducted during the June 1-26 period.

The work began with a review of key documents: the project document and Cooperative Agreement, project reports, research papers, evaluation reports, audit reports, general documents concerning the informal sector in Kenya and other information. Field visits were made to two REP assisted NGOs, PCEA/Chogoria and the Isiolo Deanery of the Catholic Diocese of Meru. NGO headquarters in Nairobi were also visited, as well as key Werep staff and Board Members, and personnel from the USAID Mission in Nairobi. A list of persons interviewed is attached as Annex I to this report.

The writers of this report would like to thank all the people who assisted in this process for their invaluable contributions. We are especially grateful to the W/EREP staff under the capable Direction of Richard Yoder and Albert Mutua and the REP Board Chairman Bethuel Kiplagat for their timely and uncompromising help. Without their efforts, the report could not have been completed in time.

I. REP AS A GRANT MAKING INTERMEDIARY

A. Background

In order to accomplish its goal, the Kenya Rural Enterprise Project (K-REP) project chose a strategy whereby it would operate as a grant-making entity funded by USAID to promote micro-enterprise development through Kenyan-based Non-Governmental Organizations.¹

NGOs in Kenya, while numerous (numbering at the time of project inception at over 400, a figure that is estimated to have grown by another 50% by 1991) as well as being quite effective in grassroots social development and welfare activities, were by and large inexperienced in the area of small-scale enterprise promotion. In fact, only two of the 24 eventual K-REP client NGOs, NCKK and PfP/Kenya had the kind of experience in this area that showed potential for further development. It was assumed that this inadequacy would be made up for through the provision by K-REP (with assistance from sub-contractor PfP/International, as well as specialised consultants) of training and technical assistance to the NGOs and the use of the extensive NGO networks of community groups.

It was felt that NGOs had a comparative advantage over the formal and government sector institutions in dealing with rural small-scale enterprises: they had extensive networks of projects and community groups, they had some experienced and committed staff in the rural areas who had the trust of the people with whom they worked, they were generally less bureaucratic, and had relatively low operating costs. In the words of Jon Morris², NGOs are supposed to be, at least in theory, "downwardly accountable" to the communities they seek to serve. Once registered, NGOs in Kenya were allowed relative freedom to implement innovative programs with a minimum of interference from local and national authorities.

¹ Alan Fowler, formerly of the IDS/University of Nairobi and the Ford Foundation defines NGOs (or NGDOs, Non-Governmental Development Organizations) as autonomous Organizations) as autonomous organizations owned by independent, voluntary bodies (Boards of Directors, or at the community level, Management Committees) which in most cases have a legal status, headquarters, and paid or voluntary staff. Kenyan law, past in 1991, defines them as voluntary associations of individuals or groups. (see S. Fowler, "NGDOs in Africa: Naming them for What they are," IDS, Nairobi, 9/85).

² Managing Induced Rural Development, Bloomington, Ind. 1988.

USAID, while allowing a great deal of flexibility to project staff in testing different assistance approaches, does maintain an on-going dialogue with K-REP concerning the advantages and disadvantages of different SSE development strategies.

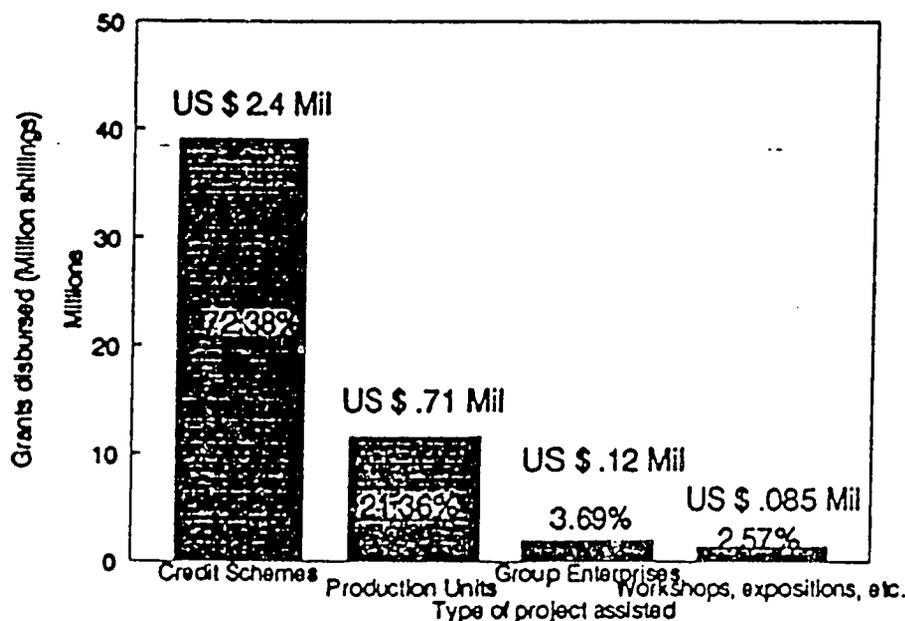
B. Implementation/results

The K-REP Grant-Making operations can be classified as follows:

1. Credit programs for Small-Scale Enterprises (SSEs);
2. Production units;
3. Group enterprise grants; and
4. Workshops, seminars, etc.

Over the life of the program, financial assistance to NGOs and community based groups amounted to over Kshs.54 million (U.S.\$3.3m) to 24 organizations for support of SSE credit schemes, production units, group enterprises and workshops, seminars, conferences, and expositions. These efforts have resulted in the creation or securing of over 8000 jobs (2000 full-time and 6000 part-time). The incomes of assisted entrepreneurs have increased by an average of 110%, while the overall repayment rate by NGOs is close to 80%. In terms of gender-focus, approximately 65% of the assisted enterprises are owned by women while, for individual beneficiaries, 75% have been women.

**TABLE 1
GRANT DISBURSEMENT BY TYPE OF PROJECT**



3 Sebstad, Jennefer and Martin Walsh, "The Impact of Micro-enterprise Credit in Kenya," (PED), Nairobi, 5/91

The criteria by which the intermediary NGOs were selected have remained the same throughout the life of the project. As K-REP Programme report N[1 (May 15, 1984 - February 15, 1985) outlines it, the implementing NGO must:

- be private and non-profit;
- be either a Kenyan or a U.S. organization;
- either have prior experience with income generation projects or (a) demonstrated capacity to perform in this sector;
- be administratively sound or have the capacity to become so.

Proposed projects must:

- be targeted towards productive, income-generating activities;
- directly assist the poor;
- be cost effective in reaching the poor;
- be principally outside Nairobi and Mombasa; and
- be financed at least 25% from internal or other (non-USAID) sources available to the organization. 4

Project Benefits

A primary objective of the RPE/K-REP project is to generate much needed employment opportunities in the rural areas at a reasonable cost. In fact, the project has experienced low costs of job creation in comparison with jobs created by the private sector as was predicted in the Project Paper. A recent review of two K-REP-assisted programs gave the figure of \$1,797 per job, 1/8 of the estimated figure for the modern sector. 5

4 Under the new USAID-funded PED project (1989-1984), K-REP has altered its group lending criteria. These now include: 1) intention to operate a revolving loan fund, 2) registration as a self-help group, 3) Primarily made up of low income people without access to conventional or NGO credit services, 4) group members must be entrepreneurs, 5) they must not exceed 30 member, 6) must have at least 10% of amount of requested loan saved in bank account, and 7) require maximum loan size of KShs.15,000 per entrepreneur.

5 Sebstad, Jennefer and Martin Walsh, "The Impact of Micro-Enterprise Credit in Kenya," (Draft), Nairobi, 3/91. These figures are probably on the low side for the two NGOs studied (NCCK and Chogoria Hospital EDP), however, since they reflect the move towards individual lending and minimalist approach from the more expensive integrated approach working with group enterprises that characterized the earlier programs.

Despite the fact that K-REP assisted enterprises led to the creation of significant numbers of jobs, a recent study found that the structural nature of employment within the enterprises remained on the average stagnant. This is to say, for example that the male:female ratio of employees, the ratio of unpaid: paid labor, and full-time:part-time ratios did not change despite an overall improvement in the economic situation of the assisted enterprise.⁶

In terms of the type of enterprise assisted, it seems that while productive activities (small-scale industries) had the best economic figures, traders could make the most rapid gains through K-REP assistance over a given period of time. In the urban areas, most of the K-REP assistance went into securing and improving the business site, while in rural areas, the assistance went primarily into working capital.

The Sebstad-Walsh study cited above found that for the 50 enterprises visited (50% were in urban areas, 50% in rural), cash income rose by 110% on the average, and that income from the assisted enterprises amounted to 42% of the total individual household incomes for the entrepreneurs concerned. However, these averages mask substantial differences between businesses, and despite the 110% rise overall in cash incomes, 56% of the surveyed enterprises actually experienced a fall in cash income during the period of their assistance!

An extremely encouraging result of K-REP's activities has been a 29% increase in the fixed assets recorded by project-assisted enterprises. This is an important indicator of long-term sustainability. In addition to these quantifiable indicators there are the qualitative and intangible benefits of increased managerial skills and empowerment (the rural poor gaining control over their lives through participation in the development process and an increased familiarity with banking and credit operations). Available information indicates that K-REP assisted enterprises had

- 1) substantial improvements in an institutional capacity to implement micro-enterprise credit intervention schemes;
- 2) more skilled staff; and
- 3) an ability to better conceptualize SSE issues and design

⁶ Contrary to REP's own findings, E.H. Apoll Mugwanga in his K-REP sponsored evaluation PRIDE (1/91) believes that 'As a general rule, small-scale trading activities do not generate employment to other persons apart from the proprietor... (In general), micro-enterprise credit supports more profitable self-employment. This should be the immediate employment objective.' (p.32).

better programs. This is true even of NGOs that were dropped by K-REP during the course of the project!

NGO Programs

In looking at the impact of the NGO programs, K-REP has identified some key questions:

1) Are the jobs created sustainable?

The employment created by PfP/K, for example is largely seasonal, un-paid family labour. The numbers are impressive, and they were achieved at very low cost. They figure quite prominently in K-REP performance statistics. But do jobs of this type contribute significantly to a solution to the problem of needing to create more sustainable employment in rural areas? The jobs in the trading and manufacturing sectors, while fewer, are often salaried and permanent.

2) Are the costs of the loan programs viable?

In the cases of NCCK, Tototo Home Industries, the Kenya Women's Finance Trust, and Chogoria Hospital/EDP have the loan programs been cost-effective in terms of sustainability and economic benefits? While the earlier models proved costly on a per beneficiary basis, after re-design notable improvements have occurred. It is this process of information collection, feedback and re-design that has meant the difference between success and failure of SSE-assisted programs. The separation of training and technical assistance functions from the provision of credit, for example, has been a key element in turning the old programs around

A related problem has been noted with NCCK, a provider of relatively "cheap" loans in comparison with PfP/Kenya, but whose complicated procedures can mean that the time lapse between loan application and actual disbursement can run up to 6 months, whereas PfP/K processes the applications in less than one month. Opportunity costs for NCCK loans, therefore, were very high despite "low" interest rates. The same is true of some government programs. NCCK also experienced slow repayment, with 42% of their loans in Mombasa being more than 3 months in arrears. PfP/K's experience is that if the crop doesn't fail (due to bad weather), very high (90+%) rates of on-time loan repayment can be expected. The NCCK case is generally indicative of early RPE-assisted programs.

Steps have been taken by K-REP to improve overall project performance and impact in response to external evaluations and internal assessments. For example, funds have been de-obligated from several NGO projects when it was found that they were not performing

well: ATAC, Jisaidie Cottage Industries, Maryknoll Fathers/Bura, Consolata Society, Salesians of Don Bosco, and the Ilkukui Women's Group are examples. While the numbers of NGOs working with K-REP has been reduced, the remaining programs are generally on solid ground, continuing to work with the successful group enterprises funded under RPE from 1987, and in the case of three NGOs (NCCK, Tototo, and PCEA/Chogoria) launching new programs using the minimalist approach. In some cases, the recycled RPE funds are being shifted into the new programs rather than being re-loaned to the groups that are operating the first phase enterprises.

A key issue in looking at impact is determining whether the demand for the products of SSEs increases and incomes rise. Marketing problems (including lack of demand) have been cited as major constraints by project-assisted enterprises. Will SSE entrepreneurs and their employees buy SSE-produced goods or will they prefer formal sector-produced or imported goods of "higher" quality? ⁷

C. Lessons learned

1. NGOs have a very limited capacity to manage funds within USAID regulations. USAID assumed that with limited training from K-REP, this problem could easily be overcome. It has turned out to be an extremely time-consuming and costly task for K-REP (as would likely be the case for any other intermediary organization). The K-REP audit in 1988 criticized NGO weaknesses in this area, but faulted USAID for not insisting on tighter controls. K-REP was forced to revise its budget twice to take account of higher administrative costs than anticipated. This had the effect of reducing the amounts of funds that could be loaned out. Despite the need to reduce administrative costs, USAID and other donors appear reluctant to work to simplify and standardize regulations and reporting procedures for NGOs due to constraints placed upon them by their national constituencies.

