

# EVALUATION

## EVALUATION OF THE AGRICULTURE, RURAL DEVELOPMENT AND FOREST SECTOR PROGRAMMES IN AFRICA

Country Report: KENYA

(Final version)

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The logo for NIRAS, consisting of the word 'NIRAS' in a bold, uppercase, sans-serif font. The letter 'I' is stylized with a red accent that curves over the top of the letter.

**August 2019**

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# Acronyms and Abbreviations

ARDF	Agriculture, Rural Development and Forestry
ASALs	Arid and semi-arid lands
CSO	Civil Society Organisation
DPs	Development Partners
EQ	Evaluation Question
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAV	Finnish added value
FFF	Forest and Farm Facility
GoK	Government of Kenya
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
HRBA	Human Rights Based Approach
ICI	Institutional Cooperation Instrument
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
JCS	European Joint Cooperation Strategy (with Kenya 2018-2022)
KFS	Kenya Forest Service
LUKE	Natural Resources Institute Finland
METLA	Finnish Forest Research Institute
MFA	Ministry For Foreign Affairs
MMMB	Miti Mingi Maisha Bora
MT	Management Team
MTE	Mid-Term Evaluation
NAMA	Nationally Appropriate Mitigation Action
NGO	Non-Government Organisation
OECD	Organisation for Economic Co-operation and Development
PD	Programme Document
PFP	Private Forestry Programme
SDG	Sustainable Development Goal
SMEs	Small and medium-sized enterprises
TA	Technical Assistance
TL	Team Leader
UN	United Nations

UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollars
VC	Value Chain
VCA	Value Chain Analysis
WB	World Bank



# Key Findings, Conclusions and Recommendations

Findings	Conclusions	Recommendations
<p><b>EQ 1: How can Finnish co-operation efforts best contribute to the achievement of the SDGs - as well as other relevant international agreements - through ARDF sectors making optimal use of its comparative advantages?</b></p>		
<p>Finding 1. Past Finnish ARDF cooperation in Kenya - which has been mostly centred on the forest sector - was fully relevant and consistent with MFA's policy and country strategy priorities. These included a focus on environment and forests, and on increasing community, civil society and private sector participation in the management and use of forest and water resources.</p> <p>Finding 2. Past ARDF support - and forest sector support in particular - mostly contributed to achievement of SDG 1, 5, 8, 12, 15 and 17, and to a lesser extent to SDG 2, 13 and 16 as well. Most of these contributions, however, are not very explicit nor well documented, in part because SDG indicators were formulated after Finnish ARDF support ended.</p> <p>Finding 3. Main future challenges in the Kenyan forestry sector relate to (1) increasing forest production to meet a growing demand; and (2) enhancing efficiency in wood processing, and (3) improving forest extension services (refer to Context 7).</p> <p>Finding 4. Finland is perceived, by actors in the Kenyan forest sector, as having a clear comparative advantage over other donors in the sector.</p> <p>Finding 5. The current country strategy (2016-2019) envisages further support to the forest sector, primarily to support jobs creation and livelihoods. Other outcomes, such as contributions to food security, climate resilience and governance - and to the related SDGs - could be made more explicit.</p> <p>Finding 6. The MMMB and the National Forest Programme provide a solid basis for continued support to the forest sector, by Finland or other donors, in synergy with other initiatives. However, commitments have been put on hold, mostly in view of constraints in the policy sphere.</p>	<p>Conclusion 1. In Kenya, Finnish support to the forestry sector can make an important contribution to jobs, food security, climate change mitigation and adaptation. It also contributes to and to governance and democracy objectives, other Finnish priorities. Its perceived comparative advantage in the forest sector could further capitalise upon achievements under the MMMB and other forest sector support. Key challenges to address include low production, low efficiency in processing and lack of forestry extension services. (This conclusion is based on Context 1, Context 3, Context 5, Context 7, Context 12, Finding 1, Finding 3, Finding 4, Finding 5 and Finding 6 and is the basis for Recommendation 1.)</p>	<p>Recommendation 1. Considering the comparative advantages and the niche position of Finnish cooperation in forestry in Kenya, it is recommended that future Finnish support in ARDF continues concentrating on the forest sector, supporting Kenya to meet its timber and fuelwood deficits and approach its target to increase forest cover to 10% by 2022. Besides generating employment and green growth, this will contribute to achievement of a series of economic and environment-oriented SDGs including climate change objectives. (This recommendation is based on Context 9, Conclusion 1, Conclusion 5, Conclusion 8, Conclusion 13 and Conclusion 14).</p>

Findings	Conclusions	Recommendations
<b>EQ 2: Under what conditions can a value chain approach increase finance and investment in sustainable forestry and agriculture - while benefiting final beneficiaries in a sustainable way?</b>		
<p>Finding 7. The MMMB has, with mixed success, applied a VC approach to some extent; support focused on production and capacity development of producers, while market demand and support to other actors in the chain was largely ignored.</p> <p>Finding 8. Capacity and skills development of farmers' groups organised around commodities, in entrepreneurship and management of savings and loans, is a key success factor for sustainable business development.</p> <p>Finding 9. Recent VCA work in the country suggests that other donors still consider the VCA a valid approach for improvement of the incomes and assets of smallholders.</p> <p>Finding 10. Development Partner sources have argued that (private) timber value chains have an even higher commercial potential than the agricultural value chains, for reason of the scarcity of timber-based products.</p>	<p>Conclusion 2. In the forestry sector in Kenya, Finland has applied the value chain approach to a limited extent and with mixed success; the focus was mostly on producers and production, while market demand and other actors in the chain were largely ignored. Despite limited success, private timber value chains reportedly have an even higher commercial potential than the agricultural value chains, for reason of the scarcity of timber-based products. (This conclusion is based on Finding 7, Finding 9 and Finding 10 and is the basis for Recommendation 2).</p> <p>Conclusion 3. Experience of other donors in the ARDF sectors in Kenya shows that a VC approach is viable for improving incomes and assets of smallholders. Key success factors include (1) combining 'soft' and 'hard' activities (i.e. training and infrastructure); (2) support to producer groups; (3) community-based planning. MMMB experience suggests that capacity and skills development of farmers' groups, in entrepreneurship and management of savings and loans, is another success factor. (This conclusion is based on Finding 8 and Finding 9 and is the basis for Recommendation 2).</p>	<p>Recommendation 2. Finnish support to the Kenyan forest sector would best strengthen private forestry development in multi-functional landscape or nexus approach, reconciling the interests of different stakeholders in forests. (This recommendation is based on Finding 33, Conclusion 1, Conclusion 3 and Conclusion 14).</p> <p>Recommendation 3. MFA should assess the commercial potential of timber and other key forest-based value chains in Kenya as a basis for private forestry development. Provided For viable value chains are economically viable, a value chain approach has the potential to contribute to improving incomes and assets of smallholders, provided that (1) market demand and access are properly considered, (2) both human capacities, particularly entrepreneurship and management of savings and loans, and infrastructure are developed, (3) producer groups are supported and (4) planning is community-based. (This recommendation is based on Conclusion 2 and Conclusion 3).</p>



Findings	Conclusions	Recommendations
<b>EQ 3: How can cross-cutting objectives and HRBA be successfully integrated and implemented in such a way that they support achievement of the Finnish development cooperation objectives and objectives of the ARDF interventions?</b>		
<p>Finding 11. For HRBA tools (various analyses) to be effective, they should be used right from the formulation stage onwards, to provide a basis for HRBA programming, implementation and M&amp;E.</p> <p>Finding 12. A key success factor to integrating cross-cutting issues and HRBA into programme design and implementation is to have all programme staff well knowledgeable about these concepts.</p> <p>Finding 13. HRBA and cross-cutting issues are best applied when they are part of and supported by the national policy framework. While programmes can build capacities of national institutions and support the implementation, ownership of the principles should rest in the national policy framework.</p> <p>Finding 14. Climate change was poorly integrated in the MMMB programme, even though this would have been highly relevant.</p>	<p>Conclusion 4. The HRBA approach was adopted in the course of MMMB implementation only and could be integrated to some extent. As a result of dedicated training and conducive national policies, MMMB performed reasonably well in strengthening human rights and gender equality. To be effective, however, HRBA tools should be used right from the formulation stage to provide a basis for HRBA programming, implementation and M&amp;E. (This conclusion is based on Finding 11, Finding 12 and Finding 13 and is the basis for Recommendation 3).</p> <p>Conclusion 5. Climate change was poorly integrated, even though it would have been highly relevant. (This conclusion is based on Context 2, Context 3 and Finding 14 and is the basis for Recommendation 4).</p>	<p>Recommendation 4. The contribution of ARDF interventions to Finnish priorities and cross-cutting objectives, such as food security and access to water and energy, good governance and climate change mitigation and adaptation needs to be made more explicit. Also, ownership of cross-cutting objectives and HRBA objectives in ARDF interventions is best pursued through applied training of programme implementation teams in a perspective of linkages with national objectives and priorities. (This recommendation is based on Conclusion 4 and Conclusion 5).</p>
<b>EQ 4: What are key success factors for achievement of 'reduced poverty and inequality', in particular in terms of benefits for women, vulnerable groups, and small and medium-size farmers?</b>		
<p>Finding 15. Despite the modest scale of commercial activities around government plantations and in the ASALs, the community groups' activities have had highly significant impacts on people's food security, livelihoods (allow parents to pay school fees or solve health problems) and income.</p> <p>Finding 16. A key success factor for reducing poverty and inequality seems to be access to income-generating activities, which creates jobs, income and improves livelihoods.</p> <p>Finding 17. Other success factors include national policies and institutional capacities of the duty-bearers to ensure that the rights of the right-holders are</p>	<p>Conclusion 6. Key success factors for reducing poverty and inequality in ARDF in Kenya are (1) an enabling environment including a legal framework and institutional capacities, notably capacities of duty-bearers to fulfil their duties towards the right-holders; and (2) right-holders' awareness of their rights and capacities to voice their concerns and participate in decision-making processes. (This conclusion is based on Finding 15,</p>	<p>Recommendation 5. Effective reduction of poverty and inequality require an enabling legal framework and strengthening of duty-bearers' capacities to fulfil their duties towards right-holders. At the same time, right-holders need to be made aware of their rights and their participation in relevant decision-making needs to be facilitated. Given the significant difference in poverty levels, interventions</p>

Findings	Conclusions	Recommendations
<p>fulfilled; they lay a basis for potential scaling up of allow for poverty and inequality reduction efforts to be scaled-up nationwide.</p> <p>Finding 18. While there are numerous good examples of reduced poverty and inequality under the MMMB, the challenge remains in scaling up of the small-scale local experience; project impact was also badly affected by constraints in the external environment outside the programme’s control.</p>	<p>Finding 16, Finding 17 and Finding 18 and is the basis for Recommendation 5).</p>	<p>in the ASALs would potentially contribute more to poverty reduction objectives than interventions in and around the forest reserves. (This recommendation is based on context analysis and Conclusion 6).</p>
<p><b>EQ. 5: How can investment in sustainable land use and land management be made inclusive of smallholder and community needs while being attractive to responsible investors at the same time?</b></p>		
<p>Finding 19. The MMMB programme had no explicit ambition to promote any external investment in land use and land management (inclusive of smallholder and community needs). Over the evaluation period, Finland has hardly facilitated any external investment in the ARDF sector.</p> <p>Finding 20. The MMMB did, however, help prepare the ground for investment to happen; activities of some Community Forest Associations show that the organizational capacities of the forest and farm producers have created a potential for external finance to be channelled toward selected value chains.</p> <p>Finding 21. Finland can best support inclusive private sector investment in sustainable land use - particularly in commercial tree growing and forest industrial development - through restoration actions in currently unproductive areas, by facilitating and supporting partnerships between county governments, CFAs and external investors, building upon the organisational capacities of CFAs.</p>	<p>Conclusion 7. While Finland did not actively promote investment in ARDF or in sustainable land use in Kenya, the MMMB programme helped prepare the ground for investment in forestry, notably by helping to secure commercial rights of producers, strengthening associations’ organisational capacities and providing technical training and extension. For actual investment to follow, more targeted action towards creating fair market access and business incubation would have been required. (This conclusion is based on Finding 7, Finding 19 and Finding 20 and is the basis for Recommendation 6).</p> <p>Conclusion 8. Ongoing analytical work initiatives from other donors suggest there is scope for inclusive investment in sustainable land management, including restoration of currently unproductive areas, commercial tree growing and forest-based industries, based on partnerships between county governments, communities (capable CFAs) and private sector investors. Such investment would make landscapes productive again and contribute to both climate mitigation and</p>	<p>Recommendation 6. Finland should capitalise on its reputation and accomplishments in the forest sector by undertaking targeted action towards scaling up investment in the sector, on the one hand, and creating fair market access and facilitating business incubation for its target group - including women and young entrepreneurs. To this end, it should foster synergies between the various instruments at its disposal, notably the different investment funds and bilateral cooperation projects. (This recommendation is based on Conclusion 7, Conclusion 8 and Conclusion 11).</p>

Findings	Conclusions	Recommendations
	adaptation objectives. (This conclusion is based on Context 9, Finding 14 and Finding 21 and is the basis for Recommendation 6).	
<b>EQ 6: Which implementation approaches are most appropriate - in terms of scale, modality, instrument, channel and/or implementing organisations in future?</b>		
<p>Finding 22. Bilateral cooperation projects have been the dominant aid modality in the ARDF sectors in Kenya. With the MMMB Forest Sector Reform as a nation-wide flagship programme, this modality has been successful in terms of ownership and use of country systems and procedures. Technical Assistance provided has made an important contribution to project success, but the programme was not well equipped to deliver forest-based value chain development at field level.</p> <p>Finding 23. MMMB faced challenges with regard to roles and mandates of partners in the decision-making processes and structures. The final report suggests that future sector support should be more results-oriented and less tied to organisations, and it should mobilise implementing partners in function of needs.</p> <p>Finding 24. An evaluation of Finland’s cooperation with Kenya (2007-2013) recommended greater attention to county-level capacity building, facilitation of cooperation and coordination among Kenyan actors, and increased economic cooperation between Finland and Kenya. While the MMMB supported the ‘devolution process’ and greatly contributed to cooperation and coordination among Kenyan actors, capacity building at county level has remained incipient. Increased economic cooperation between Finland has hardly materialised, as yet, as far as the ARDF and forest sector is concerned.</p> <p>Finding 25. Simultaneous implementation of the MMMB sector reform programme and the IC-FRA Institutional Cooperation Initiative, which focused on capacity development, has shown that a mix of implementation modalities can create synergy and enhance outcomes of both.</p> <p>Finding 26. While there has been significant private sector investment in Kenya, notably through Finnfund, this has not been complementary to or strengthening the bilateral cooperation projects. There is room for greater synergy between private investments and bilateral programmes.</p>	<p>Conclusion 9. Experience of the MMMB programme has shown that bilateral cooperation projects can effectively deliver on sector reform objectives and create a strong sense of ownership. Technical Assistance has made a substantial contribution to the achievements of the programme, and cooperation with an Institutional Cooperation Initiative (IC-FRA) that built capacities has enhanced outcomes of both. (This conclusion is based on context section 2.3.4, Finding 22 and Finding 25 and is the basis for Recommendation 7).</p> <p>Conclusion 10. The MMMB experience points to a need for a different institutional set-up for sector support, with a lighter and more flexible management structure that mobilises state and non-state actors in function of well-defined outcomes. (This conclusion is based on Finding 23 and Finding 34 and is the basis for Recommendation 8).</p> <p>Conclusion 11. With an eye on future cooperation in the ARDF sectors, county-level capacity building and economic cooperation between Finland and Kenya are two areas that would still require greater attention, and there is scope for greater synergy between private investments and bilateral programmes. (This conclusion is based on</p>	<p>Recommendation 7. MFA should consider applying a mix of modalities to foster (private) forestry development in Kenya. This would include bilateral cooperation instruments, to address constraints to (private) forestry development in the policy and institutional sphere, the promotion of private investments funds, as well as Institutional Cooperation and civil society support to strengthen capacities of government, SME’s and farmers’ organisations. (This recommendation is based on Context 6, Context 7, Context 8, Conclusion 1, Conclusion 9, Conclusion 10, Conclusion 11).</p>

Findings	Conclusions	Recommendations
	Finding 20, Finding 21, Finding 24 and Finding 26 and is the basis for Recommendation 1, Recommendation 6, Recommendation 7 and Recommendation 10).	
<b>EQ 7: What type of monitoring and evaluation system is most appropriate for outcome monitoring of Finnish projects in the context of wider support for achievement of SDGs?</b>		
<p>Finding 27. Monitoring in the MMB programme was based on country-systems, notably those of the Kenya Forest Service, and linked to national-level objectives and strategies. Strengthening of the M&amp;E system was in Kenya's direct interest as a means to enhance reporting to international conventions. Monitoring and reporting capacities were further strengthened through an ICI project.</p> <p>Finding 28. A mid-term evaluation of MMB produced useful recommendations, which guided a revision of the programme document and logframe and gave new impetus to its implementation.</p> <p>Finding 29. External communication and dissemination of accomplishments in the public domain (profiling) have received insufficient attention, and this may have contributed to negative publicity.</p> <p>Finding 30. Outcome monitoring of future ARDF support is likely to spread across sectors and themes; it should capture both the economic and environmental and climate change dimensions of interventions. It should be based on country systems and support the country in meeting its obligations to report on the implementation of Agenda 2030 and to the various international conventions.</p>	<p>Conclusion 12. Monitoring and evaluation in MMB was based on country-systems and linked to national-level objectives. Strengthening of these systems by MMB and IC-FRA have helped Kenya report to international conventions. A mid-term evaluation of the programme provided useful steerage for a reorientation of the programme. External communication on MMB achievements was inadequate and this may have contributed to negative publicity for MFA. (This conclusion is based on Finding 2, Finding 27, Finding 28, Finding 29 and Finding 30 and is the basis for Recommendation 8).</p>	<p>Recommendation 8. Monitoring and evaluation should be based on country-systems, linked to national-level objectives and allow the partner country to monitor and report on SDGs and on its obligations deriving from international conventions. Outcome monitoring of ARDF support can and should capture all relevant results in the social, economic and environmental realms. At the same time, more attention should be given to the external communication and positive profiling of Finnish cooperation programmes in the sector, based on the results achieved. (This recommendation is based on Conclusion 12).</p>
<b>EQ 8: How have the lessons learned from the donors/development partners and development organizations been taken into account or implemented at project level and what kind of approaches do the organizations have for future challenges in the sector?</b>		
<p>Finding 31. Finnish development cooperation in the forestry sector in Kenya has been in many ways a flagship initiative that included policy reform, institutional capacity building and grassroots level activities at the same time. Rather than implementing lessons from other organisations, other development partners and programmes have learned lessons from the MMB programme.</p>	<p>Conclusion 13. Finnish cooperation in ARDF and the Finnish leading role in the forest sector have generated many lessons that other organisations have used. With regard to further development of the forest sector, Finland can learn some lessons from ongoing</p>	<p>Recommendation 9. For further development of private forestry, IFAD and EU can provide useful experience on the value chain approach. Other organisations are gaining experience in land restoration and integrated landscape management that</p>

Findings	Conclusions	Recommendations
<p>Finding 32. Few initiatives support private forest development in Kenya, and the focus tends to be on production aspects. There are no readily available viable approaches to addressing the challenges to sustainable private forest development in a value chain development perspective.</p> <p>Finding 33. With regard to forestry, land restoration and the integrated landscape approach currently seem to be dominant concepts.</p> <p>Finding 34. In terms of implementation modalities, the adoption of an integrated landscape or nexus approach can benefit from an inter-ministerial set-up rather than depending on one Ministry only.</p>	<p>initiatives in the field of value chain development, land restoration and integrated landscape approaches in Kenya. With regard to private forestry development in Kenya, the most important lessons are likely to be learned from similar programmes in neighbouring countries such as Tanzania. (This conclusion is based on Finding 9, Finding 31, Finding 32, Finding 33 and the Tanzania county report and is the basis for Recommendation 9).</p>	<p>can support the development of integrated approaches to forestry. Finland should continue to play an active role in donor coordination and sector working groups, with a view to developing stronger common positions in the policy dialogue. (This recommendation is based on Conclusion 13).</p>
<p><b>EQ 9: How can 'Finnish added value' in the ARDF sector be realised (e.g. through access to Finnish markets and expertise or to Finland's experience in creating a favourable business environment)?</b></p>		
<p>Finding 35. Representatives of the government of Kenya and Development Partners consider Finnish expertise and experience in forestry as 'Finnish Added Value'.</p> <p>Finding 36. While MMMB beneficiaries report that they have derived important benefits from activities such as the study tours to Finland, the programme did not aim to create Finnish added value in terms of encouraging private sector partnerships and Finnish companies to invest in Kenya.</p> <p>Finding 37. The planned new forestry sector programme in Kenya highlights private sector involvement and the 'Team Finland' set-up brings the Embassy and Business Finland closer together, in an attempt to strengthening cooperation between development programmes and private sector.</p> <p>Finding 38. The business environment in Kenya can be challenging and therefore attracting Finnish businesses is challenging. Opportunities should be made well known and Team Finland should actively explore the different partnership possibilities.</p>	<p>Conclusion 14. Finland leading role, expertise and experience in the Kenyan forest sector tend to be considered as Finnish Added Value. Other than this, Finnish cooperation in the forest sector has not actively pursued private sector partnerships between Finnish and Kenyan companies. Provided the forest business environment improves, there is scope for facilitating such partnerships as well as cooperation between development programmes and the private sector. (This conclusion is based on Finding 35, Finding 36, Finding 37 and Finding 38 and is the basis for Recommendation 10).</p>	<p>Recommendation 10. Provided the forest business environment improves, Finland should capitalise on its leading role and expertise in the Kenyan forest sector - considered by many as Finnish Added Value. Finland should facilitate business partnerships between Finnish and Kenyan companies, as well as cooperation between development programmes and the (Finnish) private sector. (This recommendation is based on the Context 5 and Conclusion 14).</p>

# 1 Introduction

## 1.1 Purpose and scope of the report

This report is an intermediary output under the evaluation of programmes in the Agriculture, Rural Development and Forest (ARDF) sectors in Africa, for the Ministry for Foreign Affairs of Finland (MFA). The evaluation is based, primarily, on eight selected bilateral ARDF programmes, implemented in Kenya, Tanzania, Zambia, Mozambique and Ethiopia between 2009 and 2018. This report deals with the programmes in Kenya.

