



**Matatu Industry
Kenya**



**MSME Construction Industry
Zambia**



LAW-GROWTH NEXUS PHASE II:

Labour Law and the Enabling Business Environment

For

MSMEs in Kenya and Zambia

INTERNAL MID-TERM EVALUATION

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LIST OF ACRONYMS AND ABBREVIATIONS

BBW&JC	Broad Based Wealth and Job Creation
BDS	Business Development Services
BS	Baseline Survey
CEE	Citizens' Economic Empowerment
CoopAfrica	Cooperative Facility for Africa
COTU	Central Organisation <u>Organization</u> of Trade Unions
CS	Communication Strategy
CTA	Cooperation Technical Advisor
DMSD	Department of Micro Small Enterprises Development
DWCP	Decent Work Country Priorities
DWST	Decent Work Support Team
EMP/SEED	Employment through Small Enterprise Development Programme
EPA	External Payment Authority
FAA	Finance and Administration
FFTUZ	Federation of Free Trade Unions of Zambia
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ILO	International Labour Organisation
LGN-I	Law-Growth Nexus-phase I
LGN-II	Law-Growth Nexus-phase II
M&E	Monitoring and Evaluation
MADCOWA	Matatu Drivers and Conductors Welfare Association
MDGs	Millennium Development Goals
MOA	Matatu Owners Association
MOLSS	Ministry of Labour and Social Security
MSMEs	Micro, Small and Medium Enterprises
MTE	Mid-Term Evaluation
MTIP	Medium Term Investment Plan
NHIF	National Health Insurance Fund
NORAD	Norwegian Agency for Development Cooperation
NPC	National Project Coordinators
NSSF	National Social Security Fund
O-IoA	Output Indicators of Achievement
OSH	Occupational Safety & Health
P&B	Programme & Budget
PAD	Project Appraisal Document
PMU	Project Management Unit
PSC	Project Steering Committee
PSD-RP II	Private Sector Development Reform Programme
PSV	Public Service Vehicle
RIA	Regulatory Impact Assessment
SACCOs	Saving and Credit Cooperative Organizations
SIDA	Swedish International Development Agency
SMART	Specific, Measurable, Attributable Realistic and Time-bound
SNDP	Sixth National Development Plan
TCPR	Technical Cooperation Progress Reports
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDAP	United Nations Development Assistance Plan
US\$	United States Dollar
WEDGE	Women Enterprise Development and Gender Equality
YEF	Youth Entrepreneurship Facility
YES-JUMP	Youth Employment Support-Jobs for the Unemployed and Marginalized Young People
ZCSMBA	Zambia Chamber for Small and Medium Business Association
ZDA	Zambia Development Agency
ZFE	Zambia Federation of Employers

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Stanley Karuga

28th September 2012

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EXECUTIVE SUMMARY

1.0 BACKGROUND AND CONTEXT

The **overall objective** of LGN-II is “to contribute to a more enabling policy environment for MSME development in Kenya and Zambia by way of supporting the uptake of, and exposure to labour laws in the MSME sector. The **overall project outcome** is “more and better jobs in the MSME sectors in each of the two countries” while the **immediate objectives** are: (i) *to nurture respect for the rule of (labour) law among MSME in priority sectors*; (ii) *to strengthen the capacity of ILO constituents to engage in social dialogue on the nexus between Labour Law compliance and sustainable MSME development*; (iii) *to facilitate sector-specific regulatory reforms*, and (iv) *to strengthen the capacity of MSME to comply with the revised labour law*.

The corresponding **immediate project outcomes** of the project are: (i) *Improved perceptions among MSME about the rationale underpinning the labour law of the country*; (ii) *Sector-specific regulatory reforms of the labour laws that are driven by social dialogue among ILO constituents and informed by knowledge about international best practice*; (iii) *Sector-specific institutional structures that better balance the traditional focus on sanctions and monitoring compliance with information*; and (iv) *Education and incentives and MSME in priority sectors that grow their businesses as a result of increased compliance levels*.

1.1 Present Situation of the Project

The project was initially scheduled to start in August 2010 and end in March 2013 but the start date was rescheduled to March 2011 to allow the redesigning of the project intervention strategy and to modify the implementation framework in accordance with the findings and recommendations of LGN-I end-term-evaluation. Having started in March 2011 and being planned to end in June 2013; the project had been operational for approximately seventeen (17) months by the time of the Mission and had another ten (10) months to go.