2. The process of upgrading institutional capacities to implement credit schemes is lengthy and costly, particularly for the NGOs that have traditionally been involved in social welfare type projects which require less business-like management styles. No matter the quality and quantity of training and technical assistance, it takes a long time to internalize new practices, particularly attitudinal changes.

⁷ See Liedholm, Carl and Donald C. Mead, "Small-Scale Industry," in *Strategic for African Development*, R. Berg and J. Whitaker, Eds., University of California Press, Berkeley, 1986, p.314.

3. Delays in grant making and procurement proved to be major constraints in getting the program off the ground at the NGO level, and have continued to plague the program throughout its life. Although K-REP started its activities in 1984, it was only in 1987 when the first loans were approved. It is important, given USAID accounting procedures, that more realistic time frames for project implementation be designed from the beginning.

4. Grant making and training are essential project components for building NGO capacity. This is especially true in the area of staff development. K-REP might have had great difficulty beginning a minimalist credit program without first running a grants program.

5. K-REP has been perceived by the NGOs in Kenya as the right arm of USAID, and is not seen as an independent organization, which it has been, legally since 1987. Some NGOs openly criticized K-REP for this (e.g., Diocese of Kitui). Some excellent NGOs refuse to take USAID funds (e.g., Undugu Society). These situations are inevitable, but should lead to efforts on the part of USAID to maximise the importance of the institutionalization components of NGO projects so that dependency on one donor is reduced and the possibilities of long-term sustainability are increased.

6. Some NGOs have learned to manage their donors (including K-REP) very skillfully. Examples include NCCK and Tototo. It is important, therefore, that K-REP liaise with other donors in the SSE sector to avoid duplication of efforts and to increase the possibility for the optimal utilization of available resources.

7. There are definite advantages in having grant funds available in the case of SSE assistance programs whether an integrated or minimalist approach is used. A number of (although not all) NGOs would not have participated in training and other institution building activities if grant monies had not been there as an incentive.

8. In some areas K-REP overestimated NGO management capabilities in the early years, for example in report writing. Problems of staff turnover and the inability of some institutions to internalize the necessary skills after one training were not recognized in the early stages. In some cases, NGOs skilled in certain types of programs were wrongly assumed to be able to take on programs of quite a different nature (i.e. SSE assistance). This is known as "piggy-backing" and has come under criticism from experienced NGO observers in Kenya. It is to be avoided.

9. Grant making programs create dependency, because there is less of an incentive for NGOs to deal with issues of sustainability. Perhaps there is too much grant money around. K-REP itself, in its role as a donor, has a tendency to adopt a paternalistic attitude towards some of its grantees (e.g., NCKK which it sees still sees as a problematic, although satisfied that it is light years ahead of where it was at the beginning of K-REP's involvement).

10. Some (but not all) staff believe that K-REP would have played a more effective role in strengthening the SSE programs of NGOs if it had run its own SSE program at the outset. The danger might have been for K-REP to put a lot of energies into its own program, neglecting the NGOs, a phenomenon that has plagued umbrella organizations and projects wherever they have been attempted. On the other hand, K-REP has much broader experience and a wider perspective thanks to its umbrella function and grants program.

11. K-REP has had its greatest impact in terms of changes within its NGO clients -- particularly attitudinal changes. This can be illustrated in the dramatic increases in numbers of beneficiaries, numbers of loans, new enterprises. Has also enhanced NGO interest in sustainability. However, the study by Sebstad and Walsh found that at the enterprise level, assisted enterprises, even if better off financially, did not improve their management practices during the time of K-REP assistance. Bookkeeping was sporadic and/or incomplete, the amounts of profits and/or losses were unknown to the entrepreneur, the amount of stock on hand was unknown, etc. The entrepreneurs were, however, aware of the price margins on individual items. Bank accounts, while maintained, were not used except for loan repayment, the entrepreneurs sticking with savings accounts. Urban clients seemed more committed to their businesses, with rural entrepreneurs being involved in a variety of economic activities, not just the assisted enterprise.

12. There is no evidence yet of credit recipients graduating to commercial bank loans. K-REP staff feels that it would be against the organization's interest to lose its best clients (potential graduates). From the Sebstad-Walsh (PED) study comes a revealing quote: "Certainly, many of the clients were keen to see their businesses expand and were much more prepared to use formal systems of credit for this purpose. To date, however, non-governmental credit programs still offer them much more hope of securing credit than the commercial banks do." ⁸ A viable

⁸ Sebstad and Walsh, p. 53.

alternative might be for K-REP to promote community bank schemes like Labadi Community Bank/Ghana or a "Grameen-type" (Bangladesh) system.

13. K-REP has learned a great deal about contract-making with NGOs and consultants. Emphasis should be placed on institutional training in this function from an early point in project implementation.

Discussion

Implementation progress as measured by disbursement levels and number of clients have varied widely per NGO assisted. This is to be expected, given the range of approaches, strategies, implementation methodologies and organizational effectiveness of K-REP's NGO partners. The case of PIP/K is interesting: with a well-established group extension strategy in place, PIP/K, early on, working with over 1600 clients, had a very low cost per beneficiary rate compared with other organizations. However, this advantage appears to have been lost over time, and PIP/K has been slow to make the changes in its program that will be necessary for long-term sustainability. Poor starters such as PCEA/Chogoria, NCKK, and Tototo Home Industries have modified their programs, and are now enjoying very low cost:beneficiary ratios.

The principle lesson learned appears to be that NGOs using the "minimalist" approach to credit (emphasis on loans with "auxilliary services" (training and technical assistance) being brought in only when judged to be required to make the credit more fully effective) have had more success, although K-REP's application of this approach has been relatively recent and its impact cannot yet be judged definitively at this point.

Still, K-REP is convinced that it is the assistance methodology adapted by the individual NGO that has the greatest methodologies designed to reach many clients in a given period of time disburse loans quickly and provide minimal technical assistance and training. Tototo Home Industries and PCEA/Chogoria are examples where the change in SSE credit strategy has resulted in major improvements in program performance. In fact, it has been decided that the project-assisted NGOs should phase out continued financial (re-cycled loans) and/or technical assistance to the remaining on-going small enterprises assisted under the original RPE grant.

The alternative approach to "minimalist" is known as the "Integrated Approach". This is one whereby training and technical assistance is considered to be an integral part of credit needs for micro-enterprises. K-REP has found that while generally high repayment rates occur, there is a relatively low program impact due to the low numbers of clients reached per loan officer. They also feel that the integrated approach tends to create a dependency relationship between entrepreneur and loaning agency that is unhealthy in the long term in terms of sustainability.

Leidholm and Mead point out that in many cases, successful technical assistance is industry or task-specific, and often address a single "missing ingredient" that is needed for successful take-off rather than a broad array of information or skills.⁹ For example, production-oriented SSEs are usually much better producing goods than refining their quality in terms of design or in marketing. Sector-specific focus will necessitate K-REP's collaboration with other specialized NGOs, firms, or government institutions.

K-REP's approach to working with NGOs has evolved towards more realism since the heady days of 1984 when the then-Project Director Fred O'Regan felt that the programs strength lay in its "non-aggressive" approach (10), to the NGO SSE programs it was working with, to its new Juhudi program (funded from non-RPE resources) which "actively encourages and supports innovative initiatives aimed at directly assisting informal sector enterprises." In a 1985 report to USAID, K-REP saw a similar situation in Bangladesh (which it had visited): "The NGOs that operate SSE schemes are heavily subsidized to cover their overheads; their very existence, therefore, doesn't depend on the success of loan programs that they operate. This has the effect of laxity on the part of the staff to collect re-payments." ¹¹

9 Leidholm and Mead, p.322.

10 Non-Interventionist but not non-aggressive, at least in the sense of identifying NGO SSE program intermediaries. REP and other "donor" NGO programs have been accused of "piggy-backing" inappropriate SSE and other technical programs onto established, often well-functioning field level NGOs whose resources and expertise are then stretched too thinly. (See, for example, A. Fowler, "Managing the Donor Scramble for Non-Governmental Development Organizations, "Nairobi, 4/89, p.9).

11 Kenya Rural Enterprise Project, "Report No.2" p. 24.

STATISTICAL SUMMARY OF SUB-GRANTEE LOAN SCHEMES

TABLE III
LOAN DISBURSEMENT

Name of Organization	No. of loans disbursed		
	Groups	Individuals	Total
Kenya Women Finance Trust	0	47	47
Upweoni Comm. Dev. Centre	4	51	55
National Council of Churches of Kenya	9	284	293
Partnership for Productivity Kenya	16	1,687	1,703
PCEA Chogoria Hospital	17	160	177
Tototo Home Industries	21	0	21
Isiolo Deanery	0	132	132
TOTAL	67	2,361	2,428

TABLE IV
Average Loan Size

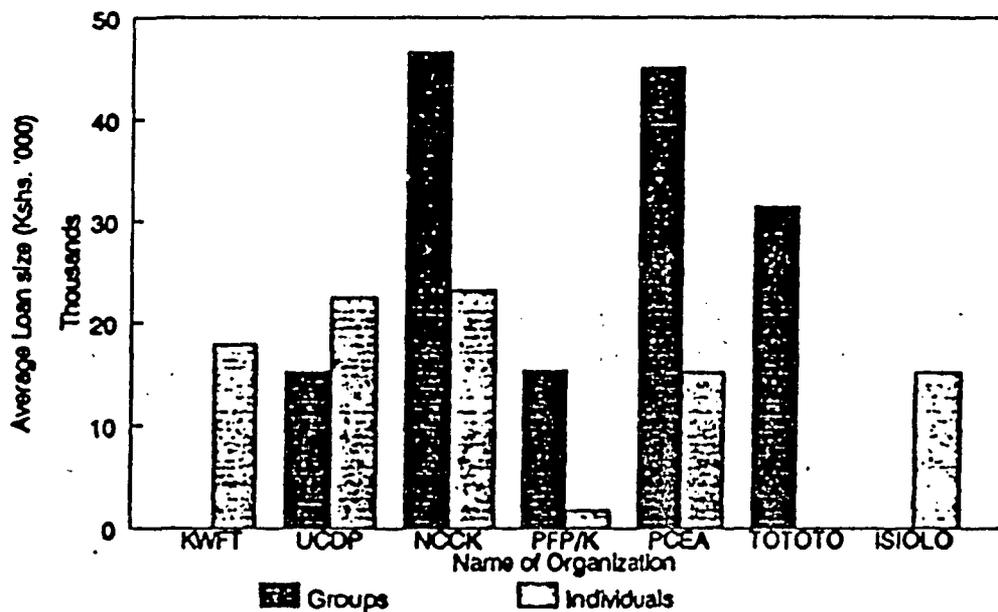


TABLE V
Number of enterprises assisted by gender

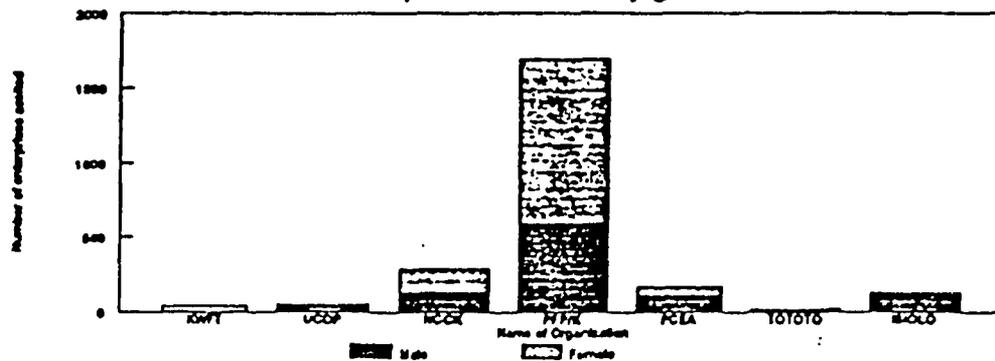


TABLE VI
Sectoral Distribution

Name of Organization	Production	Trade	Service	Agriculture
KWFT	14	29	4	0
UCDP	36	9	10	0
NCKK	89	143	33	28
PFP/K	1	10	4	1687
PCEA	69	90	17	1
TOTOTO	4	8	1	8
ISILO	0	132	0	0
TOTAL	213	421	69	1724

TABLE VII
Full time employment before & after loan

Name of Organization	Before	After	Change
Kenya Women Finance Trust	53	75	22
Upweoni Comm. Dev. Centre	64	85	21
National Council of Churches of Kenya	306	426	120
Partnership for Productivity Kenya	1349	1349	0
PCEA Chogoria Hospital	120	200	80
Tototo Home Industries	0	23	23
Isiolo Deanery	0	109	109
TOTAL	1892	2267	375

TABLE VII
Performance of Sub-Grantee Credit Schemes

Name of Organization	Cost per sh. lent	Cost per Loan *	Repayment Rate
Kenya Women Finance Trust	0.68	16,644	76%
Upweoni Comm. Dev. Centre	3.09	91,729	63%
National Council of Churches of Kenya	0.82	14,843	93%
Partnership for Productivity Kenya	0.63	1,369	74%
PCEA Chogoria Hospital	2.23	39,887	99%
Tototo Home Industries	1.66	36,555	67%
Isiolo Deanery	0.35	5,324	73%

II. TRAINING AND TECHNICAL ASSISTANCE/INSTITUTION BUILDING

A. Background

NGOs in Kenya have for some time realized the importance of small-scale enterprise promotion as a factor in the overall socio-economic development of the country. From an initial group of 5 or 6 NGOs institutionally involved in credit programs in the country in 1984, over 100 (of 600 total) NGOs in the country are now active in this field. As noted in Section I above, K-REP has assisted approximately 1/3 of these to become more efficient operators in this sector.