The report is based on a desk review of relevant documentation (see references) and on a country visit between 4<sup>th</sup> and 11<sup>th</sup> of February 2019. The mission schedule is presented in Annex 1, while Annex 2 lists the persons met and interviewed. In addition, the report also takes other Finnish support to the sector into consideration, such as through multilateral initiatives and other aid modalities, as well as private sector investments or initiatives.

The report summarizes the main findings of the country review and mission in a concise form. Findings, conclusions and recommendations have been reviewed and validated by the concerned geographic desks and Embassies. The country reports provide large part of the evidence used in the overall evaluation, notably in the final report.

First, the report briefly describes the country context in which the evaluation takes place (chapter 2). It presents the relevant developments, issues and trends in the sector against which future Finnish support will be evaluated, in a forward-looking perspective.

The core part of the report is concerned with the main Evaluation Questions (chapter 4), presenting key findings for each of the evaluation questions, with some concrete examples from the projects. An attempt is made to focus on a limited number of key findings per question (and the relevant evidence) that are relevant to the overall analysis. Chapter 5 presents the conclusions from the country analysis and chapter 6 provides tentative recommendations, both for the global analysis and country-specific, as relevant.

The report deals primarily with the **Miti Mingi Maisha Bora - Support to Forest Sector Reforms**, which ran from 2009 to 2015, with an overall budget of 22.7 MEUR. This project was the latest and most comprehensive support to the forestry sector in Kenya, following several decades of Finnish support to the sector. For this programme, a Mid-Term Evaluation has been conducted (April 2013) and a Programme Completion Report (2017) is available.

Finland has also financed other programmes, notably the *Safe Food - Safe Dairy (Building capacity to improve safety in the dairy feed and maize value chains in respect to health risks associated with Mycotoxin contamination)* project (LUKE), and the *Improving capacity in forest resources assessment* (LUKE/METLA). These have not been visited but were subject to a desk review.

The evaluation comes at a point in time when the Finnish Embassy in Kenya is exploring ways to continue its support to the forestry sector, and a project document for future support has been drafted - but not approved as yet. This evaluation is expected to feed into the ongoing discussion on the relevance and opportunities for further support to the ARDF sectors in the light of the new country strategy. In this perspective, the evaluation also includes views of other Development Partners active in the ARDF sector.

## 1.2 Approach, methodology and limitations

The conceptual and methodological framework for the evaluation is outlined in the ToR and presented in Annex I of the final report. A key element is the evaluation matrix. It defines the evaluation questions, and indicators. They are stipulated to respond to the key evaluation criteria defined in the ToR, including programme design, relevance, effectiveness, and sustainability. The evaluation matrix also makes explicit the assessment of the cross-cutting objectives.

As a result of the evaluation's future-oriented focus, weight has been placed on careful and practical formulation of conclusions and recommendations. The conclusions are substantiated by findings, whether they are directly related to the Programs, or stemming from assessments and perceptions of stakeholders.

The evaluation questions for Kenya are primarily addressed through the assessment of one of the sample programmes, namely the **Miti Mingi Maisha Bora – Support to Forest Sector Reform**. It is complemented by findings from a desk analysis of the **Improving capacity in forest resources assessment** and the **Safe Food - Safe Dairy** projects.

The assessment of the project took place through looking for evidence related to the evaluation questions, sub-questions and auxiliary questions (Annex IV). The findings in Chapter 3 are also grouped by the nine evaluation questions.

As foreseen, the main tools used for this case study include a multi-stakeholder workshop, key informant interviews, and focus group discussions. The team has faced no particular limitations. Despite the programme having ended in December 2015, following careful preparation of the mission in collaboration with the Finnish Embassy, meetings with all relevant stakeholder groups could still be organised, and there have not been any major limitations to data collection.

It is important to note that this report deals only with the sample projects in Kenya. Consolidated findings, conclusions, and recommendations from the entire sample in the five countries will be presented in the final report. Therefore, the conclusions and recommendations are based on the experience from Kenya only.

## 2 Context Analysis

The box below presents key data of the country.

### Box 1. Country at a glance

Population size (2017)<sup>1</sup>: 49.7 million  
0-14 population (2017)<sup>2</sup>: 40.47%  
Yearly population Growth rate (%): 2.49% around 1 million per year – 3,000 people every day – over the next 40 years and will reach about 85 million by 2050<sup>3</sup>.  
Country rank: Lower Middle-Income Country  
Poverty rate: 36%  
GDP (current\$) (2017)<sup>4</sup>: 79,263 billion  
GDP growth (annual %) (2019)<sup>5</sup>: 5.8%  
GNI per capita (2017)<sup>6</sup>: US\$ 1,460  
GDP per capita 2017: US\$ 1,678  
Public Debt 2019: 57% of GDP  
  
Gini Index 2015<sup>7</sup>: 40.80  
Human development index 2018<sup>8</sup>: 0.590 - Rank 142th  
Ibrahim index of African Governance (IIAG) 2018<sup>9</sup>: 59.8 (11 out of 54 countries)  
Social Institutions and Gender Index (SIGI) 2015<sup>10</sup>: 0.2157 (medium)  
Gender Inequality Index 2018: 0.565, rank 135st/159.  
Red Flags for Food Security: Yes  
Fragility according to OECD list of fragile states: Yes  
International trade in goods and services as a percentage of GDP in 2017: 37,3 %

1 World Bank - <http://data.worldbank.org/country/kenya>

2 World Bank: <https://data.worldbank.org/indicator/SP.POP.0014.TO.ZS>

3 World Bank: <http://www.worldbank.org/en/news/opinion/2010/04/28/demographic-transition-growth-kenya>

4 World Bank - <http://data.worldbank.org/country/kenya>

5 World Bank - <http://data.worldbank.org/country/kenya>

6 World Bank - <http://data.worldbank.org/country/kenya>

7 World Bank: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=KE>

8 UNDP - <http://hdr.undp.org/en/composite/HDI> GII, <http://hdr.undp.org/en/composite/GII>

9 Mo Ibrahim Foundation – Kenya insights <http://s.mo.ibrahim.foundation/>

10 OECD - <https://www.oecd.org/dev/development-gender/BrochureSIGI2015-web.pdf>

### 2.1 ARDF in Kenya

Kenya's economy performed well over the last eight years with a GDP growth averaging 5.53% at a rather constant pace (Kenya National Bureau of Statistics sources). Key drivers for economic growth are agriculture and services including banking, ICT, tourism and transport. At the same time, Kenya suffers from the lack of markets to spur processing - rather than exporting- raw agricultural products like tea, coffee or flowers.



**Context 1. Agriculture is a key economic sector, especially in terms of creating employment and reducing poverty, and agricultural development is high on the national agenda.**

Agriculture contributes directly 26% of the GDP of Kenya and another 27% indirectly (through linkages to other sectors), making it a significant part of the economy ('FAO Kenya', n.d.). According to FAO, the sector employs over 70% of the rural population and 40% of the overall population, making it a key contributor for poverty reduction and development of the country (Ibid.). It is the biggest sector to provide self-employment for the population ('GoK - Ministry of Agriculture, Livestock and Fisheries', n.d.).

According to recent WB economic analysis, Kenyan households that are exclusively engaged in agriculture, contributed 31,4 percent to the reduction of rural poverty ('Kenya Economic Update: Transforming Agricultural Productivity to Achieve Food Security for All', 2019). Productivity increases in the agriculture sector were found to not only benefit poor households but have the potential to lift them out of poverty.

Rapid population growth has, however, affected the sector and agricultural land is in high demand. Two of the President's "Big-Four Agenda" targets are directly related to the agricultural sector: 1. Expanding the manufacturing sector and 4. Food security and nutrition (KEPSA, 2017). The Big-Four Agenda also has a pillar for access to decent and affordable shelter, which points to a need for timber. The Kenya vision 2030 has several targets to develop the ARDF sector including the irrigation of ASAL areas to increase agricultural land and rehabilitation and protection of indigenous forests (Government of Kenya, 2018). The Agenda 2030 is integrated into Kenya's Vision 2030 of Kenya (Implementation of the Agenda 2030 for Sustainable Development in Kenya, 2017).

Kenya's ARDF sectors are managed by two ministries: The Ministry of Agriculture, Livestock and Fisheries and the Ministry of Environment and Forestry. Kenya's Forest Act of 2005 introduced participatory forest management and the Kenya Forest Service (KFS) was established under the Ministry of Environment and Forestry in 2007 to develop, conserve and manage Kenya's public forests and to assist county governments in developing and managing forest resources in community and private lands ('Kenya Forest Service website', n.d.). Kenya's large tourism industry also relies heavily on the conservation of nature and forests. Kenya's new constitution (2010) set a plan for the devolution process in the country, delegating more responsibilities for the county governments and meant that KFS regional offices have larger responsibilities. The devolution process has called for higher public participation in all sectors (World Bank, 2015).

**Context 2. Kenya is highly vulnerable to climate change and has an ambitious climate action plan including mitigation and adaptation actions.**

Climate change is among Kenyan authorities' top environmental priorities. This is primarily due to Kenya's high vulnerability to the changing climate (over 80% of the country landmass is ASAL, while coastal ecosystems, such as coral reefs, fish stocks and mangroves are under pressure from the climate induced acidification and sea level rise). Kenya's economy is highly dependent on climate-sensitive and nature-based sectors, notably agriculture and tourism. (The 2018 IPCC report highlights expected negative impacts due to changes in sea level and climate by 2050. In the Horn of Africa, the rainfall is projected to decline by 2050 by about 10% and the projected sea-level raise will affect low-lying coastal areas. The cost of adaptation could amount to 5-10% of GDP. Mangroves and coral reefs are projected to be further degraded, with consequences for fisheries and tourism). Also, sectors of high potential for future development (e.g. blue economy) are highly reliant on natural resources and prone to climate change. For this reason, Kenya has been a champion of global climate policy; in 2013, Kenya launched its National Climate Change Action Plan (NCCAP, 2013-2017), charting out a low- carbon climate-resilient development pathway. The NCCAP notes that food security is a priority for the GoK and action to address climate change should not threaten the county's ability to feed its population. Recommended actions include, among others, agroforestry as a means to combat climate change and provide better food security, improve soil quality, increase soil water retention and reduce erosion (GoK, 2013). Kenya also adopted an ambitious NDC. While continuing the development based on low-carbon energy generation (wind, solar, hydro and geothermal - which account for over 75% of the country's current energy mix), broad adaptive measures are proposed to support the sensitive sectors:

agriculture, nature-based tourism (land and coastal) and fisheries (highly dependent on coral reefs as breeding environment).

**Context 3. Agriculture and Forestry are the two sectors contributing most to GHG emissions in Kenya; they are among the five key sectors to address Climate change mitigation and adaptation identified in Kenya's Nationally Determined Contribution (NDC).**

Kenya submitted its first NDC in December 2016, and the NCCAP is the national mechanism through which the NDC will be implemented, in accordance with the Climate Change Act, 2016. An NDC sector analysis report (Government of Kenya, 2017) includes six sector reports, for the Energy, Transport, Forestry, Agriculture, Industry and Waste sectors. Kenya's NDC recognises the special place of agriculture and emphasizes the need to increase the ability to adapt to the adverse impacts of climate change and foster climate resilience and low emissions development, in a manner that does not threaten food production (Preamble and Article 2(b)) and to enhance the resilience of the agriculture, livestock and fisheries value chains by promoting climate-smart agriculture, livestock and fisheries development. At the same time, agriculture contributes the most (40% of total emissions in 2015) to Kenya's GHG emissions, with the livestock sector contributing over half of the agriculture emissions. With regard to forestry, it mentions that the LULUCF sector is the second largest contributor to Kenya's greenhouse gas emissions after agriculture, accounting for 32% of emissions in 2015; largely a result of deforestation. Consequently, forestry can play an important role in both mitigation and adaptation to climate change (producing co-benefits) as actions to increase forest cover and prevent deforestation have important climate resilience and low carbon benefits.

**Context 4. Kenya has a particular interest in maintaining its natural capital, biodiversity and the ecosystem services that constitute the basis for its wildlife and the tourism sector that relies on it.**

The rapidly progressing landscape change, degradation, and depletion of ecosystem services undermine the Natural Capital foundations of Kenya's growth in relation to agriculture, pasturage, water supplies and tourism - which in most areas relies on the availability of the wildlife (Wellington et al., 2016). The most common pressures come from deforestation, overgrazing, over-use of fertilizers and pesticides and from fragmentation of ecosystems and migratory corridors, due to road and rail infrastructure. The poaching crisis and illegal trade in wildlife and wildlife products has, in recent decades, led to decimation of the wildlife, including emblematic species (elephants, rhinos, lions and others). Strong anti-poaching policies introduced by the government have brought about good results but the continuation of poaching in neighbouring countries, trafficking through the port of Mombasa and the steadily increasing human-wildlife conflicts over land use leaves conservation as a priority area for years to come. Community-based conservation emerges next to traditional state-driven efforts. Measures including community conservancies create space for biodiversity conservation but still require investments in strengthening tenure arrangements, peace and security in Kenya's ASALs. Further steps should be inspired and driven by Kenya's recently adopted Wildlife Strategy 2018-2030 and the African Union's Pan-African Action Agenda on Ecosystem Restoration and Increased Resilience.

### **2.1.1 The forest sector**

In view of the Finnish focus - over the years - on supporting the Kenya forest sector and considering that the Embassy is considering further support building upon previous forest sector support, hereafter a brief description of the current situation and trends in the forest sector is provided.

**Context 5. There is a very sizable local market for forest products as well as growing demand in African and global markets. A commercial forest sector has good potential for green economic growth, while contributing to indigenous forest and environmental conservation at the same time.**

A report by PwC (PWC, 2014) funded by the Gatsby Foundation points to a continually increasing demand for timber and wood products. It presents quantitative analyses to highlight the potential role for commercial forestry in addressing Kenya's existing wood supply deficit, alleviating pressure on natural forests and

supporting Kenya's Vision 2030 and Green Growth objectives. The report concludes, inter alia, that Kenya faces an annual wood supply deficit of 12 million M3. With demand predicted to grow to approximately 66 million M3 by 2030, and sustainable supply increasing only marginally in a 'business as usual scenario', this deficit is predicted to increase to 34.4 million M3 by 2030.

The growing wood deficit has negative consequences on the *environment*, as it increases pressure on remaining forest resources; it is calculated that supplying an annual deficit of 34.4 million M3 is equivalent to clear felling 708,333 hectares of dry-land woodland each year. From a *social perspective*, the shortage of wood-fuel would likely result in increasing prices for charcoal. Kenya has already seen prices for this commodity rise by over 70% from 2005-2013 with negative repercussions on welfare, especially among the urban poor. On a positive note, it would make charcoal production a more profitable income-generating activity. A growing deficit could also have negative consequences for *Kenya's economy*, as the cost of deforestation is estimated to outweigh, by a factor 4, the benefits from regulated forestry and logging each year (KFS estimates for 2010). In 2012, Kenya recorded a trade deficit of USD38 million for forest products, and a widening wood supply deficit would only exacerbate Kenya's trade deficit.

The report argues that tackling the deficit requires large investments and a strong commercial focus, where plantation forests (i.e. government plantations plus private plantation forests) have a critically important role to play. Even though planted forest areas make up only 6.5% of forest resources by area (NEMA, Kenya (2010) State of the Environment and Outlook 2010: Supporting the Delivery of Vision 2030) and make a lower contribution to ecosystem service delivery than indigenous forests, they are considerably more productive in terms of sustainable yield of wood per hectare. Expanding the planted forest resource base in Kenya therefore represents an important element in an effective conservation strategy for Kenya's remaining indigenous forests, by helping to secure a much greater local sustainable production of wood.

The report goes on to argue that the potential impacts of scaling up commercial forestry activities go far beyond meeting wood product demand, to include value added to the economy, employment and income growth, tax revenue, community cohesion, poverty alleviation, and increases in national carbon mitigation. Assuming an annual rate of 70,000 hectares of private commercial forests being established every year up to 2030, across both high potential and arid or semi-arid land (ASAL), the report points to the following impacts from an expanded commercial forestry sector compared to 'Business as Usual' by 2030:

- A doubling in the sector's contribution to GDP from 1.2% to 2.4%
- A doubling in the number of jobs in the sector to over 2 million people
- A tripling of rural income from the sector from 21.4 KSH billion to 71 KSH billion
- 50% growth in direct tax revenue from 504 KSH million to 778 KSH million
- Kenya's national carbon emissions reduced by 50%

**Context 6. Timber production increasingly relies on supplies from private land. Further growth in private forestry would require an enabling environment and actions targeting private sector actors.**

The aforementioned 'Gatsby report' argues that any substantial expansion of plantation forests in Kenya is likely to require the majority of forest establishment to be delivered by the private sector, given the limited geographical area of existing government (gazetted) plantation forests in the country (approx. 137,000 ha) as well as the huge scale of investment required to establish plantations (estimated at 70,000 hectares a year).

Bringing in the needed private investment and commercial growth would require Kenya's forest policy and legislation to provide an enabling environment. This includes clear recognition of the role of commercial forestry as a distinct sub-sector and a clear distinction between the different private sector players that form the sector, including input providers (i.e. nurseries), tree growers of micro, small, medium and large scale (i.e. producers) and wood-manufacturers and processors. Making these distinctions will be necessary to underpin the design and implementation of the necessary incentives and governance structures required to catalyse an effective commercial forestry sector.

Critical barriers - from a growers' perspective - identified holding back the sector's development would include: lack of guidelines on best practice silviculture and environmental safe-guards, lack of organisation and capacity of growers to understand and access markets effectively, and lack of access to high quality inputs which can improve the economic returns of tree-growing. From a processor's perspective, gains can be made through adoption of improved technologies, and better relationships with producers. Addressing these barriers will require effective private-public partnership in developing a set of institutions that can sustainably service the sector's needs.

Governments at National and County level have critical roles to play in anchoring inward investments into the sector. They can use existing government assets to attract new large-scale private sector investments in commercial tree-growing and in forest industries. This might include allocating concessions for commercial tree-growing on government gazetted forest land or it could involve seeking to bring in new investors into the pulp and paper plant which stopped production in recent years. At a local level, County Governments could facilitate investors to access land in currently unproductive marginal areas, provided they meet minimum requirements for environmental and social safeguards, value addition and employment creation.

**Context 7. The forest sector would need private investment in forest production, enhanced efficiency in processing and improved extension services.**

An article by Gilbert Ototo and Richard P. Vlosky (Louisiana State University) provides an *Overview of the Forest Sector in Kenya* (in Forest Products Journal, January 2018), highlighting that despite efforts to sustainably manage Kenya's remaining natural forests and develop a plantation-based supply for wood products manufacturers, many challenges remain, in particular:

1. low efficiency of sawmills and a need to move towards integrated milling and integrated milling (using all materials);
2. a supply deficit of raw material due to unsustainable forest management, and a need to restock the harvested industrial plantations;
3. a lack of labour for plantation establishment.

The article recommends increased private investment in forest production by bringing more land under forest production and by providing extension services and by planting fast growing high yield tree species. It also points to a need for partnerships between local communities and KFS in order to conserve natural forests and to ensure sustainable provision of goods and services from the forests, including provision of incentives to make communities less dependent on forests for their livelihoods in order to ease pressure on forest resources. Lastly, the article points to encouraging the use of more-efficient cook stoves in households, which would consume less firewood and charcoal, so as to help decrease the current fuelwood deficit.

**Context 8. The current policy environment in the forest sector is hardly conducive to private investment, in particular due to the moratorium on logging. In addition, KFS - the key implementing organisation – is plagued by allegations of corruption.**

Different logging bans and moratoria between 1999 and 2010 hampered private sector development around timber harvesting from public land and charcoal production. They have resulted in an important 'plantation backlog' due to postponement or cancellation of harvesting of mature tree stands. When the ban was lifted, forest sector development reportedly started picking up again, until the reinstatement of the moratorium in 2018 (recently extended by one year in 2019) gave a major blow to SME's in the sector, in particular sawmills. The moratorium on logging had been put in place following a public outcry over illegal logging that was blamed for the diminishing water levels in the country's key rivers.

Furthermore, alleged corruption cases are affecting KFS, the implementing organisation of MMMB. A Taskforce was appointed by the Deputy President, in February 2018, to look into the Forest Resources Management and Logging Activities in Kenya. The reason for appointing the taskforce is the rapid depletion, in recent years, of Kenya's forests - reportedly at a rate of about 5,000 hectares per annum – which is associated with a reduction in water availability and related economic losses. Against this background, the

Cabinet Secretary for Environment and Forestry constituted a Taskforce to inquire into forest resources management and illegal logging in the country, to report by 30th April 2018.

As a first key finding, the Taskforce Report (A report on Forest Resources Management and Logging Activities in Kenya, April 2018) states that *‘the Board and Management of the Kenya Forest Service has been unable to stem and in some instances have directly participated in, abated, and systemized rampant corruption and abuse of office. By so doing they have overseen wanton destruction of our forests, have systematically executed plunder and pillaging of our water towers and bear the responsibility for the bringing our environment to the precipice’*. The report continues stating that *‘the Kenya Forest Service has institutionalized corruption and the system is replete with deep-rooted corruptive practices, lack of accountability and unethical behaviour. However, the Taskforce found some instances of dedicated officers who have selflessly served the country in the face of the difficult environment they found themselves in. It was noted with concern that some of these diligent officers have borne the brunt of corruptive cartels through alleged victimization.*

The evaluation mission is not in a position to confirm or dismiss findings of the report. However, it is clear that under such allegations, a continuation of collaboration with and support for the KFS – as foreseen by the Finnish cooperation - has become questionable.