1.2 Purpose, Scope and Clients of the Evaluation

This evaluation has been undertaken in accordance with two main provisions: (i) Cooperation Agreement between NORAD and the ILO; and (ii) The ILO Evaluation Policy adopted by the Governing Body in November 2005-which requires systematic evaluation of programmes and projects in order to improve quality, accountability and transparency of the ILO’s work, strengthen the decision-making process and support constituents in forwarding decent work and social justice.

The **overall purpose of the evaluation** is to enable project staff, constituents and other relevant stakeholders assess the progress of the project towards achieving anticipated project outcomes; identify lessons learned; and to make recommendations for improved delivery of quality and timely outputs as well as achievement of outcomes during the remaining project period. More specifically, and in accordance with the terms of reference, the evaluation analyses the strategic fit of the project with the aspirations of various stakeholders and development agenda of other development agencies; validity of design, progress and effectiveness, effectiveness of management arrangements and efficiency of resource use, impact orientation and sustainability of project activities.

The **primary clients of the evaluation** include: NPCs in Kenya and Zambia; the project CTA; technical backstopping staff; ILO Field Directors (Kenya, Zambia and South Africa); donors; and constituents-in particular the national technical and advisory committees in both countries.

1.3 Approach and Methodology of Evaluation

The evaluation approach was participatory while the methodology comprised the following research instruments: (i) literature review key relevant documents; (ii) field interviews key stakeholders across all the two (2) target countries; (iii) field level observations; and (iv) a stakeholders' validation workshop in each country. Field work was conducted in Kenya from 13th to 17th August 2012 and from 27th to 30th August 2012 in Zambia. In each case, a stakeholders' validation workshop was held on the last day of field interviews.

2.0 MAIN FINDINGS

Overall, the project has been progressing on well despite the short term it has been operational and limitations in terms of budget and staffing. However, it now faces high risks of not achieving its anticipated outcomes and ultimate impact if delivery on the key outputs e.g. completion of the Regulatory Impact Assessment in the case of both countries; the development of Training Toolkit and conducting of training-in the case of Zambia and the completion of the Communication Strategy in both countries are not expedited.

2.1 Relevance and Strategic Fit

The overall objective and activities of the project are fundamentally relevant to the needs of MSMEs' owner-managers and their employees. This conclusion was based on information from: (i) Secondary sources and (ii) Primary sources through interviews of wide cross- section of stakeholders whose responses were unanimously in the affirmative. Additionally, the objectives, outputs and activities of the project are also strongly relevant to development aspirations of not only national governments in the target countries but also other ILO projects and initiatives as well as a wide range of initiatives of other UN and non-UN agencies.

2.2 Validity of Project Design

Based on a number of parameters, the Mission found project design to have been logical and coherent. These include the foundational information base upon which the project was conceptualized and designed, extent of stakeholder consultations and the development approach adopted. Some of the key relevant foundational information base included extensive background research work conducted under Small Enterprise Development Programme (EMP/SEED) as far back as 2003; the ILO report on the Promotion of Sustainable Enterprises provided to the 96th Session of the ILC (Geneva 2007); the ILO-supported MSME sector mapping study (2008) covering twelve African countries; the ILO-supported follow-up in-depth sector case studies covering five (5) countries-including Kenya and Zambia; and findings and recommendations of the final evaluation of LGN-I (Nov 2010). The design processes entailed significant stakeholder consultations. The ILO systemic approach to MSME development was also found to have been an appropriate development strategy.

However, the project partially or fully failed the validity of design test in terms of other parameters. In this regard, the Mission noted that while the intervention mix broadly comprising awareness creation; capacity building; policy and regulatory reforms; and MSME incentives for compliance with labour laws, the project lacked formal and clearly strategies for business linkage and financial access; gender mainstreaming; and sustainability.

Based on the views of a significant number of respondents; and considered views of the Mission-particularly taking into account the size of the selected priority sectors in each country; the number

of actors to be engaged by the project; the apparent low level understanding of the connectivity between compliance in labour laws and business growth and the degree of pre-existing negative attitude towards the former; the inherent long processes involved in policy and regulatory reforms-related activities; staff limitations; and the fact that awareness and training campaigns are just about to start, the mission concluded that the effective project timeline of 27 months is actually short. Against this scenario, the view of the Mission and a significant number of key stakeholders is that the project requires an extension of at least 24 months to enable it attain the self-propelling stage towards labour compliance and related advocacy.