This rapid expansion of activity, however, has outstripped the abilities of the organizations to effectively manage cost-effective credit programs.

Under the RPE project, K-REP was "to provide, or arrange for the provision of technical assistance and training to PVOs and enterprises...to assist in upgrading the financial, technical and administrative skills of indigenous NGOs."

The USAID-World Education Cooperative Agreement went on to identify the areas of particular concern:

- 1) program administration and management;
- 2) field staff technical skills in delivering management assistance and in determining appropriate credit needs and credit utilization plans; and
- 3) credit administration and follow-up.

The Cooperative Agreement outlined three types of training strategies:

- 1) on-site technical and management assistance;
- 2) regularly scheduled training sessions with staff members of various agencies; and
- 3) specialized technical assistance to PVO <NGO> client enterprises <will be provided or arranged for by the project> especially in technical areas which PVOs could not be expected to carry specialised staff.

The expectation was that most assistance would be provided by project staff, although in certain cases, outside consultants could be called in.

It is obvious from the above that at the time of project inception, it was the integrated approach rather than the minimalist approach that the project was expected to follow.

It should be noted that K-REP's NGO clients have their own training methodologies, sometimes determined by the NGOs particular donor. The strategy of the project was work with these methodologies as they were, but to build upon them to strengthen their impact vis-a-vis the specific SSE sector.

One example is Partnership for Productivity/Kenya (PfP/K), with assistance from the FAO and others, had a network of 81 village groups with a total membership of over 2000 farmers, many of them women. They regularly receive training in farm record keeping, improved agricultural and livestock practices and bookkeeping. The work of PfP/K field agents is carried out in collaboration with government agricultural extension officers and community health workers.

Tototo Home Industries presents another interesting case because besides its relationship with K-REP, it has had separate long-term relationships with World Education and PACT, two K-REP funding partners, as well with other donors. ¹

Under the Cooperative Agreement, Partnership for Productivity/International had a sub-contract with World Education to provide training and technical assistance expertise in the area of SSE development. The original \$900,000 sub-contract (Training) budget was reduced by approximately one-half as the result of budget adjustments agreed to between World Education and USAID. The reduction obviously had a negative impact on K-REP's ability to provide training and institution-building assistance to NGO clients. The first PfP/I trainer did not work out, and left the project after a short time. A replacement was quickly identified by WEI, however, and the development of K-REP's training capabilities was soon back on track.

However, just as things started to look better, PfP/International ceased operations as an NGO in 1987. ² Its departure took place before K-REP's in-house training capability was sufficiently developed. Obviously, this was another blow to the project's training capabilities.

¹ PfP/K also received substantial funding from PACT in the 1970s for its REES (Rural Enterprise Extension Service) program in the Kakamega area.

² Partnership for Productivity/Kenya, a separate entity, continues to operate as a Kenyan NGO.

B. Implementation/Results

K-REP as an intermediary organisation playing an umbrella role for NGOs involved in the SSE sector has designed its training and technical assistance to serve both as:

- 1) a "training of trainers" facility with emphasis on enabling the participants to communicate technical information and skills to clients with limited or no formal education; and
- 2) a service to upgrade NGO staff capabilities in order to strengthen their respective organizations as well as providing them with specialized skills in the area

K-REP has provided the only locally available systematic training for NGO staff in the SSE sector. As more NGOs entered the field since the project began, the demand for SSE skills training has increased. Another result is that staff mobility has increased as more and more NGOs seek to recruit experienced practitioners. K-REP does not look upon this trend as disturbing, since the trained staff tend to stay with in the sector if not with a particular NGO. In October, 1985, K-REP used an in-house training session to develop an Organizational Training Strategy. This can be summarized as follows:

- 1) Identification of specific training needs of clients (present and potential) through interviews;
- 2) Analyze and Prioritize these needs;
- 3) Group these needs into training schedules based on levels of trainees;
- 4) Discuss the schedules with NGOs to determine timing, logistics, facilitators, etc.
- 5) K-REP follow-up with interviews to gain additional information, explain K-REP approach, validate priorities;
- 6) Scheduled cycle (one-year): generic training (project planning, credit, organization and project development, monitoring and evaluation, and administration and financial management);

7) Scheduled cycle (one-year): organization-specific training (focused on field staff, would all include at least the following: outreach, client selection, group formation, enterprise management, marketing, bookkeeping, credit education and supervision, and technical and technological assistance).

Some examples can be given as to how the training was tailored to specific organizational needs and priorities: Jisaidie Cottage Industries (an NGO off-shoot of NCKK) staff were trained in marketing and management, NCKK field staff in project planning and credit administration, Tototo Home Industries staff in income-generation activities, the Diocese of Eldoret in project planning, and the Community of Bunyala in undertaking a feasibility study of a fish project.³

K-REP maintains records on individual training participants in order that they can determine at a glance which particular NGO staff members have been trained in which specific skills areas. This tool is invaluable for needs specific training planning with K-REP's NGO partners.

Workshops have been organized for K-REP institutional purposes at which long-term organizational planning was carried out. An example is the September 1985 session attended by 13 board, PRC, and staff members at which 26 programmatic issues were discussed.

Training, in the first instance was primarily focused on the NGOs in basic skills. By the end of the RPE project, the focus had shifted to case-by-case needs-specific training. All NGO grantees have participated in at least one project-sponsored training session or feasibility study. In most cases, project grantees attended 5-6 sessions, although in some cases it was not always the same people attending the different programs. Some grantees have expressed their feeling that K-REP should plan their training in cycles so that the same project officers could attend the range of subject-specific trainings necessary for a mastery of the area rather than being trained piecemeal. A problem with this approach, however, is the fact of high staff turnover at some NGOs. This idea is, however, being implemented for K-REP's new Juhudi Credit Program, funded under USAID's PED.

³ K-REP was aided in initial market research for small entrepreneurs by staff member Joseph Burke, but has since been less active in this area despite an often expressed need from the entrepreneurs.

Over 600 participants from a total of 16 K-REP Grantees plus 22 local, non-project assisted NGOs, 4 locally-based international NGOs, 2 Somali NGOs, 2 donor agencies, and government institutions from Kenya and Tanzania have benefitted from K-REP's training programs, sponsored seminars and workshops, and/or international exchange visits. An effort has been made to increase the number of female participants. While the first training cycle, for example, involved exclusively male participants, present statistics show that at least 30% of the participants have been female.

K-REP systematically attempts to evaluate its training sessions with entry and exit questionnaires. These are self-appraisal exercises rather than before and after examinations in the skills areas focused on during the training. One full-scale, formal evaluation was also carried out of a 1989 training session, and the feedback from this session has been invaluable for the design of future programs. Training effectiveness is also assessed informally during the frequent technical assistance visits to NGOs. But the organization realizes that it needs to broaden training course evaluations beyond the present practices. Follow-up evaluation visits to the field should seek to gauge the attitudes of former trainees and their supervisors some 3-6 months after training. Their feedback on the training will provide valuable information to the K-REP training department in designing both follow-up courses and new programs for the future.

Lack of follow-up training has been identified worldwide as an important cause of poor performance in SSE credit-related training. The 1987 USAID mid-term evaluation of the K-REP program identified follow-up training as an area that needed immediate attention from K-REP since it was identified by many K-REP training program participants as important if they were expected to transfer the newly learned skills to others.

TABLE 2

TRAINING PROVIDED UNDER RPE

TOPIC	DATE	No. of Participants
Cost effectiveness	10/85	20(F)
Project development	12/85	9(M)
Project development	1/86	21(F/M)
Marketing	4/86	27(F)
Book-keeping / accounting	5/86	16(F)
Project/financial management	5/86	18(F/M)
Credit systemd/administration	6/86	33(F/M)
Extension methodologies	11/86	29(F)
Training of extension agents	6/87	62(F)
Training of extension agents	9/88	35(F)
Credit monitoring/evaluation	11/88	18(F/M)
Grantee feedback (retreat)	11/88	16(M/C)
SSE assistance methodology	5/89	22(F/M)
Carriculum development (NCCK)	10/89	22(F/M)
SSE policy/management issues	11/89	23(M/C)
Programme planning (RGC)*	10/90	11(F/M/B)
Project planning (Upweoni)	11/90	22(F/M/B)

KEY: * Reformed Gospel Church
 F = Field staff M = Managers
 A = Accountants C = Credit extension officers
 B = Board Members

PIF/I, soon succeeded by World Education's own trainer emphasized the "Responsive Training" approach which starts with trainee needs assessment. These early sessions went a long way to providing a solid base for building the program. The increased use of Kenyan-based consultants (mostly nationals) has reduced the dependancy on outside expertise but the necessity for USAID to clear each consultant sometimes resulted in delays.

The momentum built up during the first three years was, however, disrupted by an 8-month hiatus before K-REP finally identified its own trainer.

As the 1987 evaluation report notes, "...<direct> training, training of trainers (which is much more difficult) and institutional learning (synthesizing lessons from experience to apply to decisions) are not specializations generally found in developing countries." The evaluation recommended that while training consultants may be therefore needed in the short-term, the emphasis should be on the

training of Kenyan trainers. This has in fact been the case at K-REP. The Training Officer has spent considerable time in co-training exercises with World Education personnel and has been involved in jointly designing training materials with World Education training specialists both in Kenya and in the U.S.

The K-REP Training Officer has been used as a resource person at various seminars and workshops sponsored by other NGOs (e.g., KENGO, CCF/Kenya) which has allowed him to participate with other Kenyan and expatriate trainers and share information.

Since 1989, training has focussed primarily on the design of NGO SSE training programs rather than skills training as such. This reflects an evolution of training needs within K-REP's NGO clients. Current training is geared to the institutional development of NGOs under the PED project funded by USAID which emphasizes training of field staff and program managers of selected NGOs and business associations.

K-REP feels that NGO staff trainers have made good progress in the technical training areas even when SSE development is a relatively new or even alien concept for them. However, this technical success has resulted in some NGO staff leaving the non-profit sector for better paying positions in the private or government sectors, evidence, albeit unintentional and unwelcomed, of K-REP's effectiveness as a training institution.

In November, 1988, K-REP brought its NGO project grantees together in Mombasa to look at the progress to date and problems that had been encountered. For example, the participants discussed the actual impact of the program, whether the original objectives remained valid, whether the program was reaching a sufficient number of people, the proper mix of training, technical assistance, and credit, the cost of training and technical assistance, client needs, client inputs, sustainability, and credit as an appropriate NGO activity.

Based on these discussions, K-REP resolved to diversify its training "to be consistent with (its) broadening mandate to encompass both intermediary and local level organisations." One of the areas K-REP moved into was training NGO Board members and CEOs, starting with contact meetings involving Board and CEO people from different K-REP clients. Besides functioning as a way to facilitate the exchange of ideas, these sessions serve to clarify areas of training for the future.

In November 1989, K-REP brought together 30 NGO Chief Executive Officers and project personnel in Nyeri to discuss "Critical Policy and Management Issues for NGOs in Small-Scale Enterprise Development."

Both K-REP clients and non-clients participated with the objective of re-examining the institutional and procedural settings within which the participant's respective organizations operated. In particular, the participants

- * examined the current thinking on alternative roles for NGOs in development;
- * looked at the various types of structures (board, staff, donor relations) and processes to promote sustainable development; and
- * developed strategies whereby the recommendations of the conference could actually be implemented.

This meeting was crucial in that it determined that impact was best measured by the numbers of people reached, the cost-effectiveness of the program, and whether a particular program was sustainable. It is these measures which have been increasingly applied by K-REP in the 1990s.

As was noted in the previous section, K-REP has not been active under the RPE grant in the direct training of local groups, although it has begun efforts in this area under the new Juhudi scheme. Evidence from the field indicates that there is much work to be done in the area of community institution-building if grass-roots development is to become sustainable, particularly in the more isolated rural areas. The problems of "ownership" and "management" of community-managed enterprises are often unresolved even after several years of activity. It seems clear that most NGOs will be unable without technical assistance from K-REP or other specialized organisations experienced in grass-roots institution building (e.g., INADES-Formation, IRED) to develop viable community group run enterprises. Rather than deal with this situation, it seems that most NGOs prefer to move towards the new "minimalist" approach which focuses on individual loans (through groups) rather than group-run projects, which require heavy doses of training and technical assistance.