**Context 9. Current donor support for forest-related interventions in Kenya tend to focus on investments in (forest) landscape restoration.**

Meanwhile, Development Partners and development finance institutions, with support from FAO and UNEP, have started to engage in attracting external investment in sustainable land use. The African Forest Landscape Restoration Initiative (AFR100) is a country-led effort to bring 100 million hectares of land in Africa into restoration by 2030. AFR100 aims to contribute to the Bonn Challenge, the African Resilient Landscapes Initiative (ARLI), the African Union Agenda 2063, the Sustainable Development Goals and other targets. In Kenya, in 2016 the AFR100 has made a restoration commitment of 5.1 million hectares, with the private sector and communities investing in land restoration. The GEF and BMUB are major donors to the initiative, which also counts with project support from WRI, the Clinton Climate Initiative, the Green Belt Movement, FAO and UN Environment.

Priority interventions include afforestation and reforestation of natural forests; rehabilitation of degraded natural forests; agroforestry (use of trees on farm land, as a primary crop, intercropped with traditional food crops, or as boundary plantings and wind breaks); commercial tree buffers along water bodies, roadways and railways, and along roads and highways, through direct tree planting or assisted natural regeneration; and rangeland restoration and management for wildlife use and pastoral grazing.

In this context, in December 2018, the World Resources Institute (WRI), in partnership with Fledge, launched the Land Accelerator, with a view to driving more investment in restoration of the world’s degraded and deforested lands. Entrepreneurs from seven African countries were trained and mentored in a programme including business training and technical lectures. At the end of the training, participants pitch directly to prospective investors, which makes this reportedly the first business accelerator to focus exclusively on enterprises in the land restoration sector. A WRI representative commented that “Restoring degraded land has the potential to become big business. At a time when the younger generation is shying away from land-based activities, these entrepreneurs are racing toward it because they see a promising business opportunity. (World Resource Institute, 2018).

## **2.2 The donor landscape**

**Context 10. Both multi- and bilateral organisations tend to support the agricultural and pastoral sector, giving particular attention to climate change adaptation. None of them directly supports the forest sector, after WB, EU and DFID withdrew from this sector.**

Hereafter, a brief overview of key players in the ARDF sectors is given. FAO is the leading organisation in the ARDF sector in Kenya. Its Country Programme Framework (CPF) is aligned with the Kenya Vision 2030 and the Big-Four priorities and outlines its priorities as inclusive value chains; resilient food and livelihood systems; effective governance of natural resources; and supportive policy and investment climate ('FAO Kenya Website', n.d.). FAO has several projects under the priority areas including the Forest and Farm Facility (FFF), which is funded by Finland through FAO HQ. FFF has been successful in building capacities of both the authorities as well as citizens to create participatory forest management systems (FAO, 2018).

UNDP's Kenya Country Program (2018-2022) focuses on three pillars: Governance, Peace and Security; Inclusive Growth and Structural Transformation; and Environmental Sustainability, Climate Change and Resilience. It has supported the Kenya Climate-Smart Agriculture Implementation Framework (2018-2027), which provides a guide to innovative initiatives to address challenges brought about by climate change. Also, a UNDP-led NDC Support Programme in Kenya focuses on improving climate governance, long-term climate planning, strengthening existing mitigation actions, and applying innovative financing approaches to attract private sector investment. The Programme will assist Kenya with the newly established Climate Change Fund, which was enacted under the 2016 Climate Change Act. A newly prepared 'Kenya Private Sector Engagement and Coordination Framework' seeks to strengthen private sector engagement in climate change actions and enhance ambitious national actions on climate change in Kenya.

World Bank also has a strong focus on climate-smart agriculture in their current support ('World Bank Kenya Website', n.d.). WB was the main donor for the Kenya Forest Service alongside Finland; however, it withdrew from the sector after it was indirectly accused in the *Embobut* forest case. (World Bank Statement on Embobut Forest and Cherangany Hills Evictions in Kenya, 2014)

The EU has supported agricultural and rural development to build the capacity of poor rural households to increase their incomes. EU has two main programmes in the sector "Kenya Rural Development Programme and "SHARE project", with a combined budget of EUR126 million and a focus on ASAL areas. The EU-funded Water Towers Protection and Climate Change Mitigation and Adaptation Programme, which seeks to protect the ground supplies of water ('water towers') in the Mount Elgon and Cherangani Hills areas, was suspended in January 2018 following reported human rights abuses. The EU has also supported the devolution to counties in accordance with the Constitution 2010 (EU in Kenya Website, n.d.).

SIDA has a programme supporting small-scale farmers especially women young people. SIDA is also supporting dairy farmers to have access to more sustainable and better incomes by training them and helping them to access markets ('SIDA Kenya website', n.d.).

For DFID, economic development is the main sector (36% of the 2018/19 budget), aimed at creating good quality jobs and stimulate investment; Climate and Environment (22%) is the second sector (Kenya profile, July 2018). DFID has been chairing the forest sector working group in Kenya for the past two years, after Finland, but recently requested Finland to take the lead again since DFID has no specific forest-related programmes; they are indirectly involved in forestry through their climate change-related activities. UK supports research work on the land-water-food nexus, for example in the Cherangany Forest reserve and the semi-arid Kerio Valley, focusing on forest management and agriculture. The profile also specifies that DFID would '*exit from stand-alone bilateral programmes in education, malaria, and climate change, addressing these important issues through our investments in global funds, which can deliver more effectively and through our work on improving national and county government capability*'.

JICA focuses on horticulture, rice farming and other cash crops farming to increase smallholder incomes. JICA's technical assistance extends to development and rehabilitation of irrigation facilities, strengthening of farmer's organisations improvement of productivity and market access ('JICA Kenya Website', n.d.).

## 2.3 Finland support

Finnish development assistance to Kenya started in the late 1960s, and in the 1980s, Kenya became a “Programme Country” of Finland. Kenya has been one of the most important recipients of ODA from Finland with 47.8 MEUR allocated between 2006 and 2017 or 7% of total global ODA contributions of Finland in that period. The main sectors of Finnish assistance were water, health, forestry, livestock production and cooperatives.

### 2.3.1 Relevant Development Policy Programmes

**Context 11.** In the course of the MMMB project, Finnish Development Policy priorities with regard to ARDF evolved from a narrow sectoral focus on environment, forests, agriculture and trade (in 2005) to including energy and water, regional policy and information society (in 2007) and adoption of the HRBA and climate sustainability as a new cross-cutting theme (in 2012).

The MMMB programme was formulated in 2005-2006 and started with an inception phase in 2007, and the implementation phase ran from 2009-2015. This implies that MMMB interventions fell under four consecutive country’s development policy programmes (DPP) which harmonise Finnish policy priorities with the government’s policy programme and international priorities for development cooperation:

1. the 2004 DPP, which provides the context of formulation of the MMMB programme;
2. the 2007 DPP, under which the inception phase was implemented and the ‘implementation phase’ of MMMB was formulated;
3. the 2012 DPP, under which most of the implementation happened; and
4. the 2013-2016 DPP, which coincided with final years of implementation of the MMMB.

An evaluation commissioned by MFA on Finland’s Development Cooperation with Kenya in **2007-2013** (published in 2015) concludes that the 2004 and 2007 DPPs had much the same sectoral priorities of environment, forests, agriculture and trade, and both emphasised cross-cutting themes, to be supported throughout all Finnish development policy, including the promotion of gender and social equality, protecting the rights of vulnerable groups, and combating HIV/AIDS as a health and social problem.

The 2007 DPP differed, however, in putting more emphasis on energy, water, regional policy, and the ‘information society’ as key themes to support sustainable development. It also introduced ‘Finnish added value’ as a cross cutting theme in programme preparations and evaluations, and encouraged diverse Finnish stakeholders to take a more active part in development cooperation and provided for the establishment of modalities such as the Institutional Cooperation Instrument (ICI) to support cooperation between Finnish and developing country public sector organisations.

The **2012 DPP** emphasises the human rights-based approach (HRBA) in all development cooperation activities. This aims to ensure that all people (‘rights holders’) know their rights and are able to protect and obtain them, and that the authorities (‘duty bearers’) know their human rights obligations and are capable of fulfilling them. The 2012 policy includes three cross-cutting objectives, namely gender equality; reduction of inequality; and climate sustainability.

In **2013**, MFA made a revision to the Development Policy Guidelines for Forest Sector, and forest governance, international forest policy processes, green economy, and land tenure issues are the priority areas. The list of specific themes includes (1) Rights to forest use, to decision-making and just benefit sharing; (2) Forests as a source of fuelwood, charcoal and energy; (3) Forest sector value chains, sustainable production and use; (4) Support to national forest sector programmes and good governance; (5) Forests in the combat against climate change; and (6) Forests as a part of the environment, rural areas and the land-use mosaic. All these priorities are to some extent reflected in the MMMB areas of intervention, but the role of

forests in combating climate change received little attention. Also, the MMMB had a rather limited focus on forests as a productive source rather than forests as part of the wider landscape and rural areas.

### 2.3.2 Finland's Country strategies for Kenya

As pointed out in the previous section, Finland's development cooperation in Kenya during the evaluation period falls under various DPPs and associated country strategies. Hereafter, we focus on the two most recent country strategies (CS), the Country Strategy for Development Cooperation in 2013 – 2016 (MFA 2014) – which affected final years of MMMB implementation – and the CS 2016–2019 (MFA 2017) – which is mostly relevant in view of the ongoing and future cooperation. Both are based on Kenya's long-term development strategy, the Vision 2030, and its five-year 2007 – 2012 and 2013 - 2017 Medium Term Plans (MTPs), respectively.

**Context 12. The MMMB programme must be seen in the Kenya country-strategic perspective to 'improve the management and use of forest and water resources with increased participation of communities, civil society, and private sector'.**

In the **2013 – 2016 CS**, Finnish support targeted three country development results of Kenya: (i) developing an issue-based, people-centred, result-oriented, and accountable democratic political system; (ii) maintaining a sustained economic growth of 10% per annum over the next 25 years; and (iii) a just and cohesive society enjoying equitable social development in a clean and secure environment. It is based on Finland's DPP of 2012, which emphasised human rights, democratic ownership and accountability, and results-based management. It upgraded the cross-cutting *themes* to the category of *objectives*.

Finland's own objectives regarding the political system is "a democratic and accountable society that promotes human rights". The CS justifies support in this area by assuming that the implementation of the provisions of the then new constitution is key to successful development, and that the rule of law and a democratic and accountable society needed consolidating. Specific objectives include enhanced opportunities for women, youth, minorities and persons with disabilities, participation in the electoral process, strengthening human rights institutions to promote access to justice, and strengthening capacities of strategic Kenyan actors to promote gender equality.

Regarding sustained economic growth, Finland's objective is "poverty reduction through inclusive green economic growth in the agricultural sector". Regarding equitable social development, clean and secure environment, Finland's objective is to improve the management and use of forest (and water) resources with increased participation of communities, civil society, and private sector. Support in the ARDF sectors in both CSs is described more in detail in sub-chapter 2.3.3.

**Context 13. The current Kenya country strategy focuses on strengthening devolved governance, job creation and livelihoods, and women's and girls' rights. It phases rural development and agriculture out, and places greater emphasis on supporting private sector cooperation, job creation and promotion of economic opportunities, particularly in the forestry sector, and specifies the value chain concept. It also raises the importance given to women's and girls' rights.**

Finland's **2016-2019 CS** (MFA, 2017) focuses on strengthening devolved governance, job creation and livelihoods, and women's and girls' rights, in line with Finland's 2016 Development Policy. The focus is narrowed from the 2013- 2016 CS, specifying that '*Rural development and agriculture will be phased out, and at the same time greater emphasis will be placed on supporting private sector cooperation and job creation, particularly in the forestry sector*'. [...] '*In job creation and livelihoods, the focus is on the forestry sector, where Finland has a long and successful track record. The new strategy marks a change in approach: the priority has now shifted to increasing forestry sector productivity and to supporting private sector forestry. A new bilateral programme is planned for this impact area*'. Other focus areas include water and sanitation and trade.



In terms of the current country strategy (2016-2019), Finnish support to the forestry sector would be continued as part of the ‘job creation and livelihoods’ impact area. Key outputs would be:

1. KFS model plantations managed efficiently with stakeholders;
2. Improved products and market access for farmers and their organisations;
3. Forestry-related SMEs strengthened to efficiently manage/operate timber value chains.

The reduction of inequality runs through the country strategy as a cross-cutting objective. All Finnish-funded programmes should be based on the principle of democratic participation and include activities that seek to promote the equal status of women and vulnerable groups. A specific impact area for improved realization of women’s and girls’ rights is introduced for the first time, which is in line with the DPP 2016, in which women’s and girls’ rights were given yet increasing importance compared to the two previous policies. The topic was included among the main objectives of Finnish development cooperation. Expected outcome is that gender-responsive legislation, plans and strategies are implemented at national level and in selected counties; women’s increased opportunities to participate in decision-making at different levels; gender-sensitive planning and budgeting; and addressing violence and capacity to related to SGBV. Equality in terms of distribution of wealth is addressed through interventions that contribute to wealth creation for the poor.

All available private sector instruments (Finnfund, Finnpartnership, BEAM, concessional credits, and Public Sector Investment Facility launched in 2016) have been utilized in Kenya.

### 2.3.3 ARDF in the Kenya country strategies

**Context 14. The 2013-2016 CS for Kenya specified that support in the forest sector is expected to contribute to poverty reduction, especially in the rural areas, to good governance and the reduction of inequality, and to the HRBA, in line with the new constitution. Strengthening the voice of the poor in decision-making and reform processes is seen as means to address structural causes of poverty.**

Finland’s objective in the ARDF sectors in the **2013 – 2016 CS** is poverty reduction through inclusive green economic growth in the agricultural sector. The assumption is that empowerment of rural communities, with wide stakeholder participation and the use of knowledge, innovation and business development to agriculture, can significantly contribute to poverty reduction. Specific objectives are: (i) improved livelihoods for the poor in Busia County; (ii) increased agricultural production and food security in Busia County; and (iii) promotion of business development, innovation and knowledge sharing in agriculture.

In order to address poverty, ways were to be found to develop economic activity in the agricultural sector to improve the livelihoods for the poor, to increase their income and create employment opportunities in building up the resilience of local communities. By participating in the agriculture and rural development sector policy dialogue, Finland is expected to contribute to reform processes to promote the needs of small-holder farmers, including women and young farmers. Special attention was to be paid to the transparency of public financial management, and the agriculture sector governance in the context of devolution, as well as participation of CSOs in policy dialogue.

Finland support is to continue cooperation in Western Kenya, based on previous useful experience in the area, to support the devolution process. It was expected that, with devolution progressing, increased capacity development and advocacy work would help county government officers assume their new responsibilities, and civil society and private sector organizations at the county and district levels to participate in the new system of governance. Awareness-raising would focus on women’s right to inherit and own land.

Regarding equitable social development, clean and secure environment, the objective is to improve the management and use of forest (and water) resources with increased participation of communities, civil society, and private sector. This meant progress in forest sector reform and strengthened forest governance, including improved capacity and performance of key institutions; and improved contribution of forests to rural livelihoods, including more equal benefit-sharing, and environmental sustainability. The support in the

thematic area of forestry is expected to contribute to poverty reduction, especially in the rural areas, and to good governance and the reduction of inequality, as well as the HRBA, as the programmes are to take into account the provisions of the new constitution, which recognizes the right to water and a clean environment, among other social economic rights. Support to strengthening the voice of the poor in decision-making and reform processes are seen as means to address structural causes of poverty.

These objectives are considered justified in the CS because of the currently unequal and inefficient access to and allocation of forest resources as well as related services and benefits. Unsustainable patterns of resource use and the lack of appropriate institutional structures and incentives have contributed to environmental problems. Reversing this trend is also seen as an important precondition for the development of many other areas, such as energy, agriculture and tourism.

An evaluation of Finland's Development Cooperation Strategy (2013– 2016) found that Finnish cooperation had been channeled to three main sectors: governance, rural development/agriculture, and natural resources management, with total annual disbursements of approximately EUR 10 million. The evaluation report states that Finland has managed to 'punch above its weight' in the selected sectors and also in donor coordination and recommended that 'Finland stay engaged in the same sectors, but also starts preparing a new strategy for 2017–2020 to pave the way for transition away from aid-dominated cooperation'.

**Context 15. The 2016-2019 CS for Kenya foresees that support in the forest sector would improve the management of forest resources and promote sustainable utilisation of forest and tree products - including use of wood as a source of energy - while contributing to climate change adaptation by building resilience of the poor to climate change.**

Regarding the **CS 2016 - 2019** outcome on increased productivity and economic opportunities in forestry and agriculture, Finland's main focus has been on forest conservation and governance. The ban on timber harvesting in the Kenya Forest Service's (KFS) plantations, imposed with conservation in mind, has had the side effect of hampering opportunities to engage with the private sector, and even led to the closure of industries. The CS states that the potential contribution that forests can make to the Kenyan national economy is not yet fully appreciated. Finland's main focus under this outcome is expected to be on collaboration with the private sector and the KFS, the biggest owner of Kenya's forest plantations.

**Context 16. During the evaluation period, multiple instruments have been used.**

The Programme for Agriculture and Livelihoods in Western Communities (PALWECO) in 2011 - 2017 was a bilateral programme which provided long-term support in Western Kenya. Its focus was on agriculture, using the VC approach to improve the access of agricultural products to markets as well as to provide new employment opportunities especially for the youth.

The forestry programme Miti Mingi Maisha Bora (MMMB) 2009–2014 supported Kenya's forestry sector reform. It provided financial and technical support in a number of areas. The Finnish support was channeled through the Kenya Forest Service (KFS) and the Ministry of Forestry and Wildlife, with the Kenya Forest Research Institute (KEFRI) and other institutions participating in the implementation. CSOs and the private sector were envisaged to play an increasingly important role in the implementation in the future.

Finland also contributed to achievement of its ARDF sector objectives through regional agriculture research programmes, an ICI programme, and support to Finnish and international NGOs, which aimed to contribute to inclusive green economic growth by contributing to better rural livelihoods and improved food security. According to the CS, several of the programmes emphasized climate sustainability.

According to the CS 2016-19, these interventions are linked to climate sustainability and contribute to disaster risk reduction (DRR). The forestry programmes improve the management of forest resources, and promote sustainable utilisation of forest and tree products, including use of wood as a source of energy. All components of PALWECO and the forestry programmes contribute to climate change adaptation by building resilience of the poor to climate change. Finland also funds regional programmes on climate sustainability.

## 2.3.4 ARDF projects included in the evaluation

### *a. Miti Mingi Maisha Bora – Support to Forest Sector Reform*

Finnish support to the forestry sector in Kenya started with the Forest Industries Training Centre (FITC) (1979-89), Bura Fuelwood Plantation (1986-93), Nakuru and Nyandarua Intensified Forestry Extension ('Miti Mingi') Project (1990-95), and Kenya Forestry Master Plan Project (1991-95). These were followed by Kenya-Finland Forestry Programme (1996-1998), which included three areas of development, i.e. institutional strengthening, farm forestry and conservation, and management of indigenous forests. In March 2004, it was decided to return to development cooperation activities in the sectors of energy, good governance and forestry. The Kenyan Ministry of Environment and Natural Resources (MENR) presented a proposal covering four potential areas of intervention for forestry sector collaboration. A fact-finding mission in June 2004 recommended institutional reform of public forestry, and participatory forest management in the Arid and Semi-Arid Lands (ASALs), as the main areas of future Finnish support.

A subsequent mission in 2005 resulted in the formulation of the “*Miti Mingi Maisha Bora – Support to Forest Sector Reform*” (MMMB) programme. Initially, MMMB was to be a four-year intervention planned with a 12-months inception phase, but later on the inception phase was defined as a separate project of 18 months duration. The inception phase started in July 2007 and was extended until June 2009. Following the inception phase, the actual MMMB programme (also called ‘Implementation phase’) was conceived as a 5-year programme (Oct. 2009- Sept. 2014), with a budget of 22.7 MEUR. After a Mid-term Evaluation in September 2013, the programme was extended by 15 months on a non-cost basis until December 2015.

The MMMB Programme focused on improving forest and woodland management and utilization practices, through a transformation of policy and institutional arrangements to serve the needs of communities, the private sector, civil society and the government. Its overall objective was to reduce poverty by ensuring that the forest sector contributes effectively and sustainably to improving the lives of the poor, restoring the environment, and aiding the economic recovery and growth of Kenya, within the context of Vision 2030. Medium Term Plans (MTPs) are a series of successive 5-year medium term plans which translate the Kenya Vision 2030 into operational plans. MTP1, for example, identified the key policy actions and reforms as well as programmes and projects that the Grand Coalition Government was to implement in the period 2008 – 2012, in order to achieve the overall objective: to realise a higher and sustainable growth of the economy in a more equitable environment, accompanied by increased employment opportunities.

The MMMB supported the Ministry of Environment, and Natural Resources (ME&NR), the Kenya Forest Service (KFS) and the Kenya Forest Research Institute (KEFRI) through four programme components:

1. Support to forest sector policy, regulation and coordination
2. Support to implementation of KFS institutional change processes
3. Support to management and utilisation of gazetted forest reserves
4. Improved livelihoods in ASALs through sustainable production and trade in bio-energy and other forest products

Implementation of many policy and legislative reform measures and the associated organizational and capacity reforms within KFS are generally accredited to MMMB. Thereby, the MMMB facilitated many fundamental reforms that enabled the forestry sector to contribute to achievement of the Vision 2030, in particular in the sphere of environment, water and sanitation, for example *Commercialization of Non Wood Forest Products (NWFP)*’ or *Forest Plantation Development and Tree Out-Grower Schemes*’.