2.3 Project Achievements and Effectiveness

Overall, the project has had mixed performance having completed only some outputs and not others that are key to full success of the project and now faces high risks of not achieving the main outputs and outcome targets by the planned project end-date. This is primarily because of the delay in delivering on some key planned or non-planned but essential outputs/activities as demonstrated below:

Immediate Objective 1: “Nurturing Respect for Labour Law among MSME”. Under this objective, the mission noted the following:

Output 1.1: *“MSME in Priority Sectors have Increased Knowledge of the Labour Laws”*: The following have either been completed or are on track.

- Five (5) consultative meeting reports completed (2 in Kenya and 3 in Zambia);
- Project successfully launched by March 2012;
- Production of popular version of labour laws is on track;

The following output/activities are either behind schedule or are likely to be delayed:

- The development of variations of new advocacy products and tools is behind schedule primarily because of the delay in completing the Communication Strategy;
- Reaching out to 100,000 MSMEs (50,000 in each country) is likely to be delayed primarily because communication strategy has not been finalized;

Output 1.2: *“MSME Understand the Business Case underpinning Compliance with Labour Laws”*. The following activities are either on track or behind schedule.

- Publication of compendium of best practice case studies on business case underpinning compliance with labour law- has yet not been done and is behind schedule (though the Mission noted that it is now awaiting contracting);
- Reaching out to 1,000 MSMEs (500 in each country) with awareness meetings-is likely to be delayed primarily due to the delay in finalizing the communication strategy.

Immediate Objective 2: “Strengthening Capacity of ILO Constituents in Social Dialogue”. In this regard, the project has done comparatively well as indicated below:

Output 2.1: *“Increased knowledge among ILO constituents on how the Regulatory Environment affects the Development of Sustainable MSME and the Creation of Decent Work”*

- One combined compendium of phase 1 research findings has been undertaken covering both countries to avoid duplication of activities;

- One combined bibliography of other publications on the Labour Law–MSME development nexus has been completed in both countries to avoid duplication of effort;
- A sub-regional workshop to disseminate the findings of LGN-1 and the best practices with respect to labour law-MSME development nexus was held in Mombasa in December 2011;
- Training guide has been reviewed and completed for publication in both countries;
- Training of trainers for development practioners and policy makers has been undertaken successfully in both countries;
- Baseline survey reports have been completed in both countries and findings disseminated through workshops.

Output 2.2: *“(Sub-) committee Level Structures for Social Dialogue on Policy, Legal and Regulatory Reform in Support of MSMEs”*

- Social structures for social dialogue in the form of a National Advisory Committee/Technical Committee had been established in both countries by November 2011;
- Constituents’ quarterly meetings are on track;

Immediate Objective 3: “Facilitating Sector-Specific Regulatory Reforms”. In this regard, the project has performed rather dismally-particularly in Zambia- as indicated below:

Output 3.1: *“Tripartite consensus on priority areas for regulatory reforms reached”.*

- The Regulatory Impact Assessment (RIA) in both countries is well behind schedule and had not been done by the time of the Mission.

Output 3.2: *“Draft Regulations for Review and Deliberation by Tripartite Constituents and other Sector Stakeholders”.*

- Minutes on the ratification by constituents on the draft regulations for reform in each country are well behind schedule primarily as a result of the delay in finalizing the RIA.

Output 3.3: *“Final Regulations Endorsed by Tripartite Stakeholders, Approved and Disseminated by Government”.*

- The “legal advisory meeting reports”; “validation workshop (on areas for regulatory reform) reports” and their submissions to a validation workshop have all not been undertaken-again primarily because the RIA has not been done.

Immediate Objective 4: “Strengthening Capacity of MSME to Comply with Revised Labour Laws”. In this regard, the project has also under-performed (especially as demonstrated below:

Output 4.1: *“MSME in Priority Sectors have Access to BDS Support”.*

- Sector-specific Labour-Law compliance training modules and products have been developed in Kenya but not in Zambia;
- Pilot trainings have been conducted in Kenya but not in Zambia;
- Review, refinement and finalization of training manuals have been undertaken in Kenya but are likely to be delayed in the case for Zambia because the training toolkits have not been developed;
- MSME training using developed training products is on track in Kenya-with participants reporting satisfaction-but is well behind schedule in Zambia-because the toolkit has not yet been developed.