K-REP, assisted by World Education and P/P/I, developed a 65-page Training Module, "Credit Systems for NGO Generation and Small Enterprise Programmes" in 1985.⁴ These materials have been adapted for use with institution-specific programs as the needs of individual NGOs have evolved. K-REP also assisted Maendeleo ya Wanawake, the

⁴ Kohler, David M., based on materials prepared by James Hochschwender, Steven Mirero, and Albert Mutua, 1985.

national women's organization, to publish a catalogue of extension and training manuals destined for use by field workers and village leaders. There is a continuing need to develop appropriately designed practical field manuals that the NGO SSE project officers can leave with the entrepreneurs. They are currently studying several models for possible adaption to the Kenya-specific situation.

first cycle which ended in 1986 attended a series of trainings on topics which, while not building incremental skills, were interrelated and necessary for the effective performance of their jobs. Some of these participants have since been involved in later training sessions which have centered on problems specific to their NGOs or their particular job function.

K-REP has worked hard to instill in its NGO partners the need to move from a welfare focus towards a participatory, development focus with their target populations. This has not proved easy. As development theory has evolved in the direction K-REP has been trying to push, leadership has not always responded, feeling certain social obligations towards the people they have been working with for many years. Nevertheless, K-REP feels that significant attitudinal changes have occurred, although there remains a long way to go. 5

The 1987 USAID evaluation sums up the role of training and institution-building as a question of balanced priorities:

5 David Korten classifies NGOs according to "generations:"

"Generation 1": Relief and welfare organizations;

"Generation 2": Small-scale, self-reliant local development, also known as the "Community development" approach;

"Generation 3": Sustainable systems development, which goes beyond individual communities and seeks changes in specific policies and institutions at local, national and global levels.

(from *Getting to the 21st Century*, Kumarian Press, p.120)

Catherine Masinde notes that "... some NGOs have a distinct social orientation and therefore still follow the philosophy of welfare. Other NGOs are either in transition towards self-reliance or have been set up with that philosophy expressly underlying their activities. The respective training needs, therefore, tend to differ along these functional lines."

(p. M).

"K-REP is an institution whose goal can be described as institution-building. Providing credit and technical assistance are the means through which this goal will be accomplished. K-REP is not developing the institutional capabilities of NGOs at the expense of the poor people they serve. K-REP's emphasis has been placed on blending both priorities rather than operating in an either-or dynamic." 6

K-REP is planning to implement a systematic staff training program for its own personnel. The areas of concentration will be:

- * sustainability & minimalist approach
- * computer operations
- * upgrading/development of technical skills
- * management skills
- * financial planning and management
- * credit systems
- * leadership skills
- * dispute/conflict resolution

As K-REP moves forward under the USAID-funded PED program, the organization has reexamined some of the early assumptions about how training and credit relate to each other. There is a feeling that under the traditional integrated credit assistance programs, client training and technical assistance have been a major drain on available resources. K-REP has concluded that training as such does not translate directly into economic benefits for the SSE client. This is not to argue, however, that training has no benefit at all. The organization wants to strike a middle ground, one where both credit and training are offered, but at a fee.

This point needs emphasis because many observers, uninformed of K-REP's motives for moving towards the minimalist approach, have misinterpreted the organization's ideas on training and technical assistance. In fact, K-REP does not see the minimalist approach as being exclusive of training and technical assistance, but rather a separation of functions to allow for better focus and efficiency.

The 1987 evaluation also noted that K-REP needed to develop a core of professional trainers. For example, K-REP emphasizes the importance of reaching women entrepreneurs as well as enterprises that employ women. The Training Department does not yet have an experienced

6 Bigelow, Ross, and J. Cottler, E. Mbajah, and P. Ondeng, "Mid-Term Evaluation of the Rural Enterprise Programme of the Rural Private Enterprise Project (615-0220) Kenya," Nairobi, 6/87, Appendix V, p.6.

female trainer. An evaluation of one K-REP training program in 1989 notes that

"It is...our concern that women constitute the bulk of NGO assistance and yet there was no explicit coverage of their characteristics and problems and the development of specific methodologies for their assistance. A recommendation was made to assist NGOs to develop awareness of this specific target group."⁷

K-REP still relies heavily on its own staff, already pre-occupied with their regular duties, to provide much of the training, assisted by specialist consultants. There have been scheduling conflicts as a result. Given the experiences gained by the NGO project officers in the field, the move has been (under the PED grant) towards more "participant-led" training. This provides credible training using real-life examples, and, as a bonus, free up the senior staff for their regular duties.

K-REP's current plans call for increasing the organization's capacity in the areas of materials publications for specific training situations, additional staff, scheduled training cycles, and eventually, establishing a SSE training institution.

Training is now seen by K-REP as a service and benefit in and of itself and not a pre-condition to credit or a process of loan appraisal. It should be attractive to clients, and therefore, tailored to their needs. It should be made available only to those clients who feel the need for it and are therefore willing to pay for it.

K-REP is looking towards collaboration with other specialized institutions, such as APTEC and APROTEC in order to offer to SSEs and NGOs in the SSE sector skills in the provision of improved technology to Jua Kali (informal sector) businesses.

C. Lessons Learned

1. At the on-set of this project in 1984, the task and costs of providing technical assistance and institution-building for NGOs that are new to small business promotion was seriously underestimated. K-REP's experience has shown that to transform NGOs from their traditional welfare orientation to a more business-like management

⁷ Masinde, Catherine K.M. (Consultant), "Evaluation of K-REP Business Extension Training to Kenyan/Somali NGOs in May 1989," Canadian International Development Agency (CIDA), Project RC524/15386-9, P.V.

style, which is essential for micro-enterprise development, is a lengthy and costly affair. Once established, however, the potential for making a difference is enhanced.

2. It takes more than technical skills to be effective in SSE promotion work. The missions goals and strategies either inhibit or facilitate the task. Training should, therefore, address both skills development and organizational development issues for senior managers and operational staff at the field level.

3. Kenya has a shortage of good trainers, with experience in the design and implementation of informal, participatory training. K-REP and World Education should have paid much more attention to developing training capabilities within K-REP. There was too much early dependence on expatriate trainers and no long-term plan to develop in-house training skills of Kenyan staff. Still, K-REP can increase its contacts with specialized Kenyan-based NGO training institutions, such as INADES and EASAMI, and others, such as IRED (Zimbabwe) operating in the sub-region.

4. Training needs have evolved, and today K-REP uses very few of the training materials developed in the past. Some can, however, be usefully adapted and incorporated into new Juhudi training programs. It will also seek materials exchanges with other institutions in the region. K-REP is now making a real effort to institutionalize training capabilities.

5. K-REP has learned that some people are willing to pay for training and technical assistance. Some former clients are eager to buy training and technical assistance from K-REP -- eg CPK Eldoret. The question remains, however, whether this is a general trend. More research needs to be undertaken on this point.

6. Training, according to some K-REP staff, would have been more effective if K-REP had had its own SSE program from the beginning. This concept will be tested under the PED and other programs now in place.

7. Beyond exit questionnaires at training sessions, K-REP needs to evaluate the effectiveness of their training programmes through field visits. This information should then be fed back into the design of follow-up programs for ex-trainees and new programs.

8. Exchange visits between micro-enterprise programs have a strong impact, and besides the transfer of technical know-how, they serve to boost the moral of staff of both concerned programs as they see people operating in similar environments who have come up with alternative solutions.

Discussion

By 1991, K-REP has moved towards the minimalist approach. Training will be tailored to specific client demand, but K-REP, in carrying out indirect assistance to SSEs will seek those "local organizations who have the knowledge and skills to act as intermediaries." The organizations position is that training, when genuinely needed, appropriately provided, and adequately followed-up does significantly make a difference in SSE performance. This implies that a thorough assessment of training needs is undertaken prior to the design of training sessions, and that training and technical assistance are not directly tied to credit packages.

In considering technical assistance, it will be important for K-REP to proceed on a case-by-case basis. In an interview with a long-serving K-REP Board Member, it was stressed that while the move to the minimalist approach was an appropriate one for the organization, the social objective of the organization towards of working with the poor should not be discarded. It was important to bring some of the community groups, through the provision of financial and technical assistance (hands-on training) to the point whereby they could participate in the mainstream K-REP programs.

A study from Latin American NGOs makes the point that "pre-packaged administrative procedures and technocratic management instruments" are to be avoided as "isolated events of short duration that do not respond to an overall institutional development process." 8 The key is thorough spadework during pre-training investigations and preparations, and a participatory design process.

As we noted in Section I (p.10), Liedholm and Mead point out that successful training often address a single "missing ingredient." 9 The example of production SSEs and product design and marketing was given. K-REP, in collaboration with other organizations, would likely increase their long-term impact on the SSE sector through the provision of enterprise-specific assistance of this kind.

8 Farzam Arbab, Non-Governmental Development Organizations: Report of Inter-Agency Collaboration and Institutionalization (A Learning Project), Celater-PACT, Call, 8/88, p. 70.

9 Liedholm and Mead, p. 322.

In working with NGOs, K-REP is dealing with a set of organizations with quite diverse "visions" of their respective organizational missions. Capacity-building through training involves enhancing the trainees abilities in consistently applying their institutional visions at the operational level. If K-REP is not clear on the institutional missions of their partners, this will be difficult. Therefore the need for full participation in the design and evaluation of training efforts.

III. K-REP AS A FACILITATOR OF INTER-AGENCY COMMUNICATION AND COORDINATION

A. Objective

One of the objectives of the PVO Component of the Rural Enterprise Program was:

To facilitate inter agency communication and program and policy coordination, to address the severe lack of dialogue and interchange of programmatic and technical information among Kenyan and U.S. PVOs operating locally. This lack of communication drastically reduces the level of information on assistance methodologies and related results available to PVOs and contributes to a lack of coordination in terms of assistance policies and avoidance of geographic and/or direct overlap. For these reasons, the project will undertake to facilitate increased communication among participating PVOs. The objective is enhanced dialogue and program and policy coordination among those groups.

This objective was virtually rendered moot by a 26 July 1986 letter from the USAID/Kenya Director to the K-REP Managing Director stating that given "...the recent establishment of a broad-based (USAID-supported) development assistance agency (VADA)...it is no longer fruitful to pursue this Cooperative Agreement objective. Therefore, no more project time or resources shall be expended on developing a PVO-coordinating organization which would continue project activities."

The fact that USAID's agreement with VADA was discontinued in 1987 seems not to have led to a resumed interest in K-REP assuming this role.

B. Background

The recommendation concerning the project's role as a focal point for NGO coordination in Kenya that emerged from the PISCES study commissioned by USAID/Kenya in preparation for the Rural Private Enterprise Project. This study was carried out in 1983 by a team of U.S. consultants, assisted by three Kenyan researchers from the Ford Foundation. The PISCES consultant team made an assessment of five NGO

1. As stated in the Cooperative Agreement No.615-0220-A-4005-00 between USAID/Kenya and World Education, Inc., dated May 1984.

2 Correspondance, Charles L. Gladson, Director, USAID/Kenya to Fred O'Regan, Program Director, World Education, Inc./ Nairobi, July 1986, p.2.

projects previously funded by USAID/Kenya. These were: Partnership for Productivity, the NCKK Small Business Scheme, Tototo Home Industries, Daraja Trust and Technoserve/Kenya. The purpose was in part to assess the potential for upgrading and expanding NGO programs and determine their absorptive capacity over a five year period; the purpose was also to make recommendations to USAID/Kenya on the design of an intermediary structure to assist these and other NGOs engaged in income and employment generation programs.³ The study drew attention to the paucity of communication and coordination among Kenyan NGOs providing small enterprise assistance, and suggested that a crucial element in promoting better communication would be a participatory approach to establishing the intermediary charged with the task of coordination.

C. Implementation and Results

Given the directive of the USAID/Kenya Director as well as the size limitations of the K-REP staff at the time, NGO coordination is an area where K-REP has not placed much emphasis, at least in a formal sense. There are, in any case, a number of obstacles or constraints to performing this function effectively. Some of these are examined below for possible future reference.

Constraints

The first difficulty is the lack of clarity in what was actually intended in this area. Presumably some kind of umbrella role was envisaged, whereby K-REP would convene regular meetings of NGOs engaged in small scale enterprise and employment generation -- both prospective grantees and other NGOs. This coordination and communication function has been defined much more clearly by USAID in the design of subsequent umbrella projects, for example the PVO/NGO Support Projects in Liberia and Senegal.⁴

The second constraint is that K-REP has never seen this as a priority, and has been consumed by other more immediate tasks. This is arguably the case for the wider NGO constituency as well as for the donor, USAID. If it had been a priority for them, both the funding agency and the NGOs might have encouraged K-REP to provide a more formal forum for exchanging information about programs and discussing policy issues.

³ In addition, the PISCES team carried out a social soundness analysis of the commercial lending component of the larger Rural Private Enterprise (RPE) Project, 615-0220.