As such, MMMB has contributed importantly to the coming into force of the Forest Conservation and Management Act, 2016 (No. 34 of 2016). This Act makes provision for the conservation and management of public, community and private forests and areas of forest land that require special protection, defines the rights in forests and prescribes rules for the use of forest land. It also makes provision for community

participation of forest lands by community forest association, the trade in forest products, the protection of indigenous forests and the protection of water resources.

### **Post-project developments**

However, since end-of-project, several factors and events have resulted in a status quo in the sector that can be characterised as a ‘deadlock’. Two interlinked events have caused a situation of uncertainty that prevents the sector from moving forward, in particular:

- The ‘Moratorium on logging activities in public and community forests’ (2018) and its one year’s extension into 2019 has seriously eroded the growing sense of partnership and collaboration between KFS and private sector companies (especially sawmills) and communities. The ban further increases the so-called ‘plantation backlog’ and is unlikely to achieve its overall objective, for lack of an overall strategy regarding the protection of the public and community forests. In addition, there are indications of important undesired effects, such as (1) a decrease in forest protection by companies affected by the ban and by local communities located close to forest companies; and (2) a substitution of timber supplies from “unknown” sources (‘exporting the problem’). In other words, some of the effects of the ban damage and compromise the long-term impact and sustainability of some of MMMB’s achievements.
- Secondly, a report on Forest Resources Management and Logging Activities in Kenya (Taskforce to inquire into Forest Resources Management and Logging Activities in Kenya, April 2018) made serious allegations against the integrity of the Board and Management of the Kenya Forest Service, claiming ‘systemized rampant corruption and abuse of office’. Against the backdrop of ongoing investigations, the foreseen continuation of collaboration with and support for the KFS, as foreseen by the Finnish cooperation, has been put on hold.

At the same time, the sector faces enormous challenges and opportunities. In terms of **challenges**, studies (e.g. PWC (2014)) suggest that Kenya’s existing wood supply deficit is likely to grow strongly, with negative impacts on the remaining forests and on the environment, more generally. It would further increase prices for charcoal, with negative effects on urban poor, and exacerbate Kenya’s trade deficit. Other challenges are related to governance of the sector, and include issues such as the unpredictable business environment (e.g. the aforementioned logging ban), low SME capacities and an aging staff in the MENR and KFS (reportedly 70% of staff retiring in the next few years).

In terms of **opportunities**, there is a clear potential role for commercial forestry in alleviating pressure on natural forests. Opportunities for an expanded commercial forestry sector, underpinned by private commercial tree-growing should be explored, in a longer term perspective of supporting Kenya’s Vision 2030 and realising Kenya’s Green Growth objectives. The impact of scaling up commercial forestry goes well beyond meeting the demand for wood products, to include value added to the economy, employment and income growth, tax revenues, community cohesion, poverty alleviation and carbon storage.

#### ***b. Improving capacity in forest resources assessment***

The ***Improving capacity in forest resources assessment (IC-FRA)*** was a 3 years’ project between 2011 and 2014 coordinated by the Finnish Forest Research Institute (Metla), in collaboration with the Natural Resources Institute Finland (Luke), with the Kenya Forest Service (KFS) as leading partner agency in Kenya. The project budget over three years is EUR 1,518,121 (MFA contribution); the GoK contribution was estimated at EUR468,818, provided in the form of salaries and infrastructure.

The project produced several outputs, among others Field Manual for Tree Volume and Biomass Modelling (May 2016), a Field Manual for LiDAR Assisted Estimation of Forest Resources in Kenya (May 2016) and a Technical Report on LiDAR Assisted Estimation of Forest Resources in Kenya (May 2016). A final evaluation of the project was foreseen to assess relevance, impact, effectiveness, efficiency and sustainability of the project intervention, and learn lessons for future interventions and continuation of support to the forest sector in Kenya.

The PD clearly identifies linkages with several projects and programmes, in particular the bilateral MMMB programme, in terms of developing a methodology for forest resource assessment and monitoring. The MMMB programme and this project share objectives on improvement of forest assessment methodologies, tree growth and biomass modelling, and capacity building in GIS/FIS would be an area of complementarity and synergy. National Forest Inventory data – generated under the IC-FRA project – has fed into the FIS conform to the data structure design. The IC-FRA has also contributed to MMMB programme results in the form of partnerships and institutional linkages - between institutions in Kenya and Finland - for knowledge and information management, promoted by the MMMB.

Anecdotal evidence of the importance of the work under the IC-FRA project may be derived from the *'Roadmap for the establishment of Forest Reference levels and the National Forest Monitoring System Forest'*, published by FAO and the Kenya Forest Service (FAO, 2017). The roadmap, produced with support of the UN-REDD programme, aims to develop a National Forest Monitoring System (NFMS) in the context of REDD+ and provide a basis for a Monitoring and Measurement, Reporting and Verification (M&MRV) system for REDD+ in Kenya, and construct Forest Reference Emission Level(s). The report explicitly acknowledges the accomplishments of the IC-FRA as follows: *'The development of this Road Map has assessed past and current land sector emissions estimation efforts in Kenya including experiences from ongoing and recently concluded projects like the Improving Capacity in Forest Resource Assessments (ICFRA), the System for Land-Based Emission Estimation in Kenya (SLEEK) and the Forest Preservation Project (FPP). The document identifies results that have been delivered, or will be delivered, through other ongoing initiatives such as ICFRA and the SLEEK program'*.

The report also acknowledges the significant support, over the past years, to the KFS and other agencies in terms of the provision of software, hardware, related training, investment in data collection and related equipment and capacity building to create the capacity for implementing REDD+ and other climate change initiatives. The projects providing this support included, inter alia, the *IC-FRA* pilot project supported by the Government of Finland and the Natural Resources Management (NRM) Project supported by USAID. It refers to the skills and expertise developed in KFS and KEFRI (main partners in MMMB) and other agencies as follows: *'the engagement in these projects has included relevant agencies with skills and expertise such as the Kenya Forest Research Institute (KEFRI), Department of Resource Surveys and Remote Sensing (DRSRS), Survey of Kenya, Kenya Wildlife Service (KWS), academia and research institutions as well as KFS. As a result to a large extent the 'physical' requirements for supporting and enabling the NFMS in KFS and its partner institutions have been put in place.'*

### *c. Safe Food - Safe Dairy*

The main efforts in the **agriculture and livestock sector** included the Safe Food - Safe Dairy programme ('Building capacity to improve safety in the feed - dairy chain, with special focus on health risks associated with biological contaminants') – implemented by Natural Resources Institute Finland (Luke), from 2010 to 2013. The Safe food -Safe dairy project was a so-called ICI (institutional cooperation) project, with a budget of EUR 587,000, which mandated MTT Agrifood Research Finland to coordinate and manage a project with the University of Nairobi (UoN) as lead twinning partner, in collaboration with the Kenya Agricultural Research Institute (KARI) and Egerton University. The Finnish Food Safety Authority EVIRA was sub-contracted by MTT to provide expertise in laboratory training.

The programme aimed to (1) strengthen institutional capacity to improve the safety of feeds and dairy production chain for better animal and human health and (2) improve food security through better management practices of feeds and foodstuffs. The project has not been evaluated, but the final report (MFA, 2017) includes a number of lessons learned, notably:

1. Both the Finnish and Kenyan partners (MTT, UoN, KARI and Egerton University) benefitted from the project through increased scientific knowledge and strengthened capacities, as a result of training courses and procurement of state-of-the-art equipment. While the project helped bridge the gap between the twinning partners, more capacity-strengthening and modern equipment are necessary to make sure the laboratory meets international accreditation and can provide services at that level.

2. Dissemination at county policy level is imperative for policy implementation. However, the policy change process is slow and does not translate into short-term change in food safety at household level. The changes envisaged that would lead to food safety at household level are behavioural and slow to come. Empowerment of households with knowledge and mitigation measures that are easy to implement increases the level of safe food consumed at household level and vended at markets.
3. Mycotoxin control strategies demand an integrated approach in order to be effective. To achieve control of mycotoxins, a number of strategies are needed (GAP, biocontrol, disposal of contaminated foods to remove them from the food chain and appropriate food preparation methods), all aimed at reducing human and livestock exposure to mycotoxins and ensuring safe foods.
4. The mycotoxin analytical technology is ever-changing. In view of this dynamic progress, efforts should be made to develop affordable rapid screening tests that would meet farmers' demands for food safety. This should be coupled with laboratory assurance tests.

## 3 Findings

### 3.1 Finnish co-operation efforts in ARDF and their broader contributions

EQ1: How can Finnish co-operation efforts best contribute to the achievement of the SDGs – as well as other relevant international agreements – through ARDF sectors making optimal use of its comparative advantages?

**Finding 1. Past Finnish ARDF cooperation in Kenya - which has been mostly centred on the forest sector - was fully relevant and consistent with MFA's policy and country strategy priorities. These included a focus on environment and forests, and on increasing community, civil society and private sector participation in the management and use of forest and water resources.**

The context analysis (2.3) presents the relevant Development Policy Programmes and Country Strategies that have applied in the course of formulation and implementation of the MMMB programme; they consistently included the forest sector. The 2007 DPP introduced energy as a new theme, which was reflected by a particular focus on supporting charcoal production and sales. The human rights-based approach was introduced towards end of project and could, to some extent, be integrated by the project (chapter 3.3). In the perspective of promoting equitable social development (CS 2013-2016), Finland aimed to improve the management and use of forest (and water) resources with increased participation of communities, civil society, and private sector. This objective was at the core of the MMMB programme and was achieved, as far as communities and civil society is concerned; participation of the private sector has been achieved to a lesser extent and was compromised by the imposition of a logging ban.

**Finding 2. Past ARDF support - and forest sector support in particular - mostly contributed to achievement of SDG 1, 5, 8, 12, 15 and 17, and to a lesser extent to SDG 2, 13 and 16 as well. Most of these contributions, however, are not very explicit nor well documented, in part because SDG indicators were formulated after Finnish ARDF support ended.**

The evaluation team judges that the SDG elements MMMB has most significantly contributed to are SDG1 (no poverty), SDG5 (gender equality), SDG8 (decent work and economic growth), SDG12 (responsible consumption and production), SDG15 (Life on land) and SDG17 (partnerships for the goals). To a lesser extent, it has also contributed to SDG 2 (zero hunger) and SDG13 (climate action) and, through support to the devolution process, MMMB has also contributed to SDG16 (peace, justice and strong institutions). The programme's contribution to SDG9 (industry innovation and infrastructure) is assessed as very modest, as forest-based industries were hardly developed. Contributions to SDG15 (Life on land), in particular, would have needed to be better captured (in particular in terms of target 15.2 on sustainable management of forests, halting deforestation, restoring degraded forests and substantially increasing afforestation and reforestation).

Contributing to SDG9 (industry innovation and infrastructure) – as specified in the country strategy 2016-2019 - would require more targeted action that considers the entire value chains of the targeted commodities and supports the various actors in it (refer findings in 3.2). Forest sector support can make very significant contributions to SDG13 (climate action) as well, and thereby to implementation of Kenya's NDC (refer Context 2, Context 3), which includes forest-related mitigation activities such as:

- Make progress towards achieving a tree cover of at least 10% of the land area of Kenya.
- Clean energy technologies to reduce overreliance on wood fuels.

While the MMMB undertook some work in support of REDD action, it failed to integrate climate vulnerability in its analysis and to integrate climate resilience in its objectives, results or activities (re.3.3).

**Finding 3. Main future challenges in the Kenyan forestry sector relate to (1) increasing forest production to meet a growing demand; and (2) enhancing efficiency in wood processing, and (3) improving forest extension services (refer to Context 7).**

The MMMB has facilitated many fundamental reforms that have resulted in, inter alia, the adoption of the Forest Act 2016, which laid the basis for private sector and community participation in forest conservation and management. It has developed a number of successful examples and models for such collaborative management of forests and plantations, which would merit scaling up.

There is generally consensus, among forestry experts in Kenya, on a need to increase private investment in forest production, but there is lack of agreement on modalities to channel such investment. Finnish support has fostered partnerships between local communities and KFS, and this has supported rural livelihoods and conservation of natural forests and their ecosystem services. Collaboration with and investment by the private sector in timber and non-timber value chains has remained underdeveloped but could contribute to SDG9 (industry innovation and infrastructure) as well as Kenya's 'Big Four' goals, notably goal 2 (affordable housing), goal 4 (Food Security and nutrition) and goal 1 (manufacturing, agro-processing).

According to expert resources in the Embassy, KFS and in DPs, the future for the Kenyan forestry sector is to be more private-sector-driven. Considering the private sector development focus of Finnish cooperation, this would create good scope for further Finnish involvement and for Finnish companies seeking to develop responsible supply chains. However, recent developments in the forestry sector, in particular the one year's extension of the Moratorium on logging activities in public and community forests up to 24/11/2019<sup>1</sup>, are not conducive to the development of private sector investment in forest processing and industrial development. The critical situation in the forestry sector also seems to underline the importance of policy dialogue, in support of a sector reform programme such as the MMMB.

**Finding 4. Finland is perceived, by actors in the Kenyan forest sector, as having a clear comparative advantage over other donors in the sector.**

Finnish co-operation in the ARDF sector in Kenya has, since the late 1970's, strongly focused on the forestry sector, with support to projects and programmes targeting both field-level (fuelwood, forestry extension, forest industries and sawmilling) and the policy and institutional levels (e.g. the Kenya Forest Master Plan). The MMMB programme can be regarded as a culmination of this long-standing cooperation, targeting both sector reform and poverty alleviation (through field-level interventions). Finland was the preferred development partner for Kenya to implement the MMMB programme, in particular with regard to objectives of policy reform and institutional development of the newly-established Kenya Forest Service (KFS).

In the perception of most Kenyan stakeholders interviewed, Finland has comparative advantages to other donors in these fields. The long-standing partnership and Finnish expertise in the sector have created trust in Finnish technical expertise, in particular in the areas of forest economics, capacity development and forest inventory and accounting. This has also created expectations and desire for further support, by the Finnish cooperation, to the forestry sector, in particular with regard to development of private forestry and timber value chains. Furthermore, as described in the context (2.2), other donors have largely withdrawn from the sector, leaving a gap in donor support to the sector.

**Finding 5. The current country strategy (2016-2019) envisages further support to the forest sector, primarily to support jobs creation and livelihoods. Other outcomes, such as contributions to food security, climate resilience and governance - and to the related SDGs - could be made more explicit.**

The development cooperation between Finland and Kenya is, firstly, articulated in the Joint Cooperation Strategy (2018-2022), an umbrella strategy that allows for the EU and its MS to define their space and priorities. Employment creation; enabling infrastructure; resilience and political and economic governance are the focal areas of the Joint Cooperation Strategy. It states that EU and MS development cooperation needs to maintain its relevance by stimulating job creation - through promotion of value chains, investment,

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<sup>1</sup> The extension is being justified by 'a need for restoration of critical water catchments and natural forest areas'.



trade and private sector development - on the one hand, and addressing poverty, inequality, vulnerabilities, notably for youth, women and girls and other disadvantaged groups of the population, on the other.

In terms of MFA's Theory of Change for Kenya, support to the forestry sector is presented under impact area (2) 'Improved access to jobs and livelihoods', in particular (2.1) 'Increased productivity and economic opportunities in forestry and agriculture'. Reference is made to SDG1 (no poverty), SDG8 (decent work and economic growth), SDG9 (industry innovation and infrastructure) and SDG12 (responsible consumption and production). Besides fostering employment and strengthening livelihoods, the MMMB experience has shown that support to the forestry sector can also make an important contribution to ToC Impact area 4 (Food security and access to water and energy, and sustainable management of natural resources, i.e. to SDG2 (zero hunger), and to SDG5 (gender equality) and SDG 15 (Life on land). Also, by facilitating and fostering the devolution process, forest sector support has contributed to ToC impact area 3 (governance: democracy and better functioning society) and to the cross-cutting climate change objective (refer 3.3).

Future Finnish support to forestry may consider the differences in poverty levels in and around the forest reserves and the ASALs. Forestry interventions in the ASALs are likely to contribute more to SDG1 and SDG2 while a focus on the KFS plantations has better scope to contribute to SDG9 (industry innovation).

**Finding 6. The MMMB and the National Forest Programme provide a solid basis for continued support to the forest sector, by Finland or other donors, in synergy with other initiatives. However, commitments have been put on hold, mostly in view of constraints in the policy sphere.**

Overall, the MMMB is considered a successful programme, in particular in terms of results 1 and 2 (Support to forest sector policy, regulation and coordination, and Support to implementation of KFS institutional change processes). Achievements of 'field-level' results 3 and 4 (Support to management and utilisation of gazetted forest reserves; and Improved livelihoods in ASALs through sustainable production and trade in bio-energy and other forest products) have received less attention and did not fully materialise as foreseen.

An output that KFS counterparts are particularly proud of is the National Forest Programme (NFP) 2016-2030, which constitutes the main national framework for advancing forest development, in a cross-sectoral and multi-stakeholder perspective – which was one of the MMMB objectives. The overall NFP goal is defined as '*sustainably managed forests and allied natural resources for socio-economic growth and climate resilience*'. It defines five objectives and 25 thematic clusters and programmes, describes the relevant challenges and situational analysis, and presents a results framework, including outcomes and indicators, with linkages to the SDGs and other international and regional agreements.

The NFP provides a good basis for the definition of eventual future Finnish support. It is the result of an extensive participatory process involving national and county-level representatives of the private sector, communities and civil society. Attention to supporting all actors in the sector (government, private, NGOs, communities) has been mentioned as a particular strength of Finnish cooperation. The NFP is aligned with the national policy framework, with forestry contributing to the 'Big Four' goals 2 (affordable housing), 4 (Food Security and nutrition) and 1 (manufacturing, agro-processing), and it is currently being operationalised in the form of a National Action Plan.

There appear to be several opportunities for synergy with or strengthening of existing initiatives, which could not be explored in detail. They include the AFR100 forest restoration initiative (refer chapter 3.5), GCF and GEF7 funding lines - which provide opportunities to resource forest landscape restoration – or the Upper Tana project (refer chapter 3.6). Furthermore, the EU action for job creation for youth and women is a 3.5 mEUR blending operation (with the EIB, KfW and FAO involvement) that includes a natural resource management component. Lastly, there seem to be possibilities for investment in commercial forestry through Finnfund, provided there is local ownership, including financial investment.

Furthermore, there is also scope for synergy between Finnish cooperation and the Green Climate Fund. One of the ongoing projects relates to the forestry sector, namely the Promotion of climate-friendly cooking (Kenya and Senegal) led by GiZ and SNV. Other projects, mostly on mitigation, are led by the EIB, the Dutch FMO, the French AFD, the German Deutsche Bank AG and the US-based Acumen Capital Partners

LLC. Another 11 projects are in the pipeline, some of which link to Finnish-supported achievements in the forestry sector, in particular the NAMA-led Integrated Green Climate Innovations for Increasing Water and Land Productivity for Smallholder Farming Systems in the ASAL Counties of Kenya and the IUCN-led Dryland Resilience Kenya: Ecosystem-Based Adaptation through Rangeland and Forest Landscape Restoration for Resilient Communities, Land, Water and Infrastructure in Frontier Counties of Kenya.

### 3.2 The role of a value chain approach to increase finance and investment in sustainable forestry and agriculture

EQ2: Under what conditions can a value chain approach increase finance and investment in sustainable forestry and agriculture- while benefiting final beneficiaries in a sustainable way?

**Finding 7. The MMMB has, with mixed success, applied a VC approach to some extent; support focused on production and capacity development of producers, while market demand and support to other actors in the chain was largely ignored.**

MMMB Project component 4 aimed at *‘improving livelihoods in ASALs through sustainable production and trade in bio-energy and other forest products’*. Interventions would cover the entire production-marketing chain ‘enhance conditions where production and market demand of selected commodities meet’, taking the regulatory framework as well as land tenure arrangements into consideration. Value chain analysis would be utilised *‘to identify the critical points along the commodity value chain where the MMMB Programme can [...] help improve the performance of the various actors linked to the chain’*. The strategy was to build the entrepreneurial capacity of producer groups organised around promising commodities (charcoal, honey a.o).

The value chain approach was adopted to some extent only; particularly to identify, for each of the roughly 50 groups, the commodities with the highest income-generating potential. For these, ‘Enterprise Development Plans’ were developed and implemented, including an assessment of the resource. At the same time, the project appears to have pushed for engaging in bio-energy, particularly charcoal, which may explain why the majority of groups (42) engaged in charcoal. Others engaged in producing honey or Aloe Vera. Women constitute 44% of group membership (Project completion report).

At local level, however, value chain support has positively affected several groups and strata, in particular women, youth and poor households in general. The final report mentions substantial increases in income of the Enterprise Groups (from KES 20,700 in 2013 to KES 79,535 in 2015) and of in household income of Community Producer Group members (from KES 2,500 in 2013 to KES 10,600 in 2015). The groups visited during the mission had commercial activity at low levels, while others were inactive. This was mostly due to the current charcoal ban impeding the activity of most groups. Some had developed alternative products (briquets) to continue their business, be it at a low level. What appears to be missing most is market access: the groups had difficulty identifying buyers buying at decent prices. It seems that project support has been much product- and less market-oriented; value chains have been developed only partially around the production process, with little attention to marketing and to other actors in the chains.

The Value Chain support provided under MMMB to various small-scale enterprises seems hardly relevant in view of the scale of the overall value chains - even though the charcoal value chain work had the potential to transform this market at a national scale. There is little evidence of any public or private finance in Finnish-supported value chains and in the wider ARDF sector, due mostly to the absence of an enabling environment.