- Training of trainers is on track but is likely to be delayed in Zambia because the training toolkits are yet to be developed.

Output 4.2: *“Compliant MSMEs have been rewarded with Access to Growth Finance and Access to business contracts”.*

- Provision of MSMEs with business plan guidelines, application forms and selection processes for government procurement or other financing schemes; and their assistance in securing business finance are likely to be adversely affected by the fact that the project does not have in place a clear business linkage and financial access strategy.

Overall anticipated outcome: *“More and better jobs in the MSME sector”.* In this regard, the key project indicator is 500 better and or new jobs in each country-which in the view of the Mission is well on track and is likely to be achieved and perhaps surpassed.

2.4 Effectiveness of Management Arrangements & Efficiency of Resource Use

Management arrangements: All PMU staff and many other respondents indicated that the project management arrangement is working generally well.

Staffing: The Mission found project staff to be sufficiently qualified and committed to the project objective and deliverables-though it also noted feelings by one respondent from the ILO administration office in Lusaka that team work and interpersonal relations need to be continuously nurtured and that the CTA should spend more time in Zambia to boost project implementation which is lagging behind compared to Kenya. Regarding the latter, the Mission however observed that the CTA has made a total of seven (7) trips to Zambia over the last one year which is no doubt quite frequent and is of the view that longer, but perhaps fewer visits, could be more effective.

External technical and administrative support: The PMU staff overwhelmingly described the backstopping role by the DWST as having been excellent. The project staff also indicated the administrative and financial support by the ILO offices in Dar es Salaam and Lusaka to have been quite good. In addition, the project management unit also indicated that staff from other ILO projects in both countries have collaborated well with the project has and have provided support to LGN-II whenever required.

Adequacy and Efficiency of Resource Use: While the question of adequacy of financial resources is a relative issue, the Mission considers the budget of US\$ 2.378 million to be rather modest given the regional nature of the project, the vast number of planned outputs (9) and sub-outputs/activities (at least 25); the apparent high degree of informality and non-compliance with labour laws in the selected priority sectors; the extent of ignorance on the nexus between compliance with the labour laws & MSME growth; the multiplicity of stakeholders (institutions) that need to be involved and the required coordination activities; the existence of many and fragmented labour-related laws in each of the countries; the required depth and breadth of consultations (for ownership) and the concomitant legal reforms; and the weak capacity of some of the stakeholder institutions in both countries. It was not possible for the Mission to undertake “value for money audit” as such, but a cursory assessment of the financial utilization revealed that the PMU has not only been prudent in the way they have managed project resources, but has also leveraged fairly well on resources of other ILO projects. That notwithstanding, the main concern of the Mission is that it would have been more prudent for PMU to consider undertaking certain activities jointly rather than separately in each country. This is for example the development of the training toolkit; terms of reference for the communication strategy and the RIA-all of which had some commonality in orientation and purpose.

Monitoring and evaluation: In this respect, the Mission observed that the project appraisal document had clearly and sufficiently defined project targets which also complied quite well with the SMART¹ principles of project monitoring and evaluation (M&E) framework. The project uses well designed strategy maps which maintain the original anticipated outcomes with changing activities as per periodical work plans. The project-which has been using manually updated strategy maps with "traffic rights" to inform on project performance in terms of the key project indicators (KPI) is in the process of acquiring an updated and electronic version of strategy maps commonly referred to as the "dashboard strategy maps version". The PMU has been collecting project data and information regularly and has been developing work plans on a bi-monthly basis and has been producing M&E reports in the form of Technical Cooperation Progress Reports (TCPR) on a bi-annual basis-as required in the cooperation agreement. However, the Mission considers a bi-annual M&E frequency of reporting (i.e. the TCPR for purposes of reporting to the donor via PARDEV) to be rather long considering the importance of regular and more frequent M&E in facilitating timely decision-making towards effective project management.