⁴ The Liberia PVO/NGO Support Project has been closed, due to the civil war and the Senegal Project has not yet begun.

USAID/Kenya, as noted above, subsequently designed another umbrella project which was specifically intended to play a broader, more comprehensive role in communications and coordination among Kenyan NGOs. This was the Kenya Co-Financing Project, originally awarded to VADA (Voluntary Agency for Development Assistance) and later managed in-house by the USAID Mission.

The first design for this project included setting up information services such as an NGO newsletter, a computerized database and directory of NGO activities, a resource library and a series of studies on the role and function of PVOs and NGOs. None of this came to pass, because USAID funding was withdrawn from VADA soon after project launch due to organizational misunderstandings over the issues of control and decision-making authority.

A third obstacle has to do with the identity and origins of K-REP as an organization, both in terms of how it is perceived by other NGOs and how K-REP sees itself. Is it really considered to be a peer and equal with other NGOs? In fact, perceptions seem to have changed over time, and vary from organization to organization.

Technically, of course, K-REP is a company as well as an NGO. Also, it was set up initially as a USAID-funded project, not as the independent Kenyan institution it eventually became. This undoubtedly has influenced the early perceptions of K-REP within the NGO community. K-REP often has been viewed primarily as a conduit for USAID funds for small enterprise development. Along the way it has acquired a good reputation among NGOs for its technical expertise in small enterprise, particularly credit. In practice K-REP performs the function of an apex organization, providing financial assistance, training and technical services to NGOs engaged in the small enterprise sector. Many of K-REP's NGO clients are active in other development sectors, and word of K-REP's assistance is passed in this way to a broad array of organizations. However, K-REP has shied away from identifying in a general sense with the NGO community as a whole, and is not a prominent participant in the national debate that is currently underway regarding the legal status, privileges, and obligations of NGOs in Kenya as well as their organization as an interest group in the country.

In effect, K-REP has not been an active participant in NGO forums, at the national or international level, and has never played a strong advocacy role for Kenyan NGOs. In part, of course, this is because the organization has not seen this as a priority, as indicated above, and has not interpreted this as part of its mandate.

A fourth obstacle concerns the nature of relationships between NGOs in Kenya, and between NGOs, donors and the government. NGOs in Kenya do not have a tradition of coming together to form associations or federations, especially compared to other African countries which have experienced positive benefits from this (for example, for coordinating relief efforts and rehabilitation programs in the Sahel and in the Horn during times of drought and famine, and for formulating joint responses to government when new NGO regulations are proposed). There are historical reasons for this which include the fact that the vast majority of NGOs operating in Kenya, apart from village-level grassroots self-help efforts which are extremely strong and independent, are tied to churches. The role of the church in the country is closely intertwined with politics, especially at the local levels, and overall coordination and inter-NGO collaboration is made even more difficult than is normally the case.

Achievements

Despite the low priority accorded to NGO coordination K-REP has been involved in informal dialogue and debate about SSE programs and informal sector policy issues. Much of this has happened as a by-product of other activities rather than as part of a planned program to facilitate communication and coordination among NGOs. These activities are listed below.

1. Since the beginning of the project, K-REP has organized over 17 workshops and seminars. These training programs have provided a forum for NGO staff and field workers to exchange ideas and practical experience. This is described in more detail in section II of the report.
2. K-REP has organized two grantee retreats, beginning in November 1988. The first two-day retreat was held in Mombasa and attended by 29 senior NGO representatives. The objectives of the retreat were:
 - to improve institutional communication between K-REP and its grantees;
 - to facilitate communication and sharing of experience in enterprise development among NGOs, particularly those supported by K-REP;
 - to discuss administration and management of small enterprise projects as distinct from other types of NGO activities, with particular emphasis on credit;
 - to compare and contrast different approaches towards income and employment generation projects; and

- to discuss performance expectations and the monitoring of impact of SSE programs.

Although this was an occasion for sharing information and discussing issues quite frankly, all the formal presentations were made by K-REP staff. Participants gave positive feedback on the value of retreats, but felt that more time should be devoted to informal discussion among participants.

The second retreat was held a year later, to discuss policy and management issues in greater depth. This was attended by K-REP grantees, as well as representatives of other institutions. A third retreat is planned for November 1991, two years after the last one. 1990 was skipped because K-REP and the NGOs had barely begun to implement the minimalist credit programs.

3. In 1987, K-REP convened an initial formal meeting of organizations engaged in small-scale enterprise, to discuss issues and problems of common concern. An informal group of organizations working in SSE was formed and continues to function, but without K-REP participation.

4. K-REP has taken part in a number of international conferences and exchange visits, which have provided an opportunity to share experience of small scale enterprise programs in Kenya and learn about the theory and practice of microenterprise and credit projects in other parts of the world. This was a suggestion made by the mid-term evaluation team, and one that has certainly benefitted K-REP. Staff have visited BRAC and the Grameen Bank in Bangladesh, ADEMI in the Dominican Republic, MEDA in Haiti and ILD in Peru, to name but a few. These experiences have contributed to the evolution of K-REP's thinking about minimalist credit. Some of the organizations have made return visits to Kenya, and some of the exchanges have included grantees as well as K-REP staff.

5. K-REP has built up a strong reputation for expertise in microenterprise development. NGOs and others regularly seek out information and advice from K-REP. As an example of this, K-REP staff have been asked to provide consulting services to USAID in Malawi, to the World Bank for design of a credit program in Uganda, and to the Get Ahead Foundation in South Africa.

The organization has acquired a good collection of reports, reference documents and training materials on small scale enterprise and credit. These could be an extremely useful resource for others if they were arranged systematically and were more readily accessible.

In compiling this report, the authors encountered several NGOs who felt that K-REP could play a useful role, in facilitating collaboration among NGOs, specifically by providing a focal point for periodic get togethers of NGOs working in the small-scale enterprise sector in Kenya and perhaps the sub-region. The confusion concerning K-REP as an NGO or a "donor" (donor-representative) organization makes it imperative that it work closely with other groups in this regard and not be seen as trying to monopolise the function. But the interest is there, and NGOs involved in this sector are interested in exchanging information about their experiences in SSE work and learn of techniques that have been tried by others.

D. Lessons Learned

1) Donors and practitioners almost always claim that dialogue and coordination will lead to improvements in development programs. However, effective networking on a national and international scale is a more specialized, time consuming and costly task than people often realize. It is arguably a function for organizations that are set up primarily to act as coordinating bodies, rather than a secondary task for institutions that have other immediate priorities and lack the staff and resources to devote to networking and coordination activities.

2) In the past seven years K-REP has accumulated a great deal of experience in the small enterprise field, and has been in a privileged position that allows comparison of the different approaches of NGOs in Kenya. Moreover, K-REP is now acquiring first hand knowledge through implementation of its own minimalist credit program in Kibera. As yet K-REP has not made a concerted effort to share the lessons it has learned beyond the diminishing circle of NGOs it has supported in Kenya, despite the fact that there is a real shortage of documentation of small-scale enterprise programs in Africa, compared to the more widely known programs in Asia and Latin America.

Conclusion

K-REP's experience could be valuable to others, who struggle with similar issues and constraints -- in Kenya and in other countries. Also, and very importantly, there is still much that K-REP can learn from comparing its own work with other SSE programs. Without this sharing and cross-fertilization there is a danger of reinventing the wheel. This wider sharing could be done through publication of K-REP's methodology and research results, through a video and through exchange visits (in addition to consultancies which usually benefit

the individual more than the institution). This is an area where K-REP could take advantage of World Education's international linkages and expertise in dissemination of information.

As K-REP grows, it is important that it not try to be "all things to all men." A conclusion from a study of Latin American NGOs is relevant in this regard:

"When <NGOs> try to represent all the needs of their beneficiaries, they become confused, inefficient, and torn by contradictions. There are indeed, many advantages to specialization.. <especially> if one is part of an organic whole." 5

Operational collaboration, especially between independent-minded NGOs is never easy. It has proven especially difficult in the Kenyan context. Still, the great need for information sharing among NGOs dictates that efforts should not be spared in this regard. The need to strike the correct balance between financial sustainability and social concerns is often cited by K-REP partner agencies and even Board Members. NGOs interviewed during the compilation of this report indicated clearly their hope that K-REP in collaboration with other NGOs would facilitate exchanges between micro-enterprise promotion practitioners for the benefit of all concerned. It may be that K-REP will one day have to decide between expansion and linkage.

5 Farbab Azam, Non-Governmental Development Organizations: A Report of Inter-Agency Collaboration, Celater & PACT, Call, p. 29.

IV. THE RESEARCH, MONITORING AND EVALUATION ROLE OF K-REP

A. Background

The USAID-World Education Cooperative Agreement specifies that an objective of the Rural Enterprise Project is

"To monitor and evaluate all assisted sub-projects in systematic fashion."¹

The Co-Ag goes on to explain the rationale for this objective: given the paucity of information concerning credit programs impacting on the Kenyan poor, the need is to provide "hard analysis <and> knowledge as to what specific order, range and intensity of inputs, within what institutional framework appear to be the most strongly related to institutional success."¹

The Agreement specifically calls upon K-REP, as an intermediary organization, to "seek out sound, alternative approaches to enterprise assistance" and to systematically evaluate the results of these approaches.

B. Implementation and Results

This Research, Monitoring and Evaluation functions of K-REP have evolved considerably since the early days of the project. Since its inception, K-REP has demonstrated its ability to respond to changing circumstances and opportunities. Initially, quarterly reports were required from grantees using a format developed by K-REP. This format did not require grantees to keep exact figures breaking down, for instance, administrative costs from program-wide administrative costs. K-REP collected credit-cost data on a project-by-project basis while at the same time encouraging and assisting the NGOs to establish internal systems of their own. At this time, only limited analysis of the numbers was attempted, due to limits on staff time, but efforts were always made to use the data collected to modify, if necessary and in close consultation with the client NGOs, program strategies.

¹ Cooperative Agreement, p. 8.

Institutionalized monitoring and evaluation began in March 1988 when, with the assistance of funding from the Ford Foundation/Nairobi, C. Aleke-Dondo joined the staff as Research Officer. It should be borne in mind that many of the K-REP/NGO field programs had only just started in 1987 after 2-3 years of preparatory work and long procurement delays. 2

In assessing project impact, K-REP has developed a set of criteria that were focused on three levels of activity: the institution, the client, and the community as a whole. This system can be outlined as follows:

Institutional performance through K-REP assistance:

- * overall project performance;
- * upgrading in administrative, managerial, and technical systems;
- * sustainability of the programs and institutions assisted by K-REP;
- * broad policy and/or other non-programmatic impact.

Client performance

In enterprise development:

- * general enterprise performance and growth;
- * loan repayment;
- * enhancement of management and marketing skills.

In employment generation:

- * upgrading and securing employment;
- * direct employment creation;
- * spin-off employment creation.

In income generation:

- * increases in income to:
 - a) self-employed entrepreneurs;
 - b) group owners of enterprises.

2 The June 1987 USAID Evaluation of the K-REP project (p.21) suggested setting 17 "world standard" SSE parameters (statistical indicators) as yardsticks for their program success. K-REP established other measures which seemed more appropriate. (See F. O'Regan, MD Board/Staff memo, "Comments on USAID Evaluation Report and Current Program Status," 13/7/87. Even so, comparisons with present statistics indicate that by and large, performance has been at par with most of the Evaluation-suggested indicators.

Community level

Economic indicators:

- * increased availability of goods and services;
- * value-added among assisted enterprises (as a measure of new wealth created in the community);
- * increased access to services, credit and infrastructure for further development.

Social indicators:

- * increased levels of participation in both project and local affairs by community beneficiaries;
- * enhanced organizational capacities;
- * enhanced status and self-esteem; and
- * increased additional development activities undertaken by the community.

It must be stressed that though reports from NGOs and community groups have varied widely in quality and in regularity, K-REP has tried to overcome this through regular contacts with client organizations and training in developing mutually acceptable reporting procedures.