**Finding 8. Capacity and skills development of farmers’ groups organised around commodities, in entrepreneurship and management of savings and loans, is a key success factor for sustainable business development.**

Nonetheless, some of the groups remain functional and continue engaging in various livelihood support and commercial activities. This appears to be related to enhanced capacities and skills – thanks to the facilitators accompanying the process of enterprise development – particularly around the Savings and Loan Groups. In

many cases, the project has built its activities on existing groups with proven capacities in bookkeeping, benefit-sharing and other skills. As a result, some have been able to continue their activities beyond end-of-project, while others have fallen apart for lack of support.

**Finding 9. Recent VCA work in the country suggests that other donors still consider the VCA a valid approach for improvement of the incomes and assets of smallholders.**

Several donors mentioned in 2.2 apply a VC approach. Most notably, IFAD's value chain programmes support smallholder farmers to move from subsistence to commercial farming. Interventions include "soft" activities such as training, and "hard" activities such as post-harvest and market-related infrastructure (roads, physical markets) and provision of better-yielding crop varieties and livestock breeds. The programmes also work with producer groups to enable poorer farmers to aggregate produce and share risks as they moved to more commercial production models. An evaluation in 2018 of IFAD's support to smallholder agricultural value chains in Kenya provides some valuable lessons, based on a dairy and a horticultural development project, representing two important sectors in the national economy that employ many smallholder farmers (IFAD, 2018).

The evaluation found that value chain interventions improved the incomes and the assets of smallholders and also had a positive impact on gender equality and women's empowerment. Community-based planning was found to be key to ensuring ownership of training and infrastructure. Challenges concerned the marketing of surplus production, and involvement of the private sector had remained insufficient, in particular for the processing and marketing parts of the chain.

The EU also continues its Value Chain approach in Kenya. In 2018, it financed the AgriFI (Agricultural Finance Initiative), a 100 mEUR programme to help Kenya's smallholder farmers and pastoralists supply Kenyan and export markets with high-value products. Also in partnership with FAO, Danida and the African Development Bank, the EU is preparing an agri-business project in selected counties '*Decent jobs for Youth and Women in Agricultural Value Chains in Kenya*'. It justifies the proposed VC approach arguing that Kenya's agricultural sector includes many value chains with an increasing international demand in premium markets e.g. avocados, horticultural produce, organic tea and coffee, etc. The project would (1) support the establishment of Business Incubation Hubs (BIH) in selected counties; (2) address the challenges experienced by youth and women to access land and other natural resources at appropriate conditions, by mapping land tenure and helping the programme beneficiaries to identify suitable land plots; and (3) assist Youth and Women led Agri-businesses obtain access to finance, through the establishment of a financial guarantee scheme (blending facility). At a global level, the European Commission is investing in the development of a 'VCA4D' methodology that analyses VCs and relevant impact pathways, in an effort to track how development actions contribute to SDGs and EC strategic objectives.

**Finding 10. Development Partner sources have argued that (private) timber value chains have an even higher commercial potential than the agricultural value chains, for reason of the scarcity of timber-based products.**

### 3.3 Integrating cross-cutting objectives and HRBA successfully

EQ3: How can cross-cutting objectives and HRBA be successfully integrated and implemented, in such a way that they support achievement of the Finnish development cooperation objectives and objectives of the projects?

**Finding 11. For HRBA tools (various analyses) to be effective, they should be used right from the formulation stage onwards, to provide a basis for HRBA programming, implementation and M&E.**

During the design and first years of implementation of the MMMB programme, the Finnish Development Policy defined cross-cutting issues as: gender equality, social equality and HIV/AIDS. The original PD of the Implementation Phase (2009-2014) acknowledges gender, youth and HIV/AIDS issues in forestry. The

project was midway its implementation phase (2009-2016) when, in 2012, HRBA was introduced as a guiding principle and cross-cutting themes were ‘upgraded’ to cross-cutting objectives: gender equality, reduction of inequalities and climate sustainability.

In late 2010, MMMB conducted a Crosscutting Development Issues Report, which gave recommendations on mainstreaming of crosscutting issues. The Report found that the original PD did acknowledge the cross-cutting issues but did not systematically mainstream them in the activities (MFA, 2010). It provided detailed recommendations how to ensure that crosscutting issues are properly mainstreamed into implementation. Evidence collected points to the fact that the training recommendations were followed up, at least partly. At the same time, some elements in the reports suggest that cross-cutting issues were perceived as an ‘extra work’ and not fully understood by the programme team: “*Requirements for cross-cutting baseline studies have held everything back*” (MFA, 2011).

**Finding 12. A key success factor to integrating cross-cutting issues and HRBA into programme design and implementation is to have all programme staff well knowledgeable about these concepts.**

There is evidence that the MMMB has made efforts to mainstream some cross-cutting issues into activities rather than treating them as separate issues (MFA, 2012). Discussions with the former Kenyan KFS project team and former Embassy staff suggest that there had been a fair amount of training, and that understanding of cross-cutting issues had improved across KFS. Project documentation leaves an impression that the view of cross-cutting issues depends on the author of the report; some reports take a very positive view of mainstreaming of cross-cutting objectives, e.g. in the National Forest Plan drafting process (MFA, 2014), while others treat them as additional work that is not understood.

When HRBA was introduced with the development policy 2012, respective training was organized for the project team (MFA, 2013b). The revised PD 2013 mentions HRBA and cross-cutting issues (gender, youth, HIV/AIDS, climate change) (MFA, 2013a), but provides little guidance on how to mainstream these in practice (while some guidance on gender mainstreaming is provided). HRBA rhetoric (right-holders, duty-bearers) is not used and the overall HRBA methodology is not explained.

**Finding 13. HRBA and cross-cutting issues are best applied when they are part of and supported by the national policy framework. While programmes can build capacities of national institutions and support the implementation, ownership of the principles should rest in the national policy framework.**

The Kenyan constitution 2010 sets a provision for gender equality and HIV/AIDS policy, and these areas are reflected in KFS policymaking as well (GoK, 2010). KFS has launched an HIV/AIDS workplace policy in 2017 (Wasonga, B., 2017) and national gender mainstreaming is considered a public policy concept that should guide KFS operations (Kendi, B., 2018). According to one interviewee, MMMB was able to support cross-cutting issues when they clearly matched the priorities set in the Kenyan Constitution and other government policies.

Regardless of this, it seems the most significant contribution to implementing HRBA - especially at community level - has been that the Kenya Forest Act 2005 itself calls for community participation in forest management (GoK, 2005). While the Project Completion Report 2017 (MFA, 2017) gives a grim view of cross-cutting issues and HRBA and portrays them as a ‘burden’ for the project, there is evidence that, in practice, cross-cutting issues and HRBA have been implemented in many ways.

Especially in counties where Participatory Forest Plans have been prepared jointly with Community Forest Associations, right-holders (community members) have better understanding of their rights and are able to voice their concerns through participatory process, and the duty-bearers (KFS officials) have increased capacity to ensure that these rights are fulfilled (*CFAs met in Nanyuki, Gathiuru and Kabaruru Forest Stations*). The National Forest Programme (2016-2030) drafting process has also been largely participatory and reinforces good governance and rights of people to participate in forest governance (MFA, 2015). MMMB has also supported the Kenyan Forest College (KFC) to develop an HRBA curriculum, which can be used at community level to ensure more participatory forest management and conservation.

MMMB organized tailored HRBA training to uniformed rangers of KFS to help them to better interact with communities. The Enforcement and Compliance department (ENCOM) of KFS really benefited, in order to move from a militarized approach towards an approach based on dialogue and implementing participatory forest management. This was significant, since KFS had an armed wing and all the staff working at KFS have undergone para-military training. This situation is significantly different from that in other bilateral programs such as Water and Agriculture (PALWECO).

It is noteworthy that, despite MMMB's efforts to train KFS on human rights issues and the ENCOM Division being among the beneficiaries of the training on rights-based approach to dealing with conflict, KFS faced some human rights-related challenges. It received complaints that followed the alleged use of excessive force by rangers in the field. Printed press and internet reported on the forced eviction in the Embobut forest and the violation of the rights of the Sengwer people. The Government of Finland was indirectly 'accused' as the MMMB Programme was among the funders of training and of KFS more generally (refer also chapter 3.7). The events were reportedly among the reasons for the EU to suspend its support to the Water Towers programme (refer 2.2).

**Finding 14. Climate change was poorly integrated in the MMMB programme, even though this would have been highly relevant.**

With regard to 'climate sustainability', there is no evidence of proper integration of climate change concerns or objectives into the project. Consideration of climate change would, however, have been appropriate in the context of the support to charcoal production (under component 4) for example, especially when considering that the theme is high on Kenya's policy agenda (refer Context 2 and Context 3). The MTE points out that the role of climate change mitigation and adaptation was not properly understood, and no efforts were undertaken to 'climate-proof' the charcoal production and trade activities.

### 3.4 Key success factors for reducing poverty and inequality

EQ4: What are key success factors for achievement of 'reduced poverty and inequality', in particular in terms of benefits for women, vulnerable groups, and small and medium-size farmers?

**Finding 15. Despite the modest scale of commercial activities around government plantations and in the ASALs, the community groups' activities have had highly significant impacts on people's food security, livelihoods (allow parents to pay school fees or solve health problems) and income.**

MMMB project component 3 (support to management and utilisation of gazetted forest reserves) aimed to develop partnerships with local communities and the private sector in support of forest management. From a poverty reduction point of view, one of the most successful initiatives was the Plantation Establishment and Livelihood Improvement Scheme (PELIS) (Kagombe, J., 2014). The completion report mentions the development and strengthening of 58 CFAs and their increasing participation over the years in the PELIS Programme 'with significant increase in incomes per household', without providing any quantified data.

The evaluation team found evidence that the PELIS system has indeed improved food security and economic empowerment for both men and women. Discussions with Community Forest Associations (CFAs) in Nanyuki, Gathiuru and Kabaru Forest Stations yielded the following: 1) All CFAs in Nyeri county reported major benefits from PELIS and many had started other income generating activities. Many reported buying motorbikes and being able to sell vegetables in the market. 2) In Gathiuru, 23 people had been able to buy a car and use it for taxi services. Gathiuru FCA had also received an additional fund to start a potato factory where they can produce crisps and chips. 3) In Nanyuki Forest Station, sawmillers who had participated in a study tour to Finland as part of the MMMB programme reported that they had benefitted from the study tour.

Regarding the PELIS scheme, an often-cited argument against it is that profit-sharing after trees are cut does not benefit the community; the interest of farmers would be in the crops only, and hence farmers would not necessarily have any incentive to ensure the trees grow fast and are of good quality. Field observations,

however, did not point to improper maintenance, but rather to a significant variation in genetic quality of tree seedlings, if anything. When the evaluation team inquired (among PELIS farmers in Nyeri county), the beneficiaries did not think there was any such issue; when there had been cases of farmers pruning ('sabotaging') the trees to reduce their impact on the crops and enhance crop yields, the CFA had taken disciplinary measures against these farmers. The PELIS system itself was considered so profitable to the farmers that they would not want to risk losing it.

**Finding 16. A key success factor for reducing poverty and inequality seems to be access to income-generating activities, which creates jobs, income and improves livelihoods.**

Visits to MMMB-supported groups organised around community forest commodities allowed to observe that, in many cases, one source of income had allowed for undertaking other income generating activities, such as start-up of a small business or shop. Likewise, the extra income from vegetables grown in the PELIS and sold in the market allowed farmers (m/f) to buy a car or a motorbike to start a taxi business. Aloe Vera cleaning products are another good example of an income-generating activity - especially for women and vulnerable groups such as disabled people - that had a trickle-down effect through education for children, better health care and other poverty alleviation effects. This confirms the findings by IFAD of a positive impact of value chain work on gender equality and women's empowerment, including health benefits (Context 13).

Besides generating substantial income for communities and strengthening livelihoods in a significant way, the development of Participatory Forest Management (PFM) agreements with CFAs and the organisational development (strengthening of KFS and CFA capacities to practice Participatory Forest Management) allowed many of the CFAs to become strong and accountable organisations. As a result, they could undertake different income-generating activities on a relatively large scale.

MMMB's fourth component aimed at 'improved livelihoods in ASALs' through sustainable production and trade in bio-energy and other forest products. The Aloe Vera production group in Kitui county reported many economic benefits from selling Aloe Vera cleaning products. Although the marketing and selling of the products were limited, already a small income addition had helped many women to invest in livestock and start other businesses, e.g. a hotel or a small shop. In addition to better incomes, in all CFAs met, several people (especially women) reported that they have been able to pay for their children's school fees with the income generated from PELIS, Aloe Vera production and charcoal. The Aloe Vera group also reported that they have better health now, since they are able to use the product themselves to cure children's ringworms.

Also, the PELIS scheme has created many jobs for the youth, in Nyeri county in particular, which has reportedly reduced crime in the area significantly. Kabaru CFA also mentioned that, through local employment, they have been able to prevent 180 adolescents from migrating to Garissa to work in the mines where they often are targeted by Al Shabab terrorists (either attacked or recruited).

**Finding 17. Other success factors include national policies and institutional capacities of the duty-bearers to ensure that the rights of the right-holders are fulfilled; they lay a basis for potential scaling up of poverty and inequality reduction efforts nationwide.**

The first two components of the MMMB programme concentrated on the legal framework and institutional capacity building of the Kenyan forest sector. This has ensured that changes brought about by the MMMB could be systematic and sustainable. The programme supported the implementation of the Forest Act 2005 and the formation of Kenyan Forest Service (KFS), ensuring that capacities of civil servants were enhanced for them to roll-out the intended change (MFA, 2017). The Forest Act calls for community participation in forest management, and there is evidence that trust between community and KFS officials has been built, at least in the MMMB supported sites. This came through in many interviews with both officials and community members.

**Finding 18. While there are numerous good examples of reduced poverty and inequality under the MMMB, the challenge remains in scaling up of the small-scale local experience; project impact was also badly affected by constraints in the external environment outside the programme's control.**



Some interesting outcomes of MMMB (notably employment and revenues from the PELIS scheme) have not been reported in the MMMB reports. There is no doubt that the communities involved in the programme benefitted substantially, but it is unclear how much, and to what extent KFS has scaled up the successful activities in other communities after end-of-project. Reportedly, after MMMB end-of-project, KFS has scaled up market analysis across the country, but the mission could not access any report on this.

At the same time, some income-generating activities that were foreseen - in particular eco-tourism and saw-milling development - have remained little developed. As regards eco-tourism, even though an eco-tourism master plan was developed, licenses were issued and people were trained, the activity has remained nascent. The mission does not dispose of data on the scale of the current eco-tourism activities, but anecdotal evidence suggests that there has not been any proper market study to match demand and offer. Inputs have been focused on eco-tourism infrastructure development and training only.

As regards sawmilling, saw-millers have been encouraged and facilitated to invest in modern technologies, after the logging ban was lifted in 2012. These investments, however, have hardly become productive, after the Logging ban – of February 2018 - affected the sawmilling industry severely (Tobiko, K., 2018). All sawmillers interviewed reported that they have had to cut their production as they are unable to receive timber from public land. The ban exempts timber from private lands (Orinde, H., 2018), but according to the sawmillers, the price of timber from private land has gone up so much since the ban, that they cannot afford to buy it. In addition, the quality of timber is reportedly less good. As a result, many of the saw-millers are reportedly faced with unpaid loans and foreclosure of their businesses.

The logging ban was followed by a charcoal ban affecting especially the charcoal producing communities in ASAL areas. Charcoal producers met in Kitui county had switched to producing briquettes, which are exempt from the ban. However, briquettes production requires water which is a scarce resource in the ASAL. The Kitui community had been trained in briquette making but it was unable to continue production during the dry season due mostly to water scarcity.

### 3.5 Inclusiveness and attractiveness of sustainable land use and land management

EQ5: How can investment in sustainable land use and land management be made inclusive of smallholder and community needs while being attractive to (responsible) investors at the same time?

**Finding 19.** The MMMB programme had no explicit ambition to promote any external investment in land use and land management (inclusive of smallholder and community needs). Over the evaluation period, Finland has hardly facilitated any external investment in the ARDF sector.

MMMB component 4 had the objective of *‘increasing income to farmers and communities through production and trade in bio-energy and other forest products’*. The ambition was to develop forest-based enterprises and improve land management through agreed tenure arrangements. In this context, the programme has trained community groups in forest enterprise development and prepared business plans. The focus was on supporting the formation and registration of Charcoal Producer Associations and allowing them to trade in it freely. To this end, the charcoal rules had to be drafted and for selected forest products, resource mapping was undertaken. As such, some of the value chain constraints was mapped, analysed and addressed.

One of the lessons learned – identified by the MTE – was that resources for component 4 were spread too thinly to achieve the desired impact. The focus on immediate poverty reduction for many would be at the expense of developing sustainable value chains that would allow for up-scaling. The MTE recommended a reduction in number of groups supported and more targeted sector policy development, in close collaboration with CSOs and private sector actors providing specific support services. While the programme has taken this recommendation to heart, the final results remained modest (refer EQ2), due – to a large extent – to external factors outside the project’s sphere of control, notably the charcoal and logging ban.

**Finding 20. The MMMB did, however, help prepare the ground for investment to happen; activities of some Community Forest Associations show that the organizational capacities of the forest and farm producers have created a potential for external finance to be channelled toward selected value chains.**

While the MMMB had no explicit ambition to promote (responsible) external investment in land use and land management (inclusive of smallholder and community needs), it did nonetheless help prepare the ground for such investment to happen; the organization of the forest and farm producers could – eventually – have allowed for external finance to be channelled toward the selected value chains. In a way, this happened to one of the CFAs visited, which has attracted funds to start a small factory for production of potato chips and crisps, based on their potato production under the PELIS scheme.

In terms of ‘*enabling investments*’ for access to finance, the MMMB has contributed to (i) *securing the commercial rights* (notably through the amendment to the charcoal rules, the registration and licensing of Charcoal Producer Associations and the issuance of charcoal movement permits) and (ii) *strong organization for scale* (through the training of community groups, the development of business plans and association development support) and (iii) *appropriate technical extension* (notably through resource assessment and mapping, and technical training on harvesting, processing) (Macqueen, D., n.d.). What seems to have been missing most is the fourth element, namely (iv) ‘*fair market access and business incubation*’. All groups met have been struggling with access to markets. To a large extent this was caused by the logging and charcoal ban, but the Aloe Vera and honey producer groups also reported the same challenge of ‘lack of markets’.

The MMMB programme has also made ‘*enabling investments*’ in the form of a legislative framework (for concession management), preparation of guidelines and management plans, and organizational support to the Timber Manufacturers’ Association, including technical training of SME saw millers at a modern sawmill at KFC. The project also supported reform of the forest concession and of timber licensing systems, but these met with resistance of certain stakeholder groups and with a ban on timber harvesting, respectively. In other words, while most enabling investments to develop the timber value chains were in place, ‘policy constraints’ prevented further development of and investment in the value chains.

**Finding 21. Finland can best support inclusive private sector investment in sustainable land use - particularly in commercial tree growing and forest industrial development - through restoration actions in currently unproductive areas, by facilitating and supporting partnerships between county governments, CFAs and external investors, building upon the organisational capacities of CFAs.**

The forest sector offers good opportunities for medium-scale investment in timber harvesting and processing, based on the extensive (government-owned) plantations, to cater for a strong demand for timber-based products. Thus far, however, private sector investment in this sector is not forthcoming, mostly for lack of an enabling environment, in particular the lack of an agreed legal framework for concessions that would provide longer-term security of access to the woody resources. In addition, the ban on timber harvesting has put an end to timber harvesting from public land. Since the end of project, the ‘enabling environment’ in the timber sector has not improved, as the ban on timber harvesting was extended by a year, up to November 2019. This jeopardizes the planned Finnish support aimed at supporting private sector involvement in the forest sector.

When exploring opportunities for large-scale investment in forestry and sustainable land management, one could consider the Forest Conservation and Management Trust Fund, created under the Forest Conservation and Management Act (2016), with a view to promoting and supporting innovations and best practices in forest conservation and development. However, to date this Fund does not seem to be operational.

Finally, the Gatsby discussion paper suggests that government at both National and County level have critical roles to play in anchoring inward investments into the sector (PWC, 2014). For example, using existing government assets to attract new large-scale private sector investments in commercial tree-growing and in forest industries could provide a significant catalytic boost to the sector. This might include allocating concessions for commercial tree-growing on government gazetted forest land or it could involve seeking to bring in new investors into the pulp and paper plant which stopped production in recent years.



At a local level County Governments could facilitate investors to access land in currently unproductive marginal areas, providing they meet minimum requirements for environmental and social safeguards, value addition and employment creation.

### 3.6 Appropriateness of implementation approaches

EQ6: Which implementation approaches are most appropriate - in terms of scale, modality/ instrument, channel and/or implementing organisations in future?

**Finding 22. Bilateral cooperation projects have been the dominant aid modality in the ARDF sectors in Kenya. With the MMMB Forest Sector Reform as a nation-wide flagship programme, this modality has been successful in terms of ownership and use of country systems and procedures. Technical Assistance provided has made an important contribution to project success, but the programme was not well equipped to deliver forest-based value chain development at field level.**

The MMMB was a nation-wide Sector Reform Programme with a dual ambition: to support key reforms in the forest sector and build new capacities, on the one hand, and to strengthen engagement with the private sector, communities and civil society on the other (the ‘decentralised’ objective). The programme was implemented by the Kenya Forest Service, using its own newly developed systems and procedures, with significant provisions for (mostly Finnish) Technical Assistance.

Overall, this implementation approach has worked well; it fostered a strong sense of national and local ownership, even two years after end-of-project, while the added value of ‘hands-on’ capacity development by Finnish TA was generally appreciated. The programme was successful in achieving its central-level objectives and in establishing new partnerships with the private sector, communities and civil society. It was less successful in fostering organized commercial production and trade in forest-based products, even though, at local level, CFAs successfully organise many income-generating and livelihood-support activities.