Knowledge management and information sharing: The Mission observed that the project has been documenting its activities, outputs and outcomes regularly and has been sharing such information through various channels including print and electronic media, workshops and national and technical committee meetings. The project has established and maintains website link/youtube videos through the ILO DWST for Eastern and Southern Africa (Pretoria) where relevant documentation, M&E and other forms of information are provided-though the extent to which this weblink is utilized or publicized for information sharing purposes seemed unclear. For enhanced outreach to stakeholders, the Mission recommends that the PMU explores the possibility of utilizing effective and cost-efficient information dissemination channels including regular magazines by some key stakeholders such as the Zambia Federation of Employers the Zambia Chamber for Small and Medium Business Association; and the Matatu Owners Association (MOA)-all of which indicated willingness to include relevant information in their magazines for free.

2.5 Impact Orientation and Sustainability

While it is premature to talk about impact of the project at this early stage, the Mission concluded that there are good prospects for sustainability of project activities beyond its life. However, to enhance progress towards this goal, the Mission recommends that the project steps up capacity building-especially of the ILO constituents; formulate both business linkage and financial access strategies; and also project sustainability and exit strategies.

3.0 MAIN CONCLUSION

¹ Which is an acronym relating to monitoring and evaluation indicators of achievement and standing for *Specific, Measurable, Attributable Realistic and Time-bound*

The overall conclusion of the Mission is as follows:

- (i) That while the project has been progressing generally well, it faces high risks of not achieving its anticipated outcomes and ultimate impact if delivery on the following key outputs is not expedited: (a) The RIA in both countries; (b) Training Toolkit in the case of Zambia; and (c) the Communication Strategy-which although drafts have been produced-are yet incorporate findings of the baseline surveys in both countries.
- (ii) That sustainability of project activities is also at risk unless the project delivers on the following key ingredients during the remaining project period: (a) adequate capacity building of ILO constituents and other stakeholders and provision of sufficient incentives for national advisory/technical committees; (b) training of adequate number of trainers; (c) formulation of business linkage and financial access strategy and plan of action; (d) formulation of project sustainability and exit strategy and associated plans of action.

That the project inadvertently failed to give gender mainstreaming the attention it deserves partly because of the omission of gender-specific indicators of achievement in the Project Appraisal Document and its associated Log-frame; and partly because of the omission of gender mainstreaming criterion in priority sector selection-which (although appropriate in the context of other criteria that the project applied) are by default male-dominated. That notwithstanding, the project should explore effective ways and means of enhancing gender mainstreaming in project activities².

4.0 EMERGING LESSONS LEARNED

The following are some of the emerging lessons:

- (i) That relevance of project objectives and activities to stakeholders and use of participatory approaches enhances quick and broad-based “buy-in”;
- (ii) That non-compliance with labour laws by MSMEs in the selected sectors in the two project countries has not necessarily been deliberate, but much more due to lack of knowledge regarding the potential benefits to all parties and linkage to business growth;
- (iii) That appropriate sequencing of activities and outputs is critical to smooth and effective project implementation. The view of the Mission regarding sequencing is that the project should have undertaken the Baseline Survey (BS) first for purposes of informing stakeholders on the overall status of the labour laws and compliance issues; followed by the RIA so as to inform on which labour law regulations are inhibiting compliance and exactly how; followed by the Communication Strategy (CS) because it needs to be informed by findings of the baseline survey and the Regulatory Impact Assessment (RIA) study; followed by development of the training toolkit and conducting training of trainers because trainers need to be informed on the findings of the baseline survey, the regulatory impact assessment and the communication strategy; followed by training of MSMEs in the selected sectors-who need to be informed by findings of all of the above initiatives.
- (iv) That while leveraging on free voluntary technical services from national collaborating institutions has and should be the overarching principle in ILO-funded projects, “facilitation or motivation” by way of remuneration-where extended time inputs are required should be considered and built into the project budget during design;
- (v) That being a major and long term agenda of the ILO, strategies for mainstreaming women in project activities should always be accorded specific outputs, outcomes and SMART indicators during project design to ensure that project staff undertake the necessary

² This may include stepped up outreach to women through for example SACCO organisations in the matatu industry in Kenya and women in construction in Zambia, and not necessarily re-engineering a full gender mainstreaming strategy as it is a bit late in the day.

- activities towards this end (otherwise it is likely to be inadvertently left out);
- (vi) That being a major requirement of the ILO, a clear and well articulated sustainability and exit strategy should always (as a matter of principle) be part and parcel of project design, project inception or implementation outputs.