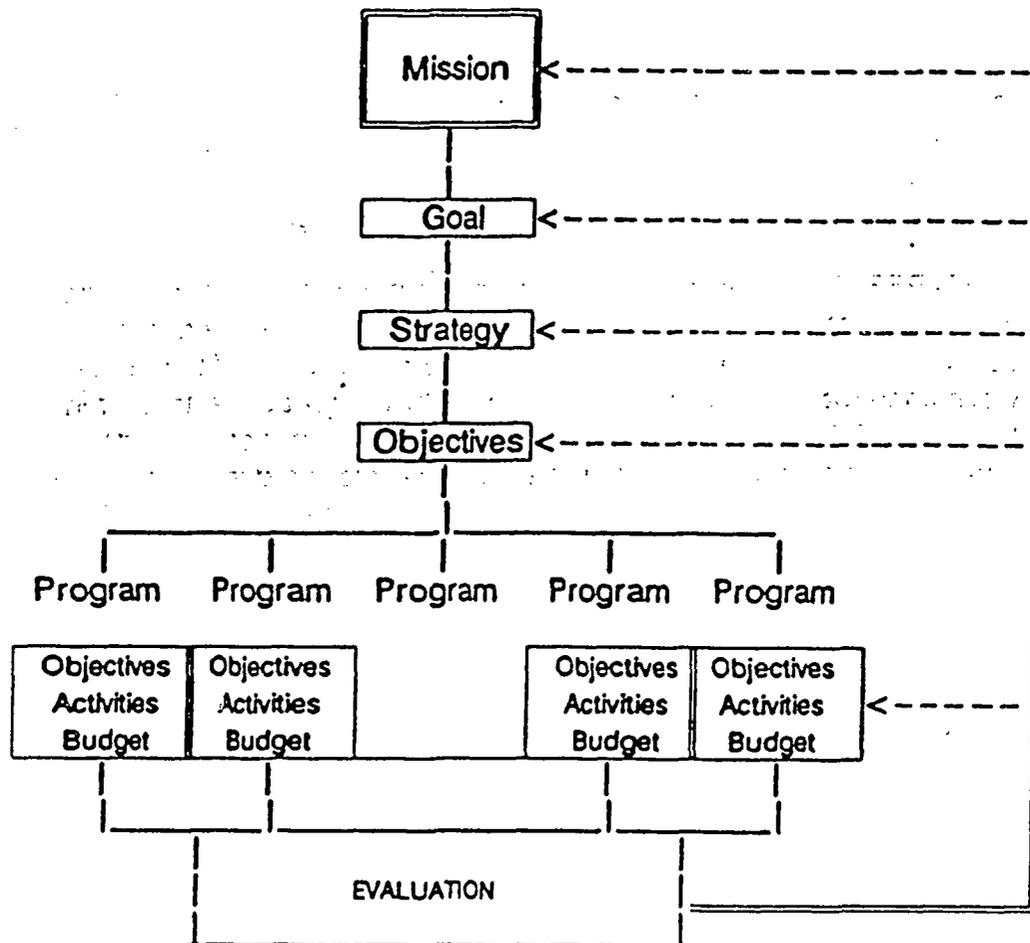
In spite of these difficulties, K-REP has developed baseline data on 1500 K-REP assisted clients. This has enabled the project to compare data on several performance indicators, which in some cases has led to the modification of NGO SSE extension strategies and consequent improvements in loan repayment rates (Upweoni, from 48%–65%, Tototo, from 52–75%).

The diagram below 3 illustrates the importance that K-REP has come to place on evaluation as a tool for improving its program, both overall and within each program area of the organization.⁴ Besides systematically evaluating each NGO grantee, the organization as a whole has undergone one formal external evaluation by USAID (June 1987) and one external audit by the USAID Inspector General's Office in Nairobi (October 1988). While the latter in particular was sometimes critical of program impact in relation to the RPE program objectives (and resulted in certain changes in K-REP's program

³ From Yoder, Richard F., 'Organization and Management Systems Assessment of the Kenya Rural Enterprise Programme,' 10/89, Werek Ltd, Nairobi, p.20.

⁴ Credit, Institution Building, Consultancy Services, and Innovations, Research & Development. These, plus Finance & Administration, constitute Werek Ltd.'s 5 Departments. (See also section V, 'Institutionalization,' of this Report.

strategy), both exercises found that K-REP's administrative systems and programs were generally well-run. K-REP's accounts are also audited by Deloitte, Haskins and Sells CPA firm on a quarterly basis, with institutional audits conducted yearly. K-REP's clients are also audited yearly.



Based on the evaluation system above, K-REP has developed an organizational mission statement, goal, strategy, and statement of objectives distinct from the RPE project-specific goals and objectives. These will be discussed in the following section of this report dealing with institutionalization.

In the SSE sector in particular, policy-making has been hindered by the scarcity and poor quality of data. Sound information is essential for technical policy analysis and projections as well as generating confidence in and gaining acceptance of innovative programs.

K-REP regards monitoring and evaluation, along with research, as an important function of its work. All funded projects are carefully monitored with results being fed into the organization's computerized data base. These program reviews are conducted both internally (K-REP and client NGO staff) and externally (outside consultants). Strategic program modifications based on the questions raised during monitoring and evaluation exercises in conjunction with information from other programs and institutions such as the Institute of Development Studies of the University of Nairobi are implemented by K-REP and its NGO partners on a regular basis. Findings from K-REP's research have been incorporated in the Government of Kenya's Sessional (White) Paper on the Informal Sector and other sectoral policy documents. In this way, the project has had a direct input into policy dialogue concerning small enterprise development.

K-REP does, however, recognize that it needs to make more efforts to disseminate the results of its research, especially to potential or actual users. NGOs interviewed during the compilation of this report were unanimous in their view that K-REP had a great deal to offer in the way of information, but that access to this information was often difficult. The need to bring the entrepreneurs into the design of monitoring and evaluation systems is evident. If the indicators being measured are not those of direct interest to the beneficiaries, they will have little impact in effecting meaningful changes in the target enterprises.

The research function of K-REP was given a major boost with the hiring of the Research Officer, funded by the Ford Foundation (Nairobi) in 1988. The K-REP Research Office, using the combined skills of the Research Officer and Kenyan consultants has since coordinated the following studies:

- * Needs Assessment for Informal Sector Enterprises;
- * Impact of Policy and Incentives on the Informal Sector;
- * Review of NGO Programmes and Their Impact;
- * Legal Constraints in the Informal Sector; and
- * Technology and the Informal Sector.

5 REP does make an effort to bring its client NGOs into the evaluation process in three ways: joint selection of the evaluation/monitoring team, and joint reviews of the findings. However, the NGO beneficiaries are not generally involved in the process to any great extent.

In addition, several papers have been prepared by the Research Department that K-REP hopes to publish as "Occasional Papers:"

- * "Financing Jua Kali (Informal Sector) Enterprises"
- * "Comparative Analysis of Performance of K-REP-Supported NGOs"
- * "Institutions Assisting Small-Scale Enterprises in Kenya"
- * "Impact of Government Policy Towards the Informal Sector in Kenya"

A key accomplishment is skill building in this area. There are now Kenyans with excellent monitoring and evaluation capabilities who have been trained on-the-job by K-REP.

Recently, K-REP has done some pioneering work in the development of systems for monitoring minimalist credit programs; this includes measurement of sustainability. However, K-REP has found it extremely difficult to obtain cost data at enterprise level. This has not proved a problem at the NGO level, however.

K-REP has not paid a lot of attention to formal training for NGOs in monitoring and evaluation, although one workshop on monitoring and evaluation was carried out in 1988-89. Monitoring and evaluation is included, however, as a component included within all K-REP workshops.

K-REP has tended to stress evaluation of the hard, monetary aspects of NGO programs and has been less strong on social impact and long-term benefits. The Sebstad/Walsh research (1991, funded under the PED program) on two K-REP programs (Mombasa/Urban, Chogoria/Rural) conducted in collaboration with the K-REP Research Department has helped K-REP define a methodology to get at other important issues, including more information on whether K-REP is actually reaching its designated beneficiaries, how the beneficiaries use the profits from their assisted enterprises (reinvestment in existing or new business lines, savings, personal consumption, investment in household improvements, investment in own or family's education, etc), what direct and indirect benefits flow to the local community (through backward and forward linkages, employment generation, etc), the effect on women both as entrepreneurs and employees, etc.

K-REP has identified/developed some very competent Kenyan evaluators during the life of the project. Several have performed several evaluations for the project and their cross-project experience has made them a valuable asset to the program as a whole.

C. Lessons Learned

1. It is extremely difficult to sensitize NGOs on the importance of data collection, monitoring and evaluation.

2. It is very difficult to collect accurate data at the enterprise level, especially on costs. (Easy at NGO level)

3. On the basis of information gathered and analyzed by K-REP, changes have been made in methodology.

4. Evaluation findings have led to needs assessment and design of new programs, in the case of new major projects.

5. In the early days K-REP placed emphasis on evaluation at the end of a project, but has since learned the value of identifying problems early on so that projects can be modified or reformulated.

6. K-REP staff have learned the importance of writing tighter contracts with NGOs, defining terms of reference for evaluation more carefully, etc.

7. Feedback on evaluation and monitoring reports is rarely given by the donors. However, apart from the criticisms of the Inspector General's Office (which conducted a mid-term audit of K-REP that was not accepted by USAID and K-REP), donors have been generally satisfied with the performance of this project.

8. Policy research which includes primary data gathering should be given high priority.

Discussion

K-REP has cause to feel satisfied with its progress to date. However, it should realize that even as a leader in its field it cannot but benefit from collaboration with other institutions involved in development work in Kenya, Africa, and the rest of the world. The 1987 evaluation urged K-REP to link up with outside SSE networks such as SEEP (Small Enterprise Evaluation Project) which links 25 NGOs working in the SSE field. It urged K-REP to emphasize research on issues that emerge from its own experience, and the experiences of its NGO clients operating in widely differing environments. Specifically mentioned were enterprise-specific research, market information for entrepreneurs, and technology for SSEs. While some of these areas have been touched, there is room for much more work. Given K-REP's priorities, there will be little option for the organization except to get involved in collaborative efforts. NGOs, in particular, need to learn together.

In the areas of evaluation and training, for example, K-REP will need to tap into outside expertise (Kenyan and other) since these are fields in which documented NGO experiences are increasingly available. Participatory models are only beginning to be tested in Kenya despite their success elsewhere. While there is no reason to doubt that they will also succeed in the Kenyan milieu, the adaption will have to be Kenya-specific. It is important that the Research and Training Departments join efforts with other institutions, especially Kenyan, in moving forward in this area. Specifically, K-REP could look into:

- * joint testing of the effectiveness of SSE and organizational development training materials;
- * working with KIE, KMAP and others in designing monitoring and evaluation strategies for SSE projects;
- * investing in management information systems;
- * examine ways that SSE (minimalist or integrated) programs can link up with the credit union network for mutual benefit; 6
- * collaboration in the design of development education strategies aimed at the Kenyan and international public. 7

Conclusion

Monitoring and evaluation are seen by most NGO grant recipients as necessary evils. The distaste can be softened if the process is made more participatory. The great need is to convince the evaluatee that the lessons that can be learned from the process are vital to organizational effectiveness.

6 There are over 900 Savings and Credit Societies in Kenya with over KShs.5 billion in savings and KShs. 4 billion in loans. So far, only a very small percentage involves SSEs.

7 An important recommendation of the International Conference on Popular Participation in the Recovery and Development Process in Africa (Arusha, 2/90) was that "African NGOs and VDOs (Voluntary Development Organizations) should broaden the dissemination of successful African popular participation and grass-root experience throughout the continent and (though) the exchange of experience thereon to create a multiplier effect and sensitize policy-makers." (Arusha Charter for Popular Participation in Development and Transformation, 2/90, III. E.2).

From the visits made to NGO offices and projects during the compilation of this report, it is obvious that K-REP enjoys a great deal of credibility among its NGO clients. It is obviously less known at the micro-enterprise level. But the need remains for K-REP and its NGO partners to design evaluation exercises that will bring the micro-entrepreneur into the process, where the concerns of the micro-entrepreneur him- or herself will become central. In this way, K-REP and the NGOs are likely to learn more about the overall impact of their efforts than if the micro-entrepreneur is seen primarily as an object of the exercise.

V. K-REPS EVOLUTION AS AN AUTONOMOUS INSTITUTION

A. Objective

The fifth objective of the PVO Component of the Rural Enterprise Program was stated in the Cooperative Agreement as follows:

To explore and develop possibilities for institutionalization of the functions performed by the intermediary. The Recipient will initially operate independently of any Kenyan organization in carrying out the functions detailed in the Cooperative Agreement. The organization may wish, however, to seek advisory counsel through formal or informal means, such as an advisory committee, in determining its project assistance and review procedures.

Further, the Recipient should explore and develop possibilities for the institutionalization in Kenya, over time, of the functions performed by the intermediary. While eventual establishment of an independent Kenyan organization is not a pre-determined requirement, it is a desirable objective and will be an issue of continuing importance which should be considered in the planning and management of the Cooperative Agreement. World Education's proposed approach to institutionalization in their January 13, 1984 Application, as revised on February 27, 1984, is accepted and incorporated herein by reference. ¹

Finally, the intermediary will be free to negotiate with additional international donors for the purpose of providing additional support for projects in this sector. USAID, in fact, encourages such a strategy since it will lead to a decreasing relative cost burden on USAID for programs in this sector and will encourage greater operational autonomy for the organization. USAID will require, however,

(i) that additional donors contribute to the operations of the intermediary itself as well as to sub-projects and

(ii) that senior staff spend no more than 10% of professional time in such negotiations. As to differing criteria among different donors, USAID does not object to additional or different project criteria being utilized by the intermediary so long as the criteria cited herein continue to be followed in all sub-projects being financed with USAID funds.

¹ World Education's Application for the Cooperative Agreement described the organization's long history of working with indigenous organizations and strong background in organizational development and institution strengthening. (Section II, pages 11-17).