**Finding 23. MMMB faced challenges with regard to roles and mandates of partners in the decision-making processes and structures. The final report suggests that future sector support should be more results-oriented and less tied to organisations, and it should mobilise implementing partners in function of needs.**

The MTE identified challenges in programme implementation; it highlighted an ‘*inefficient organisational and decision-making structure*’ and micro-management from the Steering Committee (SC) and Supervisory Board (SVB); limited executive power for the Programme Manager and CTA; internal communication problems and time-consuming and cumbersome approval and procurement procedures as implementation issues. The MTE recommended a clearer definition of members and roles of the SVB and the SC, so there would be less overlap in mandates and tasks.

Furthermore, the MMMB Completion report makes a recommendation for a ‘*Real sector approach*’, which would focus less on supporting single sector institutions and more on supporting the sector as a whole; results should be formulated with the sector in mind, and actual implementing institutions would then be selected during implementation, in function of the expected outcomes. The type and volume of inputs and support would not be pre-defined but allocated as the programme progresses, which would require actors to make an effort to be considered for support. The programme would act as a rather independent entity able to operate and engage across the sector.

To some extent, this idea seems to have been put into practice by the Upper Tana Natural Resources Management Project (UTaNRMP), an eight-year project (2012-2020) with a total cost of USD 68.8 million funded by the GoK, IFAD, the Spanish Trust Fund and local communities – see box below. The project goal is to “contribute to reduction of rural poverty in the Upper Tana river catchment”, through two development objectives namely (i) increased sustainable food production and income for poor rural households; and (ii) sustainable management of natural resources for provision of environmental services. This rationale

addresses the nexus between rural poverty and ecosystem health in a densely populated and environmentally fragile watershed of critical national and global significance.

**Finding 24. An evaluation of Finland’s cooperation with Kenya (2007-2013) recommended greater attention to county-level capacity building, facilitation of cooperation and coordination among Kenyan actors, and increased economic cooperation between Finland and Kenya. While the MMMB supported the ‘devolution process’ and greatly contributed to cooperation and coordination among Kenyan actors, capacity building at county level has remained incipient. Increased economic cooperation between Finland has hardly materialised, as yet, as far as the ARDF and forest sector is concerned.**

In terms of modalities, the 2015 Evaluation of Finland’s Development Cooperation with Kenya in 2007-2013 (MFA, 2015) highlights that Finland supports central government agencies with large projects that include sizeable technical assistance components. *‘This approach and the selected partners are not necessarily best suited to support devolution and capacity building in counties’*. The evaluation team recommended that *‘all existing and future projects contribute specifically to capacity building at the county level. Finland should also actively seek opportunities to facilitate cooperation and coordination among Kenyan actors, while also striving to increase economic cooperation between Finland and Kenya’*.

The MMMB has supported the capacity building and ‘decentralisation’ processes to some extent, in particular through its support to the preparation of *Transitional Implementation Plans* (TIPs), which transfer devolved forestry functions to the counties. The TIPs reportedly provide a good basis for further engagement with counties but lack sufficient financial support (KFS sources). At the same time, several sources emphasized the important contribution made by the Technical Assistance provided under the MMMB to making the overall project a success.

As a new project to strengthen counties, the MFA evaluation team had also recommended *‘preparation of on-line county-level atlases of ecosystems and the goods and services linked to them, thus providing access to knowledge that will help county governments plan for sustainable management and investment affecting these resources. To complement this, there should be a study on governance, investment incentives and benefit sharing in relation to renewable natural resources’*. The current evaluation team is not aware that any of these recommendations have been implemented.

**Finding 25. Simultaneous implementation of the MMMB sector reform programme and the IC-FRA Institutional Cooperation Initiative, which focused on capacity development, has shown that a mix of implementation modalities can create synergy and enhance outcomes of both.**

Effectiveness of MMMB has benefited significantly from an Institutional Cooperation Instrument (ICI) initiative, namely the Improving capacity in forest resources assessment project, coordinated by the Finnish Forest Research Institute (Metla), in collaboration with the Natural Resources Institute Finland (Luke) and KFS. The ICI project aimed to strengthen ‘Finnish added value’ as a cross cutting theme in cooperation efforts and encouraged Finnish stakeholders to take a more active part in development cooperation; in this case through cooperation between Finnish and Kenyan public sector organisations. The project was successful in building capacities in KFS and other agencies for forest monitoring, and in terms of providing the necessary software and hardware needed for data collection and for implementing REDD+ and other climate change or environmental initiatives and conventions.

**Finding 26. While there has been significant private sector investment in Kenya, notably through Finnfund, this has not been complementary to or strengthening the bilateral cooperation projects. There is room for greater synergy between private investments and bilateral programmes.**

Besides bilateral cooperation projects, Finnish private sector financing instruments are in active use in Kenya as well. In 2015, disbursements through Finnfund amounted to almost EUR 9 million, with three major investments in Kenya, including the Lake Turkana’s Windmill Park, Finnfund’s biggest investment in Sub-Saharan Africa. Finnpartnership awarded almost 100,000 euros to 10 different applicants. In 2006–2016 Finnpartnership received 82 applications, of which it approved 42. The private sector investments have not

been planned or implemented to complement or strengthen bilateral cooperation projects, which may be partly explained by a reluctance to make private investment in the forestry sector.

### 3.7 M&E in the context of wider support for achievement of SDGs

EQ7: What type of monitoring and evaluation system is most appropriate for outcome monitoring of Finnish projects in the context of wider support for achievement of SDGs?

**Finding 27. Monitoring in the MMMB programme was based on country-systems, notably those of the Kenya Forest Service, and linked to national-level objectives and strategies. Strengthening of the M&E system was in Kenya’s direct interest as a means to enhance reporting to international conventions. Monitoring and reporting capacities were further strengthened through an ICI project.**

In MMMB, programme monitoring was essentially undertaken through a Management Information System (MIS) that was established and institutionalised within the KFS. The MIS comprises a number of elements, including the Forest Information System (FIS), the M&E system and a Financial Management System. In other words, country systems were used - some of which were already designed during the inception phase - with the aim to strengthen monitoring capacity of the concerned government institutions. The monitoring systems allowed KFS to assess progress towards achievement of its strategic plan as well as its contribution to wider SDGs (notably poverty reduction and environmental management).

In particular, the MMMB has created capacities to map and monitor forests and establish a FIS with up-to-date information on the state of the forests, on harvesting, and on revenues and licensing. This effort was further supported by the IC-FRA project (refer 2.3.3), which allowed to feed National Forest Inventory data into the FIS. This information, besides serving MMMB impact monitoring, has also allowed Kenya to provide data under the various International Conventions, for example on climate change. The human and material capacities built to produce such information is seen as a major accomplishment of the MMMB (*Inception workshop of the evaluation*) and have allowed KFS to function as the national REDD focal point.

The M&E system, including the FIS and FMS, was functional for programme reporting to the Steering Committee. However, it was less functional to monitoring progress under the decentralised components 3 and 4, dealing with the development of SMEs and Forest User Associations, for which additional indicators and baseline data needed to be defined. According to MFA sources, the M&E framework was among the challenges of MMMB; it was difficult to measure some of the *impacts*, as the program didn’t have baseline indicators. The programme had to bring in an M&E specialist, after the MTE.

**Finding 28. A mid-term evaluation of MMMB produced useful recommendations, which guided a revision of the programme document and logframe and gave new impetus to its implementation.**

A Mid-term Evaluation (MTE) was undertaken in early 2013, i.e. in the fourth year of implementation, two years before end-of-project in June 2016. The MTE was overall positive and recommended an enhanced focus on a smaller number of outputs and outcomes, as well as an extension of 15 months. Priorities were redefined (“the Big Five”) in a process facilitated by the MT assisted by an international and a national consultant. This resulted in a revised version (Sept 2013) of the programme document. The MTE has been highly instrumental to project steering and has given a new impetus to project implementation.

Despite achievement of important outcomes in the different components (policy, institutional, plantations and livelihoods), the MTE noted a lack of communication between components and feeding of results from pilot projects (components 3, 4) into the policy process (component 1); there were no plans for dissemination, analysis of lessons learned and policy feed-in.

**Finding 29. External communication and dissemination of accomplishments in the public domain (profiling) have received insufficient attention, and this may have contributed to negative publicity.**

The evaluation team notes that external communication, visibility and dissemination of accomplishments in the public domain (profiling) appear to be weak. When ‘googling’ the MMMB, one does not get many hits,

nor many positive results or even good pictures. The search easily leads - via KFS - to articles about the forced eviction in the *Embobut* forest and the protection of the rights of the Sengwer people. The Government of Finland is indirectly 'accused' as one of the funders of the KFS, alongside the World Bank.

Likewise, a Facebook search of MMMB leads more to articles on forest destruction than to conservation or plantation. While it may be difficult to avoid this type of negative publicity, it would seem useful if it was balanced with proper and more positive publicity on the MMMB accomplishments, in particular in the area of support to local communities - which is currently missing. In this perspective, external communication around a programme such as MMMB should have received higher priority.

**Finding 30. Outcome monitoring of future ARDF support spreads across sectors and themes; it should capture both the economic and environmental and climate change dimensions of interventions. It should be based on country systems and support the country in meeting its obligations to report on the implementation of Agenda 2030 and to the various international conventions.**

With regard to future Finnish cooperation, Annex 6 presents the MFA logic model for priority area 2 (*Improved access to jobs and livelihoods*), under which future ARDF support (in the forestry sector) in Kenya would be framed. Jobs and livelihoods would contribute to SDGs 1, 8, 9 and 12, with '*Increased productivity and economic opportunities in forestry and agriculture*' as a main outcome. Support to the ARDF/forest sector is not presented as part of Development Policy Priority Area 4: *Natural Resources*, which caters to SDGs 1, 2, 5, 6, 7, 9, 12 and 15 and includes sustainable natural resource management and climate change. This underscores a focus on supporting economic development and employment rather than environmental and climate change objectives but loses sight of important results.

Likewise, the EU Joint Cooperation Strategy (JCS) with Kenya states that Finnish support to the forestry sector would primarily contribute to *Employment creation* (JCS area 3). It does not acknowledge that support to the forest sector, in general, also contributes to *Infrastructure* (JCS area 2) - in particular the housing objective - and *Resilience* (JCS area 4), notably drought management, food security, livelihood diversification. In addition, it also contributes to accountability and good governance, particularly when it supports the devolution process as MMMB did. As a result, several important dimensions of action in the forestry sector risk not to be captured, including particularly poverty (SDG1), affordable and clean energy (SDG7), climate (SDG13) and life on land (SDG 15).

Kenya has been a top advocate for the Agenda 2030 and is a member of the High Level Panel of Eminent Persons on SDGs. The SDGs are embedded in a good policy framework informed by the overarching 'Kenya Vision 2030'. The goals have been mapped and mainstreamed since the second Medium Term Plan (current 3rd, 2018-22) and are supported through the 2010 Kenyan Constitution. The current Presidency's Big 4 Agenda, in line with the latest 2017 SDGs Voluntary National Review, puts a strong emphasis on human capital development, notably on social protection, access to basic services and equal economic rights, including land ownership and financial services (SDG 1, 2, 3, 5, 8, 9, 14, and 16). Civil society is active in SDG monitoring through the SDG Kenya Forum platform (SDG 17).

A 2018 analysis of the SDG Policy Gaps by the State Department of Planning and Statistics (2018) suggests that roughly 40% of the SDG targets are accounted for by sector specific policies, as well as legal and regulatory frameworks; 36% of targets have been partially met. Areas which are most in need of policy revision are: youth, Goal 1 on ending poverty, transport, security, energy, Goal 4 on sustainable cities. Some of the recommendations to ensure existing policies will lead to achieving the SDG targets include: greater leadership in policy, legal and institutional frameworks; collection, analysis and dissemination of reliable and timely disaggregated data, improving policy awareness and entrenching community involvement.

With a view to future support to the ARDF/forest sector, monitoring, evaluation and reporting could be aligned with National Forest Programme and with systems for SDG monitoring. The MFA results framework (re. Annex 6) defines a set of indicators that are not (yet) linked to any of the SDG-related indicators.

### 3.8 Lessons learned and implemented, and approaches to tackle challenges in the sector

EQ8: How have the lessons learned from the donors/development partners and development organizations been taken into account or implemented at project level and what kind of approaches do the organizations have for future challenges in the sector?

**Finding 31. Finnish development cooperation in the forestry sector in Kenya has been in many ways a flagship initiative that included policy reform, institutional capacity building and grassroots level activities at the same time. Rather than implementing lessons from other organisations, other development partners and programmes have learned lessons from the MMB programme.**

In Kenya, Finland has been the lead donor in forestry sector; as evidenced by all discussions with officials in the Ministry of Environment and Forestry and KFS, and with other Development Partners. Finland has also chaired the Forestry Sector Working Group (forest issues group) for several years but handed over to DFID after it was no longer involved in the sector. DFID reportedly requested Finland to take over again since it does not particularly support the forest sector, but rather climate change.

Therefore, while there is a number of lessons learnt from the MMB – as reflected in the answers to the various EQs – there is little evidence of any well-articulated lessons from other organisations that were taken into account for implementation of the MMB or other ARDF projects in Kenya.

**Finding 32. Few initiatives support private forest development in Kenya, and the focus tends to be on production aspects. There are no readily available viable approaches to addressing the challenges to sustainable private forest development in a value chain development perspective.**

The context analysis (Context 9) highlighted that overall, donor support for forestry in Kenya tends to focus on investments in (forest) landscape restoration and promotion of a landscape approach, rather than development of value chains and private forestry. There are some initiatives, though, that support private forestry development.

The focus of the Food and Agriculture Organization of the United Nations (FAO), in collaboration with the International Union for the Conservation of Nature (IUCN) and the International Institute for Environment and Development (IIED) is on the strengthening forest and farm producer organisations. Through the Forest and Farm Facility – to which Finland is a donor as well - it strengthens smallholder, women, community and Indigenous Peoples' producer organizations for business/livelihoods and policy engagement, catalyses multi-sectoral stakeholder policy platforms with governments at local and national levels, and links local voices and learning to the global arena through participatory processes and information sharing.

In 2016, the German Federal Ministry of Food and Agriculture (BMEL) signed an agreement with the Kenyan Ministry of Environment and Natural Resources for a project supporting private forest development in Kenya through establishment of private small and medium scale forest owner's associates, in the pilot areas of Nyandarua and Kericho between 2015 and 2018. The project reportedly builds on MMB experience and aims to help Kenya produce wood for use by households and for industrial development. However, it does not have any lessons ready for sharing as yet.

**Finding 33. With regard to forestry, land restoration and the integrated landscape approach currently seem to be dominant concepts.**

Approaches adopted by other actors in the ARDF sector depend on the definition of the sector and of the challenges identified. In 2011, the EU committed to funding for watershed protection and climate change adaptation in the Mau and other water towers in Kenya. The project would pave the way towards establishing Kenya's pilot mechanism for reducing emissions from deforestation and land degradation (REDD) by establishing an environmental monitoring system to quantify the carbon storage of the Mau forest, which would also serve to generate future additional resources from carbon credits. The project was implemented by the Kenyan Government and UNEP but came to an early end after reports on human rights

abuse. The EU is reportedly considering new support for the conservation of the Kenyan water towers, in a wider landscape perspective.

UN Environment (UNEP) – which was previously involved in the support for the Mau Water Tower - promotes a Landscape Approach to development. The approach recognizes that the 17 SDGs need to be tackled together rather than piecemeal, and that the achievement of one goal can undermine the achievement of others. An integrated landscape management (ILM) approach uses collaborative, place-based natural resources planning to shape development projects, in contrast to the sector-based (e.g. water, health, agriculture) solutions that are considered to have failed to deliver. A multi-functional landscape would simultaneously meet a full range of local needs, including water availability for households, farms, businesses and wildlife; biodiversity for crop pollination and wildlife tourism; nutritious and profitable crops for families, markets and industry; and enhanced human health. At the same time, the landscapes would contribute to national commitments for global targets, including actions to mitigate and adapt to climate change; the Aichi targets for biodiversity conservation; and neutrality targets for land degradation. However, UNEP is not involved in field-level projects other than ‘The Restoration Initiative (TRI) discussed hereafter.

In addition, lessons can be drawn from the ongoing initiatives cited in the context analysis (Context 9), including the African Forest Landscape Restoration Initiative (AFR100) and the associated (WRI-supported) Land Accelerator. These initiatives suggest that investment in restoration of degraded and deforested lands can constitute a viable business, of interest to young entrepreneurs. Business training, technical training and exposure to prospective investors appear to be key success factors.

**Finding 34. In terms of implementation modalities, the adoption of an integrated landscape or nexus approach can benefit from an inter-ministerial set-up rather than depending on one Ministry only.**

The Upper Tana Resource Management Project is another initiative that builds on MMB lessons and can provide lessons for future Finnish involvement at the same time. It is innovative in that it brings together different line ministries - without being attached to any of them in particular - to ensure an integrated approach to the poverty-environment nexus.

#### **Box 2. The Upper Tana Resource Management Project and lessons learned**

The UTaNRMP is not linked to any particular ministry; instead, a Project Steering Committee (PSC) is composed of representatives from various ministries. A Project Coordinating Team (PCT) coordinates national level implementation, while at field level Sub-County Implementing Teams (SCITs) support community-based institutions such as Water Resource Users Associations or Community Forest Associations. In this way, the project brings together different line ministries and aims to ensure an integrated approach to the poverty-environment nexus.

The project concentrates on sustainable food production and income for poor as well as sustainable management of natural resources for provision of environmental services. It aims at the sustainable utilization and management of water resources and of forests and agricultural ecosystems, using community groups including the WRUAs and the CFAs. In this regard, it builds on the legacy of MMB to ensure community participation and ownership. The project also supports Participatory Forest Management, seedling production, enrichment planting of degraded forests, and the rehabilitation of degraded forest areas. In addition, it looks into efficient fuel wood use, human-wildlife conflict and soil and water conservation on farm lands.

### **3.9 ‘Finnish added value’ in the ARDF sector**

EQ9: How can ‘Finnish added value’ in the ARDF sector be realised (e.g. through access to Finnish markets and expertise or to Finland’s experience in creating a favourable business environment)?

**Finding 35. Representatives of the government of Kenya and Development Partners consider Finnish expertise and experience in forestry as ‘Finnish Added Value’.**



Finland was the main donor to the MMMB Programme (GoK's financial and in-kind contribution amounted to 22% of the overall budget) and the programme worked closely with the World Bank programme (MFA, 2017). Finland is seen as the leader in forest sector development in Kenya and other development partners would like to see Finland continue. This came through in the multi-stakeholder inception workshop and in interviews and discussions with the development partners and with Embassy staff. Finland's lead role in gender, water and forestry are recognised by the government (GoK) and partners, according to an OECD Development Co-operation Peer Review of Finland 2017 (Annex C – Field visit to Kenya).

**Finding 36. While MMMB beneficiaries report that they have derived important benefits from activities such as the study tours to Finland, the programme did not aim to create Finnish added value in terms of encouraging private sector partnerships and Finnish companies to invest in Kenya.**

The MMMB programme had a potential to increase commercial partnerships between Finland and Kenya. However, this potential was not fully utilised due to the complexity of the programme, which required substantial efforts to oversee the implementation from the Embassy side. This meant that the Embassy did not have sufficient capacity to concentrate on building commercial partnerships. A local entrepreneur from Nyeri country made a valid observation: *“The project worked closely with sawmillers and sent them for training in Finland. How come none of the sawmillers have bought Finnish machines?”* Study tours were an important element of the MMMB and KFS staff and sawmillers reported that they had greatly benefitted from them. There is a lot of expertise in Finland in the forestry sector and therefore study tours are an important option to consider in future support. Capacity building through i.e. study tours is an important element. However, there was a lost opportunity to bring Finnish and Kenyan businesses together.

**Finding 37. The planned new forestry sector programme in Kenya highlights private sector involvement and the ‘Team Finland’ set-up brings the Embassy and Business Finland closer together, in an attempt to strengthening cooperation between development programmes and private sector.**

It is true that more could have been done to increase access for Finnish businesses in the sector and this aspect has been referred to in a new Programme Document: *“All the developments in forest management, harvesting, industrial processing, product development and marketing mentioned above require new approaches, new knowhow and new technologies. This presents an opportunity also for Finnish companies to enter into Kenya and regional markets”* (MFA; n.d.). In case the logging ban continues, there would still be possibilities for Finnish companies to export timber products (i.e. plywood) to Kenya.

**Finding 38. The business environment in Kenya can be challenging and therefore attracting Finnish businesses is challenging.**

There are currently no Finnfund projects in the forestry sector although interviews suggest that there would be a potential for Finnfund investments in the sector if the right partners were to be identified. Finnfund is a shareholder in the largest wind farm project in Lake Turkana and is therefore familiar with the Kenyan business environment (Finnfund, 2019). At the same time, when compared to forestry, wind farming is an activity with much less benefits in terms of poverty alleviation for rural populations. There are also some small-scale businesses (e.g. a company making wooden frames for glasses) but due to the legislative situation, large companies are reportedly reluctant to invest in Kenya.

After MMMB there have been efforts related to Finnish value added in the forest sector under Team Finland and it has yielded results. Finnish companies such as KESLA, Raute, SlideTech, Palax are establishing franchises here in the region. However externalities beyond Finland's control have limited scaling up the value added (e.g. the logging ban).

## 4 Conclusions

Based on the findings, the evaluation team derived fourteen country-specific conclusions related to the EQs.