4.0 MAIN RECOMMENDATIONS

Based on findings from literature review, field interviews and observations, the Mission recommends the following:

- (i) The PMU to organize a 2-day stakeholder workshop in each country before 31st October 2012-involving members of the National Advisory/Technical Committee, selected labour law experts and MSME representatives-to provide the following deliverables towards finalization on the RIA: (a) *Identity and document key national-level labour –related regulations ;* (b) *Identify exactly how each of the regulations inhibit compliance to labour laws;* (c) *Prepare a priority list of national-level labour law regulations to form the project's initial regulation reform agenda;* and (d) *Organize dialogue fora with relevant authorities;*
- (ii) Develop project business-linkage and financial access strategy by 30th October 2012 as means for delivering on output 4.2 and overall sustainability of project activities;
- (iii) Develop a clear and well articulated sustainability and exit strategy by 15th November 2012 so as to provide a clear road map towards eventual smooth hand-over of project management to local stakeholders (tripartite and others);
- (iv) Explore and implement effective and cost-efficient information dissemination systems or channels to expedite outreach to MSMEs and other stakeholders and incorporate exchange visits for key representatives to enhance awareness creation and knowledge sharing;
- (v) Step up capacity building of key stakeholder (constituents, MSMEs & others) to enhance prospects for sector self-regulation and overall sustainability of project activities;
- (vi) Explore and initiate effective and cost-efficient strategies for mainstreaming women in project activities in each country;
- (vii) Recruit a short term Programme Assistant/Officer-with legal background under an output-based contract arrangement to assist the NPC for Zambia;
- (viii) The PMU (with support of the DWST) to develop a project extension concept note by 28th December 2012 to facilitate fund raising efforts for a further 2 years-which is necessary to ensure attainment of the self-propelling status of the project as this is unlikely to be reached within the remaining 10 months;
- (ix) For effective implementation project activities in the case of Kenya incorporate key players in the Matatu industry that are currently not engaged including the Traffic Police Department, Ministry of Transport, the four (4) Town Councils in the pilot towns of Nairobi, Mombasa, Nakuru and Kisumu; and also the Labour Board-by organizing a retreat to bring the members on board in the project and for early “buy-in” and being the advisory arm of the Minister of Labour.

1.0 INTRODUCTION

1.1 Brief Project Background and Logic

The informal sector, which is the domain of Micro, Small and Medium Enterprises (MSMEs), plays an important role in the development of economies of most African countries³. It is a major source of employment, income generation and livelihood for a significant proportion of people. Past studies suggest that the sector contributes nearly 55% of the sub continent's Gross Domestic Product (GDP) and a staggering 77% of non-agricultural employment. The sector's contribution to GDP increases to 60% with the exclusion of Botswana and South Africa⁴. The MSME sector in Kenya contributed 18.4% to GDP and employed about 8.83 million workers or 80.6% of the total national employment in 2010⁵. In Zambia, the sector provides about 90% of employment and is a source of livelihood for about 70% of the country's population. According to the Zambia Business Survey (2010), approximately 92% of all enterprises (including subsistence agriculture) are classified as informal, micro and small-collectively employing an estimated four (4) million people.

In spite of the important role played by the MSME sector in most developing countries including Kenya and Zambia, there is limited coherent and formal development framework for the sector. A majority of players in the sector operate outside the purview of legal institutions and labour laws. Yet, there is ample evidence that legal institutions and laws have a direct bearing on the formation and growth of enterprises, including MSMEs. Evasion of laws and regulations is obviously undesirable and so is the fact that those who work in informal sector do not enjoy the protection and rights that are afforded to their counterparts in the formal sector. When MSMEs operate informally, they are disadvantaged in many ways. They cannot be easily reached with business services and they are often forced to struggle to compete for business with larger companies. Workers typically lack job protection and benefits such as access to health and safety provisions, wage protection, insurances and pensions as well as access to labour unions. They also have restricted access to investment and credit. By being outside the formal regulatory framework, informal activity cannot be taxed which represents forgone revenue to governments. Thus, MSMEs operating in the informal economy can be a barrier to broader and sustainable economic development. For these reasons, labour laws, which are an issue of growing international debate, is an important component of the broader enabling environment for sustainable enterprise development