B. Background and Legal Context

The Kenya Rural Enterprise Programme is the only USAID-funded umbrella project that has been transformed into an autonomous local organization. This is a major accomplishment. It has been facilitated by the main actors in the evolving institutional identity of K-REP. The importance of their roles and contributions is considered in the implementation section below.

It is important that the Kenyan organizational context should be understood in looking at the development of K-REP as an institution. Some of these have favoured the emergence of the organization as an independent Kenyan institution. But Kenya has opted for a relatively control-oriented strategy compared to other African countries which have a more laissez-faire attitude to foreign investment and development assistance. This has had the effect of limiting to some degree the registration of (especially) foreign NGOs.

Initially the Kenya Rural Enterprise Programme operated as a USAID-funded project of World Education Inc., with headquarters in Boston, USA. During the first year of the project World Education attempted, unsuccessfully, to register the Rural Enterprise Program as a Kenyan subsidiary of WEI. Since 1984 the government has allowed very few international NGOs to become established in Kenya, and World Education was not registered in Kenya prior to the award of the first USAID Cooperative Agreement. Registration as a society proved difficult, and eventually the issue was dropped because the program was able to operate as a USAID-funded project.

However, in late 1986 the question was raised again, through the possibility of additional USAID funding from the Private Enterprise Development (PED) project, which was not automatically available to a non-registered US PVO. At that point registration of K-REP as a Kenyan organization was favoured over registration as a US PVO, particularly by leading members of the Project Review Committee. A firm of legal advisers assisted with the process and on 2 April 1987 WEREP was incorporated under the Companies Act, following the approval of the Attorney General on 26 March 1987. Legally WEREP is a Kenyan company limited by guarantee, with no share capital. It is recognized as an organization with social and developmental goals, and is required to use all funds (including any surpluses) for these purposes.

The Kenya Rural Enterprise Programme, under its legal name, Werep, Ltd, is legally constituted as a non-governmental organization. It has so far not joined the national NGO coordinating body, KNCSS.

Like most NGOs, it is awaiting the implications of the new NGO statutes, passed this year, in terms of formal re-registration as a non-governmental body.

C. Implementation and Results

Many people believe that the creation of a strong, autonomous Kenyan institution is the most significant achievement of this project. The K-REP board and staff are very proud of this accomplishment. World Education points to K-REP as an excellent example of its commitment to building independent indigenous institutions and skill in transferring ownership of project activities to local partners. K-REP's donors have also supported the development of an independent organization. The roles and contributions of the different stakeholders are considered here in turn.

K-REP Staff

The K-REP staff has grown dramatically from 1984, when the program was run by a small team of two expatriates and 3 Kenyan professionals, with four support staff. In December 1989 K-REP had a total of 15 staff members, and by March 1991 the total had risen to 27. Today the organization has ten professional staff (including only one expatriate), eight support staff, and a team of ten staff for the Juhudi credit programs in Kibera and Eldoret.²

The organic growth and increasing complexity of K-REP as an institution is illustrated by the comparative organizational charts on the following pages. Staff has grown from its initial six people to 30 seven years later, keeping pace with the expansion of its program activities. Ford Foundation's grant, for example, has allowed the creation of much more strongly staffed and equipped Training and Research Departments. There are currently five departments, each headed by a professional staff member who reports through the Deputy Managing Director³ to K-REP's Managing Director. This latter position is filled by a U.S. national, provided by World Education through a three-year sub-contractual arrangement with K-REP that runs until 30 June 1992.⁴

² The Juhudi program in Eldoret is only just beginning, with the recent recruitment of a second Area Credit Officer at the beginning of June, 1991, who will head the new Eldoret team.

³ The position of Deputy Managing Director is held by A. Kmanthi Mutua. It was approved by the K-REP board in January 1990.

⁴ The sub-contract is funded through USAID's Private Enterprise Development Project (PED) grant rather than RPE.

There has been an evolution in terms of staff responsibilities as the organization has grown. The original K-REP project (before it became an independent institution) adopted a "team approach", under the leadership of the first Project Director, Fred O'Regan. This meant that each staff member (including the Director) assumed a lead role for a certain number of NGO projects, in addition to his or her specialized technical responsibilities. Projects were discussed by everyone, in order to build a cohesive team with shared decision-making responsibilities. The approach was also intended to extend as much as possible the number of projects that K-REP could handle at any given time.

Today the management structure is organized along much stricter functional lines, following the recommendations made by Rick Yoder after he took over as Managing Director in mid 1989.⁽⁵⁾ The new management system encourages participation in decision-making through structured weekly meetings of senior staff and a work team approach to task management. Participation is, however, "controlled" by senior management so that those who need to know and need to be involved participate, rather than the more time consuming and less manageable practices in many NGOs of participation by everyone!

K-REP staff are well-paid, well-qualified and have accumulated a great deal of knowledge and experience in the small enterprise sector. They are extremely committed to the organization and its mission, many having been with K-REP since its inception. Staff turnover has been low, particularly at senior levels, and the organization has been able to attract new employees of high calibre. The organization today is highly respected nationally and internationally⁶, largely because of its exceptionally talented staff and strong leadership -- provided by both senior management and the K-REP board.

The WEREP, Ltd. Board of Directors

There are currently nine voting members of the WEREP, Ltd. Board of Directors, including the Managing Director. Five were among the nine signatories of the Memorandum of Association when WEREP was founded as a company in September 1986.⁽⁷⁾ Three board members serve

⁵ These recommendations were made first to the staff in November 1989, and then to the Board in December 1989. See Draft 3 of Rick Yoder's report "Organization and Management Systems Assessment of the Kenya Rural Enterprise Programme (Werop Ltd)", dated 29 December 1989.

⁶ The growing reputation of K-REP is illustrated by the number of consultancy services it is asked to provide. In the past year staff have acted as advisers to USAID in Malawi, the Get Ahead Foundation in South Africa, the World Bank in Uganda and UNDP in Kenya.

⁷ Registration came several months later, on 2 April 1987.

on the Executive Committee and meet whenever needed (on average six times a year). Full board meetings are held on the average three times a year. The functions of the Board are to determine the mission, goals, objectives and strategy of the organization; to set policies and approve procedures; and to appoint senior managers.

The Project Review Committee, is made up of Board Members and some of the K--REP staff. They meet on an as needed basis to make recommendations on projects referred to them by the staff.⁸ Originally this was the function of the "Project Advisory Committee," the forerunner of the Board. Although RPE funding for large projects (over \$100,000) had to be subsequently approved by USAID, the Committee took its role of reviewing and recommending projects very seriously. Committee members engaged the staff in long, substantive discussions and quite frequently visited project sites in order to become more familiar with the small business programs of NGOs.

The Project Advisory Committee and now the Board is composed of an interesting mix of very senior people from government, the private sector and academic institutions. Several members have previous or current experience with NGOs. The Chairman, Mr. Bethuel Kiplagat, is Permanent Secretary in the Ministry of Foreign Affairs. He was formerly Deputy General Secretary of NCCK. Other public figures are: two Assistant Ministers, a Chief Magistrate and a Municipal Councillor. The business and banking sectors are represented, as well as development research. USAID was represented through the membership of Justus Omollo, who worked as Projects Officer at the Mission until his tragic death in December 1990.

The Board has shown strong leadership, particularly in facilitating relationships with the Kenyan government and in charting a course for K--REP as an independent Kenyan organization. However, the Chairman talks of an exciting, "osmotic" relationship between staff and Board, and a vision of the organization that is both shared and institutionalized, rather than held by a single charismatic leader.

World Education

World Education, which has a well established track record of institution building and support for local NGOs, has played an important role in the evolution of K--REP. Firstly, it demonstrated from the outset a commitment to fostering the formation of a Kenyan organization -- both in the design and early implementation of the K--REP project. Its decentralized system of project management, and

⁸ See Section I of this report for a diagram of the grant-making and non-financial assistance process.

belief that decisions should be made by people who are involved in projects on a day-to-day basis, has contributed to this "enabling environment".

In the early years of RPE a considerable amount of short-term technical assistance was provided by expatriates (primarily through the subcontract with Partnership for Productivity that was later taken over by World Education), but as the project matured it made increasing use of Kenyan expertise. Now most of the short-term consultants who conduct research and evaluations for K-REP are drawn from a pool of well-qualified and experienced Kenyan specialists. One of the challenges now facing World Education and K-REP is how to define and maintain linkages that are beneficial to both organizations.

There are some exciting possibilities that draw on the distinct and complementary institutional strengths of each partner. For instance, World Education and K-REP are planning to publish some training materials jointly, and are developing plans for beginning a new small enterprise program in Uganda. K-REP will contribute technical expertise in SSE and the design of credit programs, as well as close regional ties with neighbouring Uganda. World Education will add its experience in organizational development and training.

K-REP Donors

USAID, as the initiator and major funder of K-REP, was unusually far sighted in making provision for the creation of an independent national organization. This was proposed by the PISCES team in 1983, when they were commissioned to assist USAID/Kenya with a preliminary assessment of income generation activities and the design of the Rural Private Enterprise Project. The team recommended setting up an autonomous intermediary entity, formed in partnership with a U.S. PVO, that would be spun off as an independent Kenyan-registered corporation within four years; staffed by two expatriates and four to six Kenyans who would be trained to assume leadership of the organization; and a Board of Directors composed of representatives from two or three ministries (to ensure government consent and ongoing consultation), from the private sector (business people with demonstrated interest and commitment to socio-economic development) and from NGOs (excluding those that would be potential beneficiaries of the intermediary).¹⁰

⁹ Program for Investment in the Small Capital Enterprise Sector .. a project of the Bureau for Science and Technology at USAID/Washington, designed to assist in the development and monitoring of income generation programs for the self-employed poor.

¹⁰ PISCES Study, 1983, Part III pages 131-137

USAID's willingness to allow K-REP to seek funding from other donors right from the start has contributed to the formation of an independent organization that is not completely dependent on a single funding source. Both PACT (Private Agencies Collaborating Together, a U.S.-based NGO consortium) and the Ford Foundation provided financial support in the early years of K-REP, both of which contributed to the strengthening of the organizations outreach functions in the areas of technical assistance and training. Ford Foundation funding for the training and research functions of K-REP continues to be very important to K-REP, both in terms of its own growth and development as an institution and in terms of the services and institutional support it provides to other NGOs -- albeit fewer in number now than in the mid 1980s.

With the development of its minimalist credit program, K-REP has attracted the interest of other international donors, including British ODA, the Scandinavian agencies FINNIDA and NORAD (11), and the Canadian International Development Agency (CIDA). The Dag Hammarskjold Foundation of Sweden appointed K-REP to be the secretariat for their indigenous publishers promotion credit guarantee scheme implemented through Barclays Bank. As funding relationships are developed with a larger number of funders, K-REP is encouraging the formation of a consortium or 'round table' of donors, to enable the staff to get together with funding partners to plan programs, coordinate support and discuss progress.

Throughout most of its existence K-REP has had an excellent relationship with USAID. It has been a project with high visibility, attracting considerable international attention as a pioneering small-scale enterprise program and one of the first to apply and adapt a minimalist credit methodology in an African context. The interest and support from USAID staff, both in the Kenya Mission and in Washington, have provided K-REP staff with opportunities to learn from SSE experiences elsewhere and the space to experiment with innovative and sometimes risky approaches to developing their work and their institution.

A second important achievement of K-REP is the progress it has made through a process of managed growth leading to eventual financial sustainability. This is being done in a number of ways. Firstly by gradually diversifying its donors, as described above, so that it not overly dependent on USAID -- or any other single funding source. Secondly, with the development of a minimalist strategy K-REP is becoming increasingly conscious of the need to keep running costs as low as possible, to set interest rates on loans at a level which will cover the costs of credit delivery and keep the value of the loan fund

11 Negotiations were well advanced with NORAD when the agency left Kenya this past year.

intact, and to provide training and technical assistance to clients on a fee-paying rather than an entirely subsidized basis. Thirdly, it is decentralizing budgetary responsibility and introducing cost centers, so that each department of K-REP develops an annual budget and sets income goals (for consulting work, training and technical assistance, interest earnings on credit, etc).

Although much of the impetus for financial autonomy has come from the Private Enterprise Development program rather than the RPE grant, the issue of cost effectiveness was raised by USAID during the mid-term evaluation of RPE funding and again during the 1988 audit. K-REP staff began to seriously address the questions of cost and financial sustainability in 1988, by assessing much more rigorously the NGO programs they had supported as well as K-REP itself. As a result of that assessment process the decision was made to channel credit funds through a much smaller number of NGOs, selected on the basis of the efficiency of their programs and capacity to adopt the new Juhudi methodology developed by K-REP.

D. Lessons Learned

1. The issues of institutionalization and sustainability should be considered at the outset, preferably at the planning stage, so that a strategy can be formulated to address the issues. Too many projects think about this at the end, when they are about to close.

