Evaluation Summary

International Labour Office

Evaluation Unit

The Law-Growth Nexus II: Labour Law and the Enabling Business Environment for MSMEs in Kenya and Zambia (Phase II) – Final Evaluation

Quick Facts

Countries: Kenya, Zambia

Final Evaluation: 18 May to 28 June, 2013

Mode of Evaluation: External Independent

ILO Administrative responsibility: ILO Area Office - Dar es Salaam

Technical Area: EMP/ENTERPRISE

Evaluation Manager: Jane Maigua

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Project End: July 2013

Project Code: RAF/10/09/NAD

Donor: Norway / NORAD ($ 2,378,000)

Keywords: Labour legislation; small enterprise development, social dialogue

Background & Context

Summary of the project purpose, logic and structure

The overall objective of the LGN-II Project is to contribute to a more enabling policy environment for MSME development in Kenya and Zambia. The overall outcome is more and better jobs in the MSME sectors of the project implementation countries.

The immediate objectives of the Project are:

1) To nurture respect for the rule of (labour) law among MSME in priority sectors;

2) To strengthen the capacity of ILO constituents to engage in social dialogue on the nexus between Labour Law compliance and MSME development;

3) To facilitate sector-specific regulatory reform

4) To strengthen the capacity of MSME to comply with the revised labour law.

Present Situation of the Project

The design of the LGN II was informed by the results of the earlier Law Growth Nexus I – (LGN I) project. The LGN-II Project seeks to support the uptake of and exposure to labour law in the MSME sector by making a strategic contribution to a more enabling policy environment for MSME development in Kenya and Zambia. The project strategically focuses on one priority sector in each project implementation country: in Kenya, the public transport (commonly known as the 'matatu') sector and in Zambia the construction sector.

Purpose, scope and clients of the evaluation

The purpose of the evaluation is to enable project staff, constituents and other relevant stakeholders to assess the extent to which the project has met the intended project objectives and outcomes in line with the technical and financial agreements with the donor. The clients of the evaluation include: project staff; technical backstopping staff ; ILO Field Directors (Kenya, Zambia); ILO Enterprise Department; the donors; and constituents.

Methodology of evaluation

The Final Evaluation assessed five evaluation criteria as outlined below. Related to each of these criteria are a number of key evaluation questions. Relevance and strategic fit, validity of design, efficiency, project progress and effectiveness, effectiveness of management arrangements and efficiency of resource use, sustainability. To ensure a thorough process and the integrity of findings a combination of methods was used: document review; individual interviews and focus group discussions; discussions with project staff; stakeholder meeting where initial findings were presented, discussed, and enriched with additional input from participants.

Main Findings & Conclusions

Stakeholders indicated that the overall project design, including the selection of the sectors in early project implementation, is very relevant and responsive to real needs in the countries. The selection of the priority sector of focus in Kenya was carried out using participative methods early in the project period and was entirely the choice of the tripartite composed technical committee.

While the project design did consider the gender dimension as per ILO guidelines, the selection of two sectors which are largely male dominated did not provide a strong platform for attention to gender issues.

Causal linkages between the outputs and intended outcomes/objectives were relatively good. An output on access to financial resources for compliant entrepreneurs had mixed usefulness.

The project resulted in some major successes, including advocacy and awareness raising on the importance of implementation of labour laws in the current rapidly growing socio-economic context in Africa. The project still needs to measure the extent to which the overall objective of creating 500 improved jobs in each country has been attained although the project has generally met the immediate objectives. The project was able to develop a strong business case for the extension of labour laws to the entire MSME sector in both countries.

The ILO constituents agreed that the project successfully raised awareness, and built capacities of stakeholders. Stakeholders recognised and appreciated the technical skills of the project staff. Studies undertaken in the project were appreciated and deemed useful while training methods and materials were considered of high quality.

The project also faced challenges. These included the complexity of the two sectors as entrepreneurs face many issues that can impede the successful implementation of labour laws. The sheer range and number of such issues was unexpected at project inception and only became more apparent during project implementation. Other challenges included difficulties with timely implementation of actions in accordance with the project work plans. One of the reasons for the delays was the structure of the project in the two countries with administrative budget management in a third country. In Zambia, various stakeholders also cited issues with overall organisation and planning processes.

One of the strongest project results appears to be the functioning of the technical committee and the National Advisory Committee (NAC) structures in Kenya which is also promising for sustainability of project actions. In Kenya the project was lauded for the development and implementation of exceptionally good participative processes involving a wide range of stakeholders. In Zambia the responses from evaluation interviewees were more mixed.

At the time of the evaluation, attitude change could be discerned but behaviour change in terms of actual compliance with labour laws was still lagging. The main reasons for the slow uptake of labour contracts include the diversity of challenges that affect the sectors in both countries. In Kenya, an unexpected finding explained part of the reason for the still limited labour contracts; i.e. many workers in the matatu sector themselves were very hesitant to accept them. Zambian contractors did indicate that they thought that their workers generally like to have contracts.

One of the major project successes in Kenya was the inclusion of references to the labour law in the recently adopted Traffic Amendment Bill 2012. Important Regulatory Impact Assessments (RIA) conducted in both countries were of good quality. The RIA analysed the labour laws and regulations as they relate to the project sectors.

The project has provided good underpinning for sustainability of project actions but achieving deeper and wider impact of project actions is likely to take more time. A more detailed exit strategy should have been included at an early project stage to help plan for sustainability.

Recommendations & Lessons Learned

Main recommendations and follow-up

1) Ensure early inclusion of enterprise and worker associations in planning processes.
2) Replicate selection of new sectors and prioritise using selection criteria established in each country.
3) Consider representation of women among the selection of sectors criteria.
4) Consider developing special focus on one additional sector in each country. Implement tracked monitoring of workers for full development of a knowledge base on labour laws in the MSME context.
5) Develop materials for one or two additional sectors that can be integrated by other donors into their actions
6) Focus in a future project on developing a general simplified and standardised manual and brochure on labour laws.
7) Using the baseline analysis produced, prepare small guides on labour laws and other relevant regulation that are specific to the new sectors to supplement the materials on general labour laws.
8) Deepen and scale up focus on existing project sectors through working with the role models and champions.
9) Develop a workers' case for compliance so that workers can understand and accept the usefulness of labour contracts.
10) Increase focus—in addition to similar training on labour laws—on capacity strengthening on leadership, advocacy, cooperative management, entrepreneurship.
11) In line with the development of the East African Community (EAC) and processes of harmonization of labour legislation already underway in the EAC, consider extending the project to add Uganda or Tanzania to Kenya.

Important lessons learned:

- The challenges in the context in which a sector is operating needs special consideration as these also influence whether labour laws can be fully implemented and enforced.
- It is necessary to ensure early direct input from entrepreneur and workers' associations in the relevant sectors.
- Use existing project stakeholder entities to channel actions in various parts of the country
- Include stronger focus on inclusion of labour inspectors, labour officers and law enforcement officials
- Gender issues in a project may not always be the most immediately obvious ones.

Important good practices:

- Holding of a workshop early in the project period which was attended by representatives of the key stakeholders from both Kenya and Zambia to discuss the project implementation.
- Good participative approaches that have led to real ownership among the stakeholders.
- Development of a strong and persuasive business case for implementation of labour laws in the project sectors.
- Development of very good and accepted communications and training materials
- Special focus on the inclusion of workers in awareness raising and training in Kenya.
- Involvement and co-opting of very high level officials from both the Ministry of Labour as well as Employer and Worker organizations in Kenya.