It is against this backdrop that Phase II of the ***Law-Growth Nexus-Labour Law and the Enabling Business Environment for Small and Medium Enterprises (MSMEs)***⁶ project in Kenya and Zambia (hereafter referred to as the Law-Growth Nexus Phase II or in short LGN-II) was initiated by the International Labour Organization (ILO). The LGN-II project builds on the achievements of Law-Growth Nexus-phase I (LGN-I) – a 2 year action and policy research project funded by the Norwegian Agency for Development Cooperation (NORAD) at a cost of of U\$ 600,000 and implemented during the period March 2008-August 2010 with the aim of contributing towards filling the gaps in information and knowledge regarding the influence that labour and labour-related laws and regulations have on MSME employment and growth prospects and decisions regarding formality and the quality of the jobs MSMEs create. The design and implementation of LGN-II was informed by the recommendations of the final evaluation of LGN I which was carried out in August/October 2010. The challenge that the LGN-II project is responding to is to identify best approaches for broadening and deepening the

³ The informal sector or informal economy is a broad term that refers to that part of an economy that is not taxed, monitored by any form of government, or included in any gross national product (GNP), unlike the formal economy.

⁴ Emma Wadie Hobson; Local Economic Development Network of Africa (LEDNA); *The importance of the Informal Economy for Local Economic Development in Africa*; Issue No. 2 2011:

⁵ Various sources including; Kenya 2012; www.africaneconomicoutlook.org; Second Annual Progress Report: On the Implementation of the First Medium Term Plan (2008-2012) of Kenya Vision 2030. Nairobi: Ministry of State for Planning, National Development and Vision 2030 ; and ILO; LGN-II; Draft Report of the Baseline Survey of the Matatu Industry in Kenya (May 2012);

⁶ Initially focusing on Small and Medium Enterprises (SMEs) but later changed to Micro, Small and Medium Enterprises (MSMEs) through consensus among project stakeholders during a workshop of stakeholders from both countries held in Mombasa between 29th Nov and 1st Dec 2011 .

coverage of labour laws to include MSMEs under “win-win” situation aimed at reducing compliance costs for MSMEs and enhancing prospects for growth and competitiveness on the one hand, and not compromising applications of International Labour Standards for improved protection of workers on the other hand.

1.2 Overview of Project Objectives and Anticipated Outcomes

The overall objective of the LGN-II Project is *“to contribute to a more enabling policy environment for MSME development in Kenya and Zambia by way of supporting the uptake of, and exposure to labour laws in the MSME sector. The **overall outcome** is more and better jobs in the MSME sectors in each of the two countries. The **immediate objectives** of the project are:*

- i. *To nurture respect for the rule of (labour) law among MSME in priority sectors;*
- ii. *To strengthen the capacity of ILO constituents to engage in social dialogue on the nexus (linkage) between Labour Law compliance and MSME development;*
- iii. *To facilitate sector-specific regulatory reforms, and*
- iv. *To strengthen the capacity of MSME to comply with the revised labour law.*

The corresponding **immediate project outcomes** are: (a) *Improved perceptions among MSME about the rationale underpinning the labour law of the country;* (b) *Sector-specific regulatory reforms of the labour laws that are driven by social dialogue among ILO constituents and informed by knowledge about international best practice;* (c) *Sector-specific institutional structures that better balance the traditional focus on sanctions and monitoring compliance with information;* and (d) *Education and incentives and MSME in priority sectors that grow their businesses as a result of increased compliance levels.*

The key deliverables of the project comprise the following: (i) Project management unit operational and national-level project implementation strategies endorsed by local stakeholders (inception phase output); (ii) MSMEs in priority sectors have increased knowledge of the labour law; (iii) MSMEs in priority sectors acknowledge the business case underpinning compliance; (iv) Increased knowledge among ILO constituents and other stakeholders in priority sectors on how the regulatory environment affects the development of sustainable MSME and the creation of decent work; (v) Committee level structures for social dialogue on regulatory reform in support of MSMEs; (vi) Tripartite consensus on priority areas for regulatory reform (vii) Draft regulations for review and deliberation by tripartite constituents and other sector stakeholders; (viii) Final regulations endorsed by tripartite stakeholders and approved and disseminated by Government (ix) MSMEs in priority sectors have access to business development support services aimed at boosting their capacity to comply with the labour law; and (x) Compliant MSMEs have been rewarded with access to growth finance/access to business contracts.