2. Support from the parent organization for institutionalization and autonomy is essential. The dilemma for the parent organization is how to look after its own institutional interests and survival, particularly once the new organization it has helped to build becomes independent and wants to seek other institutional partners. Some aspects of this issue are very specific to Kenya and this program: for example, the lack of technical expertise in SSE within World Education, which is a handicap in its continued relationship with an independent K-REP; also, the difficulty for World Education to develop new projects in Kenya because K-REP might see this as duplication of the services it offers to NGOs.

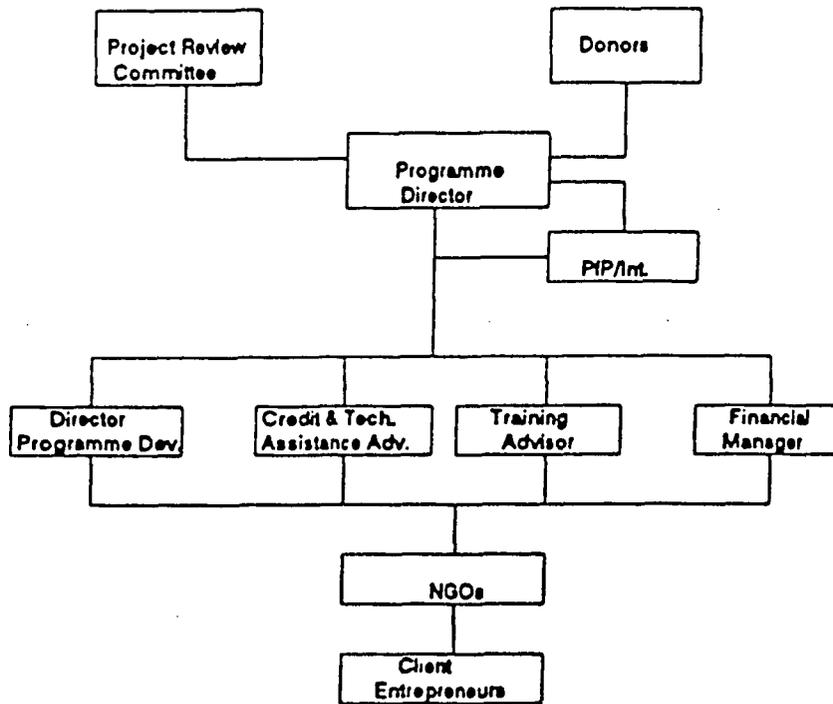
3. How does a young organization, with resources that would be the envy of other national institutions, guard against co-option by local interest groups? K-REP has demonstrated the importance of selecting highly credible and influential people for advisory and board positions, who do not stand to gain financially from the organization.

4. K-REP's experience shows that donor agencies should not be represented on the board. Justus Omollo (former board member and Project Officer at USAID) was an exception. A recent request from ODA for a board position was rejected.

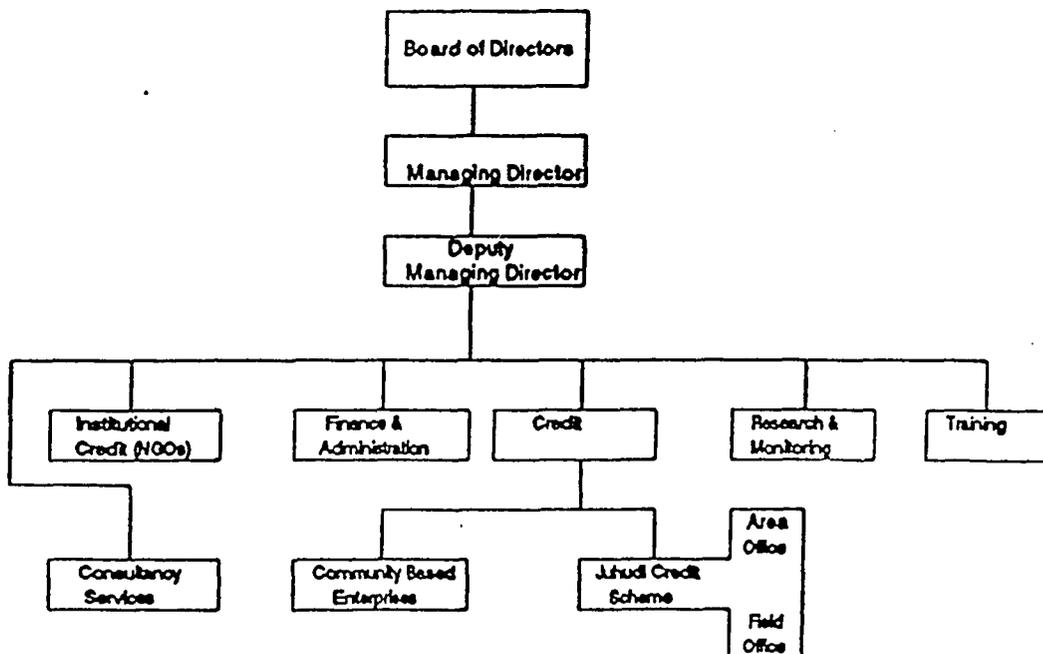
5. Even though one of K-REP's objectives was to target women as program beneficiaries, there has been a lack of gender balance on the staff -- particularly at the level of senior management. At the board level there is a better balance (3 out of 10 board members).

COMPARISON OF ORGANIZATIONAL CHARTS
(1984 & 1991)

1984



1991



FINANCIAL REPORT

	Total Budget US \$	Through Feb. 1991 US \$	March to June 1991 US \$	Through June 1991 US \$	VARIANCE	
					US \$	%
I Salaries & Fringe						
- Home Office	\$124,799.00	\$119,378.04	\$53,353.11	\$172,923.17	(\$44,124.17)	-34.24%
- Field Staff	\$940,418.00	\$956,642.16	\$11,348.48	\$967,970.64	(\$27,532.64)	-2.79%
- Fringe	\$316,928.00	\$314,776.12	\$27,935.24	\$332,711.45	(\$32,773.43)	-11.99%
	\$1,404,155.00	\$1,391,008.41	\$102,596.85	\$1,493,605.26	(\$89,454.26)	-6.37%
II Cooperating Nationals	\$99,450.00	\$99,411.21	\$4,540.81	\$105,972.02	(\$4,522.02)	-4.54%
III Consultants	\$103,077.00	\$103,077.22	\$4,084.53	\$109,163.75	(\$4,084.75)	-3.91%
IV Travel & Transport	\$305,923.00	\$299,907.54	\$31,304.09	\$331,215.63	(\$25,292.63)	-8.27%
V Allowances	\$137,398.00	\$146,714.44	\$4,183.55	\$152,900.81	(\$14,902.81)	-10.80%
VI Other Direct Costs	\$264,815.00	\$264,000.52	\$34,504.40	\$300,500.92	(\$34,485.92)	-12.94%
VII Equipment, Materials & Supplies	\$264,285.00	\$114,379.81	\$137,409.94	\$273,789.77	(\$7,504.77)	-2.82%
VII Overhead	\$921,230.00	\$913,678.28	\$71,734.40	\$985,434.68	(\$64,204.68)	-6.97%
IX PFP Sub - Contract	\$215,029.00	\$215,029.00	\$0.00	\$215,029.00	\$0.00	0.00%
Sub - total operating expenses	\$3,819,162.00	\$3,649,204.39	\$418,402.59	\$4,067,610.98	(\$248,448.98)	-6.51%
X Sub - grantees expenses	\$3,452,392.00	\$3,275,453.82	(\$294,542.38)	\$2,978,911.44	\$473,680.56	13.72%
XI Loans	\$11,000.00	\$0.00	\$470,328.58	\$470,328.58	(\$39,122.58)	-3.56%
Total	\$7,792,159.00	\$6,974,667.21	\$1,092,388.79	\$7,517,051.00	\$184,108.00	2.42%

List of Persons Contacted in Compiling this Report

K-REP Nairobi

Dr. Richard Yoder, Managing Director
 Mr. A. Kimanthi Mutua, Deputy Managing Director
 Mrs. Phyllis W. Kibui, Finance & Administration
 Mr. Stephen Mirero, Institutional Credit Manager
 Mr. C. Aleke-Dondo, Research & Evaluation Manager
 Mr. Kamau Kabbucho, Training Manager
 Mr. Henry Oketch, Research Officer

K-REP Board Nairobi

Mr. Bethuel A. Kiplagat, Chairman
 Hon. Mathias B. Keah, M.P., Member

USAID Nairobi

Ms. Alfreda Brewer
 Mr. Victor Masibayi
 Ms. Sandy Severin

NGOs and Foundations/Nairobi

Rev. Henry T.N. Kathii, Director, UCIP/NCCCK
 Mr. Harun Baiya, Representative, VITA/Kenya
 Mr. Awori Achoka, Director, KENGO
 Mrs. Margaret Mwangola, KWAHO
 Mr. Seydou Sall, African Association for Literacy and Adult Education (AALAE)
 Mrs. Njoki Wainaina, African Women's Development and Communications Network (FEMNET)
 Ms. Nancy Wilson, Ford Foundation
 Mr. P. Kirui, KWAHO (formerly with Kenya Womens Finance Trust)
 Ms. Mary Kange, Credit Program Coordinator, NCCCK
 Mr. Chester Wells, Mutomo Technical Centre (on mission)

NGOs/Eastern Province

Dr. Collins Fishbacker, C.M.O., PCEA/Chogoria
 Mr. Franklin Micheni, Acting Credit Project Manager, PCEA/Chogoria
 Mr. Nkonge, Hospital Administrator, PCEA/Chogoria
 Sr. Riungu, PCEA/Chogoria
 Fr. Locati, Isiolo Deanery, Meru Diocese (Isiolo)
 Mr. Christopher Lokeyo, Credit Project Officer, Isiolo Deanery, Isiolo
 Mr. Robert N. Oenga (Consultant), PCEA/Chogoria (on mission).

BOARD / PROJECT REVIEW COMMITTEE MEMBERS

Mr. Bethuel A. Kiplagat	Permanent Secretary Ministry of Foreign Affairs P.O. Box 30551 Nairobi
Hon. Mathias B. Keah, M.P.	Assistant Minister Ministry of Finance P.O. Box 30007 Nairobi
Dr. Kabiru Kinyanjui	Senior Programme Officer International Development Research Centre P.O. Box 62084 Nairobi
Hon. Dr. Bonaya A. Godana, M.P.	Assistant Minister Ministry of Foreign Affairs P.O. Box 30551 Nairobi
Miss Mary Ang'awa	Chief Magistrate Rent Tribunal Court P.O. Box 60498 Nairobi
Mr. Francis Kihiko	Projects Officer PCEA Headquarters P.O. Box 48268 Nairobi
Mrs. Alicen J. Ronoh	Councillor Municipal Council of Nakuru P.O. Box 7192 Nakuru
Mrs. Grace Okemo	Chief Accounting Manager Finance and Administration Kenya Commercial Bank P.O. Box 48400 Nairobi

K-REP EMPLOYEES AS AT JULY 15, 1991

Professional Staff

1.	Dr. Richard Yoder	Managing Director
2.	Mr. A. Kimanthi Mutua	Deputy Managing Director
3.	Mrs. Phyllis W. Kibui	Finance & Admin. Manager
4.	Mr. Stephen Mirero	Institutional Credit Manager
5.	Mr. Christopher Aleke-Dondo	Research & Eval. Manager
6.	Mr. Kamau Kabbucho	Training Manager
7.	Mr. John M. Lwande	Credit Manager
8.	Mrs. Rose Mwaniki	Projects Officer - NGOs
9.	Mr. Henry Okech	Research Officer
10.	Ms. Nancy Thuo	Projects Officer - CBEs

Support Staff

11.	Ms. Sylvia Sambo	Senior Secretary
12.	Ms. Eva Mdachi	Secretary
13.	Mrs. Harriet Kirimi	Secretary
14.	Miss. Patricia Karuiru	Receptionist
15.	Miss. Kanini Kioko	Research Assistant
16.	Mr. Renson Kafani	Accounts/Admin. Clerk
17.	Mr. Joshua Oboyo	Driver
18.	Mr. Philip Muli	Messenger/Driver/Cleaner

Juhudi Credit Scheme - Kibera

19.	Mr. Moses Banda	Area Credit Officer
20.	Miss. Elizabeth W. Mbuthia	Accountant
21.	Ms. Joyce Charo	Credit Officer
22.	Ms. Carolyn Njari	Credit Officer
23.	Mr. Peter Njunge	Credit Officer
24.	Mr. Patrick Ekirapa	Credit Officer
25.	Miss. Mary Kaari	Secretary
26.	Mr. Charles Otieno	Messenger/Cleaner
27.	Mr. James Moite	Watchman
28.	Ezbon N. Karigi	Credit Officer
29.	Lawrence Otieno	Credit Officer

Juhudi Credit Scheme - Eldoret

30.	Ms. Teresa Maru	Area Credit Officer
31.	Beatrice A. Odiyo	Credit Officer
32.	Lucas Wegesa	Credit Officer
33.	Crispin T.O. Ndege	Credit Officer
34.	Joshua K. Marta	Credit Officer
35.	Purity W. Theri	Secretary