*On the role for future Finnish support for ARDF*

**Conclusion 1. In Kenya, Finnish support to the forestry sector can make an important contribution to jobs, food security, climate change mitigation and adaptation. It also contributes to governance and democracy objectives, other Finnish priorities. Its perceived comparative advantage in the forest sector could further capitalise upon achievements under the MMMB and other forest sector support. Key challenges to address include low production, low efficiency in processing and lack of forestry extension services.** *(This conclusion is based on Context 1, Context 3, Context 5, Context 7, Context 12, Finding 1, Finding 3, Finding 4, Finding 5 and Finding 6 and is the basis for Recommendation 1.)*

Support to the forest sector, as envisaged in the current Kenya country strategy (2016-19) is consistent with the Finnish and EU-Kenya Joint Cooperation objectives to support job creation and livelihoods. Context analysis reveals a high interest in investments and technologies supporting its agriculture and forest sectors to adapt to climate change. Beyond international development aid transfers, innovative and climate-smart technologies are seen as an opportunity to develop a more innovative, resilient and competitive economy.

The MMMB has facilitated many fundamental reforms that have resulted in, inter alia, the adoption of the Forest Act 2016, which laid the basis for private sector and community participation in forest conservation and management. It has developed a number of successful examples and models for such collaborative management of forests and plantations, which would merit scaling up. However, since end-of-project, the Moratorium on logging activities in public and community forests' (2018) and a Taskforce report on Forest Resources Management and Logging Activities in Kenya (April 2018) (refer Context 8) have caused a situation of uncertainty that prevents the sector, in particular timber production and processing, from moving forward. and the planned continuation of Finnish support to the KFS has been put on hold.

Meanwhile, the sector faces enormous challenges and opportunities. The main challenge is the existing wood supply deficit - which is likely to grow strongly and impacts negatively on the remaining forests and on the environment, more generally. Clear opportunities exist for an expanded commercial forestry sector, underpinned by private commercial tree-growing, to alleviate pressure on natural forests. The impact of scaling up commercial forestry goes well beyond meeting the demand for wood products, to include value added to the economy, employment and income growth, tax revenues, community cohesion, poverty alleviation and increases in national carbon mitigation. In other words, commercial forestry development can support the implementation of Kenya's Vision 2030 and the realisation of Kenya's Green Growth objectives.

Finland is clearly seen as a partner to address the challenges in the forest sector. It has clear comparative advantages in the forest sector, and can build upon trust built over decades of cooperation. Future involvement in the sector could capitalise on the human capacities and infrastructure developed, with a clearer focus on economic development of SMEs and forest producer organisations, in a forest product value chain development perspective, in selected areas in both forest reserves and in ASALs.



### *On application of the value chain approach for sustainable development*

**Conclusion 2. In the forestry sector in Kenya, Finland has applied the value chain approach to a limited extent and with mixed success; the focus was mostly on producers and production, while market demand and other actors in the chain were largely ignored. Despite limited success, private timber value chains reportedly have an even higher commercial potential than the agricultural value chains, for reason of the scarcity of timber-based products. (This conclusion is based on Finding 7, Finding 9 and Finding 10 and is the basis for Recommendation 2).**

The MMMB programme has applied elements of a value chain approach to selected products, and organisational capacities have been built around the production and sales of these products. However, proper analysis of the entire chains and a clear market orientation has been lacking. Producer groups report that their biggest challenges are marketing and market access, for which they did not receive training but did receive some ad-hoc support. The successful examples, where value chain support have made substantial improvements to livelihoods of women, youth and poor households more generally, suggest that there is sufficient scope for development of forest-based product value chains, provided that markets are properly identified and all relevant actors in the chains are supported.

**Conclusion 3. Experience of other donors in the ARDF sectors in Kenya shows that a VC approach is viable for improving incomes and assets of smallholders. Key success factors include (1) combining ‘soft’ and ‘hard’ activities (i.e. training and infrastructure); (2) support to producer groups; (3) community-based planning. MMMB experience suggests that capacity and skills development of farmers’ groups, in entrepreneurship and management of savings and loans, is another success factor. (This conclusion is based on Finding 8 and Finding 9 and is the basis for Recommendation 2).**

Several donors active in ARDF sectors in Kenya apply a VC approach and invest in learning and further development of the approach. For the European Commission, for example, Value Chains (VC) are a major channel to foster food and nutrition security for agricultural development. IFAD also invest in the development of the VC concept. A recent evaluation identified the aforementioned key success factors. Experience from the MMMB programme, which did not adopt a true VC approach, did point to the importance of capacity development of farmers’ groups as a basic condition for generating sustainable benefits from commodities.

### *On the integration of cross-cutting objectives in ARDF interventions*

**Conclusion 4. The HRBA approach was adopted in the course of MMMB implementation only and could be integrated to some extent. As a result of dedicated training and conducive national policies, MMMB performed reasonably well in strengthening human rights and gender equality. To be effective, however, HRBA tools should be used right from the formulation stage to provide a basis for HRBA programming, implementation and M&E. (This conclusion is based on Finding 11, Finding 12 and Finding 13 and is the basis for Recommendation 3).**

Evidence shows that cross-cutting issues and HRBA can be successfully integrated and implemented to the extent that they are supported by the national policy framework; MMMB could implement Finland’s cross-cutting objectives to a large extent since they matched Kenyan national objectives. Levels of understanding of the cross-cutting themes and HRBA in the programme team vary, and despite KFS’s enforcement staff having been trained on rights-based approach to dealing with conflict, KFS rangers have been accused of the use of excessive force and violation of the rights of indigenous people during a forced eviction from the Embobut forest. As the main funder of the MMMB, the Government of Finland was indirectly accused.

In future interventions, HRBA and cross-cutting objectives should be understood and applied by all project staff and therefore adequate training should be available. Comprehensive guidelines for mainstreaming are available, such as the “Human-rights based approach in agriculture and food security-related development cooperation” guidelines by the MFA and “Introduction to Human Rights Based Approach” manual by the Finnish Committee for UNICEF. These guidelines could be used as a basis for project planning and

implementation and all project staff should receive proper training on their use in everyday operations, and HRBA mainstreaming should not be considered a separate issue requiring additional work. Linking the cross-cutting objectives and HRBA to the national framework will help ensure national ownership and reduce the risk that they are seen as something external and additional.

**Conclusion 5. Climate change was poorly integrated, even though it would have been highly relevant.** *(This conclusion is based on Context 2, Context 3 and Finding 14 and is the basis for Recommendation 4).*

The MMMB has supported the preparation of the REDD Readiness Preparedness Proposal Kenya, raised awareness on REDD and developed a roadmap for National Forest Monitoring Systems for REDD+. Further engagement in REDD processes was discontinued in 2013, following recommendations of the MTE, as set targets were considered to have been achieved and other DPs showed an interest in supporting the REDD+ initiative. However, climate change mitigation could have been more explicitly addressed through the other components and results areas as well, for example the forest restoration and charcoal production work. In addition, the role of forests in enhancing resilience to climate change has been ignored. Climate change is a high policy priority to Kenya, which has well developed policies in this field. Agriculture and forestry are the two sectors that contribute most to GHG emissions in Kenya; they are also sectors requiring adaptation to climate change, reason for which they are priority sector in Kenya's NDC. Future support to these sectors should therefore fully integrate both climate change mitigation and adaptation objectives.

#### *On success factors for reduction of poverty and inequality*

**Conclusion 6. Key success factors for reducing poverty and inequality in ARDF in Kenya are (1) an enabling environment including a legal framework and institutional capacities, notably capacities of duty-bearers to fulfil their duties towards the right-holders; and (2) right-holders' awareness of their rights and capacities to voice their concerns and participate in decision-making processes.** *(This conclusion is based on Finding 15, Finding 16, Finding 17 and Finding 18 and is the basis for Recommendation 5).*

The MMMB programme has clearly reduced poverty and inequality locally, mostly by creating access to members of Community Forest Associations to income-generating interventions such as PELIS, charcoal and Aloe Vera production. Besides income, these activities contributed to food security and often allowed for the start-up of secondary income generating activities, such as shop-keeping or taxi services. Other untargeted benefits included improved family health and schooling of children and job opportunities for the youth. It is less clear to which extent such activities have been replicated in other areas by KFS and scaling up of the interventions seems to have remained a challenge.

At the same time, project-external developments were found to have compromised effective poverty reduction. The logging ban, in particular, has severely affected sawmillers who had invested, in recent years only, in sawmilling equipment. The ban limited their access to quality timber at reasonable prices and reportedly, many have been faced with the foreclosure of their businesses.

#### *On inclusive investments in ARDF development*

**Conclusion 7. While Finland did not actively promote investment in ARDF or in sustainable land use in Kenya, the MMMB programme helped prepare the ground for investment in forestry, notably by helping to secure commercial rights of producers, strengthening associations' organisational capacities and providing technical training and extension. For actual investment to follow, more targeted action towards creating fair market access and business incubation would have been required.** *(This conclusion is based on Finding 7, Finding 19 and Finding 20 and is the basis for Recommendation 6).*

The MMMB programme has helped prepare the ground for scaling up of (external) investment in land-based activities with participation of different categories of farmers, including women and young entrepreneurs. It made 'enabling investments' in reforms of the policy and legal framework. Actual investment, however, has

not been forthcoming during the programme's lifetime, in part for lack of a 'holistic' and market-oriented approach to value chain development, in part due to adverse external developments, notably the ban on charcoal and on timber harvesting.

**Conclusion 8. Ongoing analytical work initiatives from other donors suggest there is scope for inclusive investment in sustainable land management, including restoration of currently unproductive areas, commercial tree growing and forest-based industries, based on partnerships between county governments, communities (capable CFAs) and private sector investors. Such investment would make landscapes productive again and contribute to both climate mitigation and adaptation objectives.** *(This conclusion is based on Context 9, Finding 14 and Finding 21 and is the basis for Recommendation 6).*

Analytical work by the Gatsby Foundation points to the role for national and county-level governments in attracting investments in commercial tree-growing and in forest industries into the sector (PWC, 2014) and boosting the sector. Furthermore, several initiatives in the country, such as the African Forest Landscape Restoration Initiative, suggest that the restoration of degraded land can attract private capital investment and constitute the basis for promising business opportunities, while making Kenya's landscapes productive and climate-resilient at the same time. Activities are centred on afforestation and reforestation of natural forests, rehabilitation of degraded forests and agroforestry, tree planting along water bodies and road and railway infrastructure, as well as rangeland restoration and management for wildlife. Several financial institutions are investing in these initiatives and multilateral organisations such as FAO and UNEP play a supporting role. The Kenyan Forest Conservation and Management Trust Fund could provide other avenues for investment in sustainable land management, but it does not appear to be operational as yet.

#### *On appropriateness of cooperation approaches and modalities*

**Conclusion 9. Experience of the MMB programme has shown that bilateral cooperation projects can effectively deliver on sector reform objectives and create a strong sense of ownership. Technical Assistance has made a substantial contribution to the achievements of the programme, and cooperation with an Institutional Cooperation Initiative (IC-FRA) that built capacities has enhanced outcomes of both.** *(This conclusion is based on context section 2.3.4, Finding 22 and Finding 25 and is the basis for Recommendation 7).*

Most of the Finnish support to the ARDF sectors was provided through a bilateral cooperation project (MMMB) with significant technical assistance. In the case of Kenya, this has worked relatively well and resulted in a high sense of ownership of the outcomes. However, the MMMB programme was better equipped for achieving national-level reform and institution building than for delivering field-level results that would go beyond pilots. This raises the question to what extent and how the two types of objectives can be effectively pursued by one programme.

The MMMB programme was complemented by an institutional cooperation (ICI) project in the forest sector ('Improving capacity in forest resources assessment'), which clearly generated synergy between the projects. Other projects, such as Safe Food – Safe Dairy seem to have operated in relative isolation in time and place to generate any impact of scale. Private sector financing instruments are in active use in Kenya but have not sought or generated any synergy with the bilateral cooperation projects.

**Conclusion 10. The MMMB experience points to a need for a different institutional set-up for sector support, with a lighter and more flexible management structure that mobilises state and non-state actors in function of well-defined outcomes.** *(This conclusion is based on Finding 23 and Finding 34 and is the basis for Recommendation 8).*

Inefficient decision-making structures and predefined budget allocation to beneficiary institutions were identified as main implementation issues in the MMMB. The idea of an 'independent entity' operating and engaging across the sector was put forward in the completion report. This idea is – to some extent – being put into practice by the IFAD-lead Upper Tana Natural Resources Management Project, which works across ministries and is led by an inter-ministerial Steering Committee (refer chapter 3.8).

**Conclusion 11.** **With an eye on future cooperation in the ARDF sectors, county-level capacity building and economic cooperation between Finland and Kenya are two areas that would still require greater attention, and there is scope for greater synergy between private investments and bilateral programmes.** *(This conclusion is based on Finding 20, Finding 21, Finding 24 and Finding 26 and is the basis for Recommendation 1, Recommendation 6, Recommendation 7 and Recommendation 10).*

The current Finnish country strategy for Kenya (2016-2019) focuses on strengthening devolved governance, among other priorities. The MMMB has also supported the devolution process by facilitating the preparation of Transitional Implementations Plans for the forest sector – which have largely remained unimplemented but constitute a good basis for engagement at the decentral level. The 2015 evaluation of Finland’s Development Cooperation with Kenya in 2007-2013 recommended that future projects contribute specifically to capacity building at county level, and that Finland should actively seek opportunities to facilitate cooperation and coordination among Kenyan actors, while also striving to increase economic cooperation between Finland and Kenya’. Economic cooperation between Finland and Kenya in the forest sector has hardly materialised, to date.

#### *On the functionality of monitoring and evaluation systems*

**Conclusion 12.** **Monitoring and evaluation in MMMB was based on country-systems and linked to national-level objectives. Strengthening of these systems by MMMB and IC-FRA have helped Kenya report to international conventions. A mid-term evaluation of the programme provided useful steerage for a reorientation of the programme. External communication on MMMB achievements was inadequate and this may have contributed to negative publicity for MFA.** *(This conclusion is based on Finding 2, Finding 27, Finding 28, Finding 29 and Finding 30 and is the basis for Recommendation 8).*

Monitoring and evaluation systems in the MMMB were overall adequate to monitor outcomes and impact. It was less suited to monitoring field-level impact and feeding field results back into the policy processes, but this was corrected, to some extent, following the MTE and the establishment of indicators and baseline data. Monitoring systems were fully integrated into country systems and have made an important contribution to the country’s ability to monitor the forest resources and report to international conventions and reporting (such as under REDD).

Analysis of the intervention logics of ARDF support shows that outcomes are spread across sectors and themes (e.g. jobs, food, livelihoods, water, climate, biodiversity). For monitoring of eventual future support in the forestry sector, it would be necessary to capture both the economic and environmental dimensions of forest sector interventions, which have the potential to serve both jobs and livelihoods and environmental and climate change objectives.

#### *On the lesson learning from other organisations*

**Conclusion 13.** **Finnish cooperation in ARDF and the Finnish leading role in the forest sector have generated many lessons that other organisations have used. With regard to further development of the forest sector, Finland can learn some lessons from ongoing initiatives in the field of value chain development, land restoration and integrated landscape approaches in Kenya. With regard to private forestry development in Kenya, the most important lessons are likely to be learned from similar programmes in neighbouring countries such as Tanzania.** *(This conclusion is based on Finding 9, Finding 31, Finding 32, Finding 33 and the Tanzania county report and is the basis for Recommendation 9).*

The MMMB programme itself was innovative in many ways, and has generated many lessons. Several Development Partners and projects make use of approaches and achievements of the MMMB programme, especially in terms of engagement with rural communities. In turn, future Finnish involvement in the sector

could learn lessons from other interventions, in particular with regard to institutional arrangements. Various new initiatives provide models for land restoration and integrated landscape approaches.

By contrast, there do not seem to be many models, within Kenya, for private forest development and forest-based value chain development. As far as the evaluation team could explore, only one ongoing donor-supported initiative concerns the promotion of sustainable private forest management in Kenya, based on a cooperation between the MENR and BMEL (Federal Ministry of Food and Agriculture, Germany). Its objective is to establish a Kenyan association of small and medium-scale private forest owners, through consolidated regional offices and improved forestry extension services, and to support sustainable and site-specific management of private forestry in Kenya, with a focus on the Nyandarua and Kericho Counties. However, useful experience and lessons can be gained from projects in neighbouring countries, such as the MFA-supported PFP in Tanzania.

#### *On the realisation of Finnish added value in the sector*

**Conclusion 14. Finland leading role, expertise and experience in the Kenyan forest sector tend to be considered as Finnish Added Value. Other than this, Finnish cooperation in the forest sector has not actively pursued private sector partnerships between Finnish and Kenyan companies. Provided the forest business environment improves, there is scope for facilitating such partnerships as well as cooperation between development programmes and the private sector. (This conclusion is based on Finding 35, Finding 36, Finding 37 and Finding 38 and is the basis for Recommendation 10).**

It was observed that Kenya is still relatively unknown to Finnish businesses, and traditional development cooperation has not included business partnerships. This has changed over the past few years, with the establishment of Team Finland and a development policy (2016) calling for increased business partnerships. Therefore, future projects will need to take this into consideration from the planning process onwards. While business environments can be very challenging, as the current logging ban in Kenya illustrates, there can still be business opportunities for Finnish companies, such as selling timber products on the Kenyan market or – on a longer term - developing private plantations. There are also opportunities for Finnish investments that should be further explored, in particular in complement to bilateral cooperation projects.

## 5 Recommendations

### *On the role for future Finnish support for ARDF*

**Recommendation 1.** Considering the comparative advantages and the niche position of Finnish cooperation in forestry in Kenya, it is recommended that future Finnish support in ARDF continues concentrating on the forest sector, supporting Kenya to meet its timber and fuelwood deficits and approach its target to increase forest cover to 10% by 2022. Besides generating employment and green growth, this will contribute to achievement of a series of economic and environment-oriented SDGs including climate change objectives. (This recommendation is based on Context 10, Conclusion 1, Conclusion 5, Conclusion 8, Conclusion 13 and Conclusion 14).

Support should reflect the integrated vision on forest development of the National Forest Programme and promote the concept of Sustainable Forest Management. It should acknowledge that the future of forestry in Kenya is mostly on farm land and help make private forestry a competitive commercial activity. To this end, support should aim at the strengthening of SMEs and forest producer organisations, in a forest product value chain development perspective, building upon previous accomplishments. Finland is also well placed to help address remaining and new barriers in the policy and institutional environment, through political level dialogue with national and decentral authorities, parliamentarians and key players in the sector, and through coordination and joint positioning with like-minded partners.

**Recommendation 2.** Finnish support to the Kenyan forest sector would best strengthen private forestry development in multi-functional landscape or nexus approach, reconciling the interests of different stakeholders in forests. (This recommendation is based on Conclusion 1, Conclusion 3 and Conclusion 14).

Support for a private forestry development scenario would include the following elements: (1) Further forest policy and legislation development should create an enabling environment for commercial forestry as a newly evolving sub-sector, with clear recognition of the distinct roles for the different private sector players (input providers, producers and wood-manufacturers and processors) and with suitable incentives and governance structures put in place; (2) Organisation and capacity development of growers should focus on accessing markets. Relationships between processors and producers need to be facilitated, with help of forestry extension services; (3) A focus on both timber and non-timber forest value chains in the various ecological zones, including opportunities in the ASALs, so as to maximise contributions to poverty alleviation; (4) Delivery of new plantation forests by the private sector, in the form of farm forestry.

### *On application of the value chain approach for sustainable development*

**Recommendation 3.** MFA should assess the commercial potential of timber and other key forest-based value chains in Kenya as a basis for private forestry development. Provided value chains are economically viable, a value chain approach has the potential to contribute to improving incomes and assets of smallholders, provided that (1) market demand and access are properly considered, (2) both human capacities, particularly entrepreneurship and management of savings and loans, and infrastructure are developed, (3) producer groups are supported and (4) planning is community-based. (This recommendation is based on Conclusion 2 and Conclusion 3).

According to Kenya-based forest experts interviewed, timber value chains have a high commercial potential. This potential needs to be confirmed, for timber as well as for key non-timber forest products as well, to provide a basis for commercial tree growing and private forestry development. Provided that the commercial potential is confirmed, experience from other donors has shown that a value chain approach can effectively improve incomes and assets of smallholders, under a number of conditions. Experience from the MMB programme also suggests that forest-based value chains, both timber and non-timber, in the forest reserves

and in ASALs have a potential to create jobs, generate income and strengthen rural livelihoods. Their development requires proper identification and analysis of markets for products and services (including PES, carbon markets, and others) as well as support to all relevant actors in the chain in a long-term perspective. This would include continual technical and entrepreneurial capacity building of all actors (including forest professionals) to grow and process trees and non-timber forest products, and ensuring that basic conditions, such as the availability of high-quality planting material across the country, are met.

#### *On the integration of cross-cutting objectives in ARDF interventions*

**Recommendation 4.**        **The contribution of ARDF interventions to Finnish priorities and cross-cutting objectives, such as food security and access to water and energy, good governance and climate change mitigation and adaptation needs to be made more explicit. Also, ownership of cross-cutting objectives and HRBA objectives in ARDF interventions is best pursued through applied training of programme implementation teams in a perspective of linkages with national objectives and priorities.** *(This recommendation is based on Conclusion 4 and Conclusion 5).*

Interventions in the ARDF sectors have made important contributions to achievement of HRBA and cross-cutting objectives but these have not always been properly targeted, monitored and/or reported. Reporting on these themes should be built into the monitoring systems and be linked – wherever possible – to national objectives and strategies in the concerned fields. Training of staff at all levels is required to ensure effective integration of cross-cutting objectives in daily work.

#### *On success factors for reduction of poverty and inequality*

**Recommendation 5.**        **Effective reduction of poverty and inequality require an enabling legal framework and strengthening of duty-bearers' capacities to fulfil their duties towards right-holders. At the same time, right-holders need to be made aware of their rights and their participation in relevant decision-making needs to be facilitated. Given the significant difference in poverty levels, interventions in the ASALs would potentially contribute more to poverty reduction objectives than interventions in and around the forest reserves.** *(This recommendation is based on context analysis and Conclusion 6).*

The MMMB has contributed to creating some of the basic conditions for effective poverty reduction, notably by strengthening both duty bearers' and community level capacities regarding rights and duties. Further involvement in the forest sector can capitalise on and strengthen these capacities. At the same time, from a poverty reduction point of view, a focus on ASALs would be justified, since they are the areas where poverty levels are higher than in the productive lands, and they are the most vulnerable to climate change. Results under MMMB component 4, which aimed at '*improving livelihoods in ASALs through sustainable production and trade in bio-energy and other forest products*' points to a potential for poverty reduction through forest-based production in ASALs but have remained scattered and small-scale.

#### *On inclusive investments in ARDF development*

**Recommendation 6.**        **Finland should capitalise on its reputation and accomplishments in the forest sector by undertaking targeted action towards scaling up investment in the sector, on the one hand, and creating fair market access and facilitating business incubation for its target group - including women and young entrepreneurs. To this end, it should foster synergies between the various instruments at its disposal, notably the different investment funds and bilateral cooperation projects.** *(This recommendation is based on Conclusion 7, Conclusion 8 and Conclusion 11).*

MFA should more actively explore the opportunities, existing in the ARDF sectors and in particular in the forestry sector, to attract private capital investment for the restoration of degraded land, as a basis for SME

development that creates employment for women and young people. Restoration action has great importance for other sectors as well (notably water, energy). Experience of CFAs practicing TELIS (which aims at landscape and ecosystem restoration) in forest reserves can be used, and investments can build on initiatives, groups and capacities developed under the MMMB programme. County Governments should facilitate investors to access land in currently unproductive marginal areas, providing they meet minimum requirements for environmental and social safeguards, value addition and employment creation.

### *On the appropriateness of cooperation approaches and modalities*

**Recommendation 7.** MFA should consider applying a mix of modalities to foster (private) forestry development in Kenya. This would include bilateral cooperation instruments, to address constraints to (private) forestry development in the policy and institutional sphere, the promotion of private investments funds, as well as Institutional Cooperation and civil society support to strengthen capacities of government, SME's and farmers' organisations. *(This recommendation is based on Context 6, Context 7, Context 8, Conclusion 1, Conclusion 9, Conclusion 10, Conclusion 11).*

MMMB experience has shown that, for effective development of the forest sector, there is a constant need for addressing constraints in the evolving policy context, and for development of appropriate institutional frameworks and regulations. These would best be addressed through a bilateral cooperation project, that may be modest in financial terms. In order to ensure a multi-sectoral or nexus approach – which considers food, water and energy issues related to forests in a holistic perspective - and result-oriented planning, the organisational set-up would best be inter-ministerial. A light decision-making structure and flexible allocation of budget to relevant implementing organisations would also help avoid overdependency on one organisation - which had been identified as a constraint in implementation of the MMMB.

Further capacity building will be required at various levels. At county level, capacity development should reinforce the ongoing devolution process, and this may be best ensured through civil society organisations and or ICI projects. Wherever an enabling environment is in place, MFA should seek to facilitate private sector investment in production and processing, in synergy with the bilateral cooperation project.

### *On the functionality of monitoring and evaluation systems*

**Recommendation 8.** Monitoring and evaluation should be based on country-systems, linked to national-level objectives and allow the partner country to monitor and report on SDGs and on its obligations deriving from international conventions. Outcome monitoring of ARDF support can and should capture all relevant results in the social, economic and environmental realms. At the same time, more attention should be given to the external communication and positive profiling of Finnish cooperation programmes in the sector, based on the results achieved. *(This recommendation is based on Conclusion 12).*

Monitoring and evaluation systems can be effective when they meet both donor and partner country needs. In the case of MMMB, the system did not sufficiently aim at capturing the achievements and impact of the interventions on Finnish cooperation priorities, such as people's food security and livelihoods, jobs and income – both in quantitative and qualitative terms. This would require a better definition of indicators and the establishment of the baseline situation.

While the evaluation did not aim to evaluate communication work, it was found that external communication and dissemination of accomplishments in the public domain were weak. This is likely to have contributed to the negative publicity that, at some point, has plagued the MMMB. For a programme of such size, external communication and positive profiling should have received higher priority.



*On lesson learning from other organisations*

**Recommendation 9.** For further development of private forestry, IFAD and EU can provide useful experience on the value chain approach. Other organisations are gaining experience in land restoration and integrated landscape management that can support the development of integrated approaches to forestry. Finland should continue to play an active role in donor coordination and sector working groups, with a view to developing stronger common positions in the policy dialogue. *(This recommendation is based on Conclusion 13).*

IFAD and EU are among the more active advocates of the value chain approach, particularly in the ARDF sectors, and work on methodological development of the approach. Future Finnish involvement in the ARDF sector should learn lessons from these interventions, with regard to development of commercial tree growing, for example. In case future cooperation aims at land restoration and integrated land management, lessons may be learned from the UNEP and WRI support AFR100 initiative. Other lessons can be learned from the IFAD Upper Tana NRMP, on best institutional arrangements for effective application of a poverty-environment nexus approach. With regard to models for private forest plantations, there is scope for learning from the (Finnish-funded) PFP approaches and experience in Tanzania.

*On the realisation of Finnish added value in the sector*

**Recommendation 10.** Provided the forest business environment improves, Finland should capitalise on its leading role and expertise in the Kenyan forest sector - considered by many as Finnish Added Value. Finland should facilitate business partnerships between Finnish and Kenyan companies, as well as cooperation between development programmes and the (Finnish) private sector. *(This recommendation is based on the Context 5 and Conclusion 14).*

Future projects and interventions should take opportunities for business partnerships into consideration more seriously, right from the planning process onwards. Similarly, opportunities for Finnfund investments should be better explored, in particular in complement to bilateral cooperation projects.

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## Annex 1: Mission calendar

**Table 1. Mission calendar Kenya country visit – 4- 11th February, 2019**

Date	Time	Place	Activity	Stakeholders involved	overnight
MO 04 Feb	08:30- 10:00	Embassy	<b>Briefing</b> at Finnish Embassy	Embassy - Head of Cooperation	Nairobi
	11:00- 1300:	NHIF Bldg	Meetings with Ministry of Environment and Natural Resources (MENR)	State Department of Forestry	
	14:00- 17:00	KFS HQs	Meetings at <b>Kenya Forest Service</b>	Chief Conservator of Forests Deputy Chief Conservator and other technical officers of KFS	
TU 05 Feb	10:00- 15:00	KFS HQ - Karura, Nairobi	Inception Meeting, reflection of the MMMB program, current engagements and forward looking.	All stakeholders – KFS, KEFRI, NACOFA, Kenya Forest Group, Kenya Forest College, others	Nairobi
	16:30 – 5:30	Embassy	Field Plan Review – Kitui (Mwingi and Nyeri)	Embassy and with coordination with Ecosystem Conservators – Mwangi and Nyeri	
WE 06 Feb	09:00- 12:00	Embassy Boardroom	Meet <b>Development partners</b> for views on joint programming in ARDF sectors, labour division, Finnish added value, a.o.	<b>European Union</b> - Lead, Environment and Natural Resources, and Climate Change at  <b>UNEP</b> - Coordinator of Ecosystem and Biodiversity Program in Africa  <b>KFS – Sustainable Private Forest Management</b>	Kitui
	12:00- 13:00	-	Lunch Break		
	14:00-17:00 <i>Travel to Kitui - Mwingi</i>				
TH 07 Feb	09:00- 10:00	KFS – Mwingi Office	Interview with Ecosystem Conservator, Forester and Community Coordinator - <b>Kitui</b> (ASAL)	To be selected (refer stakeholder list) <i>this will be coordinated with help from KFS</i>	Mwingi
	10:00 – 12:30	Mwingi – Ithumbi Location	Ithumbi Farmers Field School Group -Focus Group Discussion and observation	Members of Ithumbi Farmers Field School – Aloe Value Chain.	
	14:00 – 16:00	<i>Munou Location</i>	Focus Group Discussion and Observation	Munou Charcoal Producers (Group)	
FR 08 Feb	08:00- 12:45	<i>Travel to Nyeri</i>			Nyeri

Date	Time	Place	Activity	Stakeholders involved	overnight
	13:00-14:15	KFS – office in Nyeri	Interview with KFS technical staff	Meeting with Head of Central Highlands Conservancy, Deputy Forest Conservator and other technical staff.	
	14:15 – 15:15	Travel to Nanyuki			
	15:30 – 17:30	Nanyuki	Focus group discussion and observation- office and PELIS	Mt. Kenya West Community Forest Association (KFA), <b>Nanyuki</b>	
	5:30 – 6:30	Travel to Narumoru-Nyeri			
SA 09 Feb	09:00-12:30	Nyeri	<b>Gathiuru</b> Forest Station	Interview with Forester and Focus Group Discussion with Mt. Kenya Gathiuru CFA	
	14:00-16:30	<i>Nyeri</i>	<b>Kabaru</b> Community Forest Association	<i>Interview with Forest and Focus Group Discussion with Kabaru CFA</i>	
	16:30 – 21:00	<i>Travel to Nairobi</i>			<i>Nairobi</i>
SU 10 Feb	09:00-13:00	Nairobi	<b>Write-up findings</b>		<i>Nairobi</i>
	14:00-17:00		Formulation of <b>initial conclusions</b>		
MO 11 Feb	09:00-13:00	Nairobi	More <b>interviews</b> – with key informants/stakeholders.	Chief Conservator, Business Finland, Staff at Embassy of Finland and SMEs	Evening: SF and ET departure
	14:00-17:00	Nairobi	<b>Debriefing</b> at Finnish Embassy		

## Annex 2: People Interviewed

**Table 2. Overall list of Stakeholder Interviews and Focus Group Discussions Conducted in Kenya**

Type of Actor	Name of the stakeholder organization or resource person	Position and contact	Male	Female	No.	Remarks
Government of Finland	Ramses Malaty	Deputy Head of Mission, Head of Cooperation at the Embassy: <a href="mailto:Ramses.Malaty@formin.fi">Ramses.Malaty@formin.fi</a>	1	0	1	
	Anni Mandelin	Councillor, Natural Resources and Private Sector Development <a href="mailto:Anni.Mandelin@formin.fi">Anni.Mandelin@formin.fi</a>	0	1	1	
Government of Kenya	Mr. Gidion Gathara	Forest Conservation Secretary, Ministry of Environment and Natural Resources (MENR) <a href="mailto:gideongathaara@yahoo.com">gideongathaara@yahoo.com</a>	1	0	1	
	Prof Gordon Sigu	Research Scientist, MENR	1	0	1	
	Beatrice Atieno	Former staff at KEFRI, and now a senior officer at the MENR	0	1	1	
	Njoki	Staff at KEFRI	0	1	1	
Kenya Forest Service	Monical Kalenda	Chief Conservator of Forests <a href="mailto:director@kenyaforestservice.org">director@kenyaforestservice.org</a>	0	1	1	
	Zipporah Toroitich	Deputy Chief Conservator, Kenya (former Project Manager of MMB) <a href="mailto:ziptoro@yahoo.com">ziptoro@yahoo.com</a>	0	1	1	
	Luke Njuguna	Plantation and Enterprise Division at KFS (Former Component 3 Manager at MMB)	1	0	1	
	Oscar Simanto	Forest Division, Market Analysis and Enterprise Development	1	0	1	

Type of Actor	Name of the stakeholder organization or resource person	Position and contact	Male	Female	No.	Remarks
	Josphat Inganji	Manager Cooperative Services (Project Planning, Monitoring and Evaluation)	1	0	1	
	David Mtisya	Former Component 1 Manager at MMMB – KSF Currently (Deputy Director of Renewable Energy, Ministry of Energy <a href="mailto:Dmutisya83@gmail.com">Dmutisya83@gmail.com</a> )	1	0	1	
<b>Stakeholders Workshop</b>	National Alliance for Community Forest Associations (NACOFA)	Chair of NACOFA	0	1	1	
	Kenya Forest Service	Senior Officers	2	3	5	
	Kenya Forest Research Institute (KEFRI)	Senior Research Officers	1	1	2	
	Kenya Forest Working Group	Head of Programs	1	0	1	
	Kenya Forest College	Principal, Kenya Forest College	1	0	1	
<b>Development Partners</b>	Thomas Yatich	Lead, Environment and Natural Resources, and Climate Change and European Union	1	0	1	
	Levis Kabagi	Coordinator of Ecosystem and Biodiversity Program in Africa at UNEP.	1	0	1	
	Pieter Pietrowicz	KFS – Sustainable Private Forest Management <a href="mailto:p@pietrowicz.de">p@pietrowicz.de</a>	1	0	1	
Field Visits						
<b>Kitui County (Mwingi Sub-County)</b>	Joyce Nthuku	Ecosystem Conservator, Kitui County Tel: +254 -732638818	0	1	1	
	Patrick Maingi	Forester, Mwingi County	1	0	1	
	Joseph Kimwele	Community Forest Coordinator	1	0	1	

Type of Actor	Name of the stakeholder organization or resource person	Position and contact	Male	Female	No.	Remarks
	Ithumbi Farmers Field School Group -Community Members – see list attached	Focus group discussions and observations	3	11	14	
	Munou Charcoal Producers	Focus group and Observations	5	15	20	
<b>Nyeri County</b>	Francis Kariuki	Head of Central Highlands Conservancy	1	0	1	
	Esther Mugo	Deputy, Ecosystem Conservator Nyeri County Tel: +254-708663829	0	1	1	
	Robert Tarus	Desk Officer, Upper Tana Catchment Development Program <a href="mailto:robtarus@gmail.com">robtarus@gmail.com</a>	1	0	1	
	Mt. Kenya West Community Forest Association, Nanyuki	Focus group discussion and observation (resource Centre offices and PELIS)	18	13	31	
	Moses Gathiuru Migwi Gathiuru Forest Station	Focus group discussion and view of PELIS Email: <a href="mailto:mgithiria@yahoo.com">mgithiria@yahoo.com</a>	11	3	14	
	Kabaru Community Forest Association	Focus group discussions and view of tree nursery	27	14	41	
<b>Nairobi</b>	Dr. Emilio Mugo Former Chief Conservator		1	0	1	
	Heta Pyhalahti and Tuomas Koivisto Business Finland – Nairobi Office	Email: <a href="mailto:heta.pyhalahti@businessfinland.fi">heta.pyhalahti@businessfinland.fi</a> Email: <a href="mailto:tuomas.koivisto@businessfinland.fi">tuomas.koivisto@businessfinland.fi</a>	1	1	2	
	Kamau Waithaka	Email: <a href="mailto:kamau.waithaka@formin.fi">kamau.waithaka@formin.fi</a>	1	0	1	

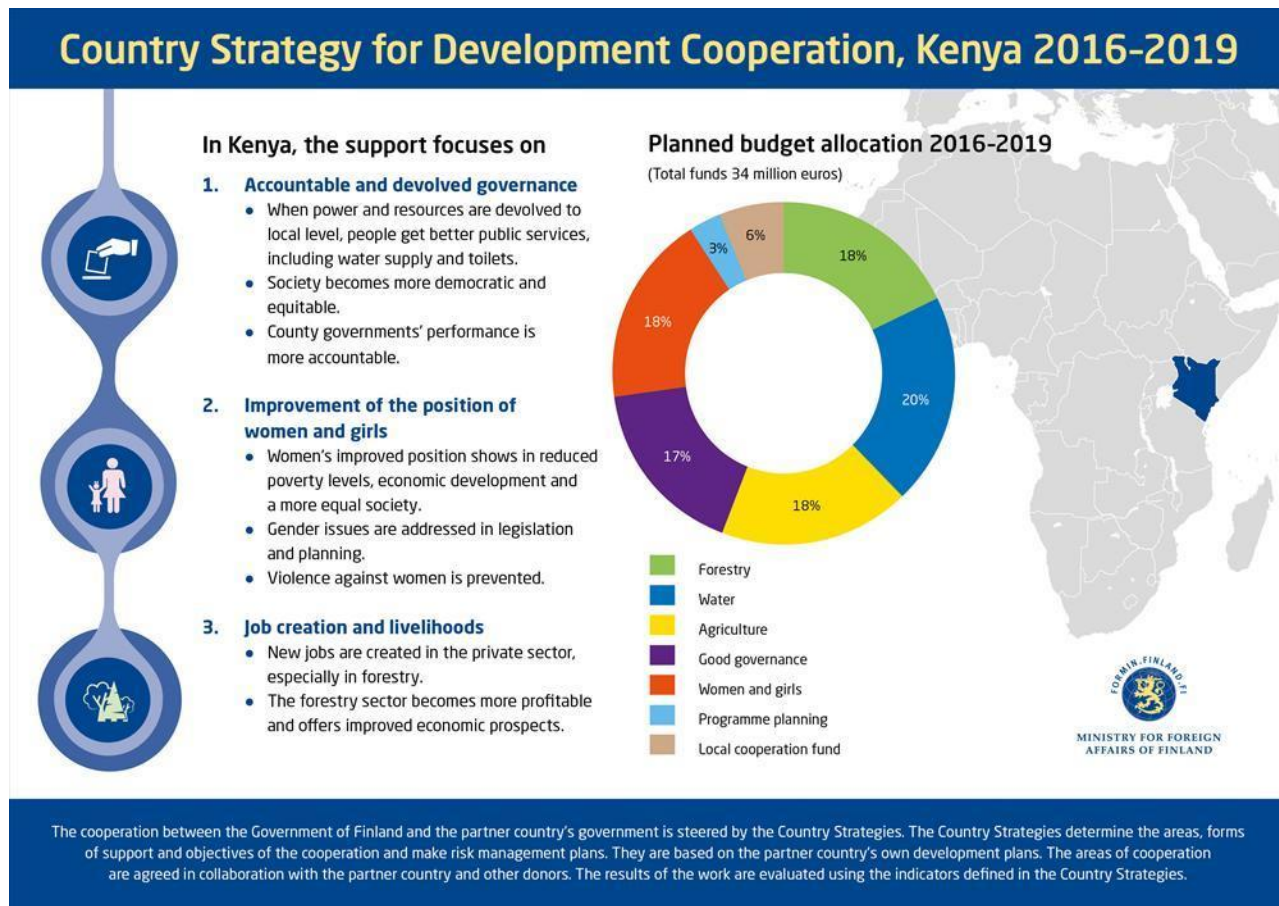


Type of Actor	Name of the stakeholder organization or resource person	Position and contact	Male	Female	No.	Remarks
	Environment and Natural Resources, Embassy of Finland					
	Debriefing session with the Embassy of Finland Present: Ramses Malaty Anni Mandelin Kamau Waithaka	<a href="mailto:Ramses.Malaty@formin.fi">Email: Ramses.Malaty@formin.fi</a> <a href="mailto:Anni.Mandelin@formin.fi">Email: Anni.Mandelin@formin.fi</a>	x	x	x	
	Kaberia Kamencu – Small Micro Enterprise	Email: <a href="mailto:kkamencu@gmail.com">kkamencu@gmail.com</a>	1	0	1	
<b>Total reached</b>			87	69	156	

After the field visit Mr Pekka Muuttomaa, former councillor at the Embassy, was interviewed in Helsinki

## Annex 3: Country strategy and logic model

Figure 1. Kenya Country strategy and logic model



**Table 3. MFA Logic model; impact area 2**

IMPACT	OUTCOME	OUTPUT	Key assumptions linking outputs/outcomes/impacts	Instruments and Inputs
2. Improved access to jobs and livelihoods	2.1. Increased productivity and economic opportunities in forestry and agriculture	2.1.1. Kenya Forest Service model plantations managed efficiently with stakeholders	Impact-related: Private sector is motivated and willing to invest in new efficient technology and improve its management. There is increased demand for forest-related expertise in the private sector and among the public. Farm forestry associations are well managed and willing to engage in forestry-related value chains.	Bilateral programme under planning; second impact level programme under consideration (bilateral or multi-bi); policy dialogue
		2.1.2. Improved products and market access for farmers and their organisations		Bilateral programme under planning; policy dialogue
		2.1.3. Forestry-related SMEs strengthened to efficiently manage/operate timber value chains	Outcome-related: Government policy allows forestry sector to operate (no logging ban). Inclusive consultations with all stakeholders take place (Cherangani Hills). Sector institutions and stakeholders remain stable and committed to support private sector. KSF willing to open up the forest sector. Anti-corruption measures implemented. Markets for products are available, accessible and competitive. There are private sector actors willing to support or partner with communities in farm forestry. County governments are willing to support community-level business development.	Bilateral programme under planning; policy dialogue

Source: Email communication from MFA, 1 March 2

<b>IMPACT 2:</b>	<b>INDICATORS</b>
Improved access of people to jobs and livelihoods	Proportion of people whose income is less than \$1.25 a day
	Percentage contribution of forestry & logging to GDP
	Number of employees in silviculture, logging and other forestry activities, sawmilling & planing of wood and other products of wood
<b>OUTCOME 2.1</b>	<b>INDICATORS</b>
Increased productivity and economic opportunities in forestry and agriculture	Average recovery rate of sawmilling industry
	Number of sales, volume and income of farm forestry
	Number of jobs (disaggregated by sex) created
<b>OUTPUT 2.1.1</b>	<b>INDICATORS</b>
Kenya Forest Service model plantations managed efficiently with stakeholders	Number of reviewed technical orders and guidelines in use
	Proportion (in ha) of pruned and thinned areas as per technical orders and guidelines
	Area (ha) of plantations under integrated harvesting
<b>OUTPUT 2.1.2</b>	<b>INDICATORS</b>
Improved products and market access for farmers and their organizations	Number of tree farmers using quality seedlings
	Number of trained tree farmers using new skills in managing their wood lots
	% of forest products from farm forestry bought by private sector
	Number of women and youth practicing farm forestry
<b>OUTPUT 2.1.3.</b>	<b>INDICATORS</b>
Forestry related SMEs strengthened to efficiently manage/operate timber value chains	Number of SMEs trained and supported
	Number of SMEs that have invested in new efficient technologies
	Private sector association established and functional