1.3 Sector Focus and Project’s Strategic Development Approach

The LGN II project strategically focuses on one priority MSME sector in each of target countries with the public transport sector-specifically the “Matatu Industry” being the focus in the case of Kenya, and the construction sector in the case of Zambia. The “**matatu industry**” in Kenya plays an important role in economic development. According to available information, there are estimated 94,000 public service vehicles of which about 70,000 comprise matatu vehicles owned by approximately 65,000 investors and employing over 350,000 people (mainly drivers and conductors). The industry has an annual turnover of approximately Kshs 73.5 billion-contributing about 6% of the country’s GDP. The construction industry in Zambia contributed about 8% to GDP in 2003. Statistics indicate that employment in the construction sector increased from 140,000 in 2000 to 150,000 in 2001¹.

The strategy of LGN II is based on a systemic *approach to MSME development that promotes analysis and action across the whole system of issues that affect MSME behaviour rather than just one part of it*. The systemic approach enables the project to identify and influence key issues that affect behaviour over time to maximize impact. The approach distinguishes four (4) system levels of stakeholders' interaction: (a) the *Meta-level*-focusing on norms, values and perceptions held by stakeholders across system levels towards the (rule of) the labour law; (b) the *Macro Level*-focusing on the policy, legal and regulatory framework that defines the "rules of engagement" among stakeholders as far as the labour law is concerned; (c) the *Meso-level*-focusing on institutional support environment to facilitate compliance among MSME, including provision of labour law-specific business development services; and (d) the *Micro-level*-focusing on the "market place" where MSME interact upstream with Business Development Service (BDS) providers and down-stream with clients that value compliance as a service/product differentiator.

1.4 Project Timeline, Budget and Geographical Coverage

The LGN-II Project is a 27-months initiative (including three months inception phase). It was initially scheduled to start in August 2010 and end in June 2013 but project start up was rescheduled to March 2011. The rescheduling of project start up was necessitated by the need to allow for enough time to first redesign the project intervention strategy and to modify the implementation framework in accordance with the findings and recommendations arising from the end-term-evaluation of LGN-I. With hind sight, the Mission considers this action to have been justified-looking at the elaborate nature of the strategy map of the project which has no doubt helped the project staff during the implementation phase.

The total budget for LGN-II which was funded by NORAD amounted to US\$ 2.378 million. The project covers Kenya and Zambia-which were selected based a set of criteria including potential of impact vis-à-vis the development objective and the immediate objectives, relevant and appropriate continuity of research and reforms initiated on a national level under LGN-I, responsiveness and demand for support from the ILO constituents, potential for synergies and scaled effects by linking to other projects and the ILO EMP/ENT's Global Products on Sustainable Enterprises and Green Jobs, and improved regional coordination and inclusion (e.g. by supporting regional multi-lateral bodies such as the East African Community and the Southern African Development Community).

1.5 Project Target Sectors and Beneficiaries

Project target sectors were rightly not pre-determined before project commencement, but were selected in a participatory manner in each country. The selection was based on a set of criteria comprising: (i) high level of concentration of MSMEs; (ii) the existence of decent work deficits-focusing on non-compliance with labour law; (iii) MSME growth potential; (iv) employment intensity and creation potential; (v) prior identification of the sector as a policy priority by national government; (vi) commitment among sector-specific ILO constituents to engage in a tripartite effort to boost MSME compliance, and (vii) potential for synergies and scale effects through partnerships with other projects.

In the context of promotion of an enabling environment conducive to decent job creation and growth of formal enterprises, growth-oriented MSMEs were of particular interest to the ILO for two main reasons. Firstly, because they are more likely to seek full compliance, provided the business case is strong enough, and secondly because it has been shown that these growth-oriented MSME hold significantly greater job creation potential per enterprise than survivalist MSMEs. Based on this rationale, the ultimate project beneficiaries are the owner-managers of growth-oriented MSMEs and their workers, while the intermediate beneficiaries of the project are ILO constituents in Kenya and Zambia, both on the national policy and in priority sectors level. These constituents were also the principal implementation partners during the first project phase, and consulted in the design of the

proposal for Phase II. The project also works with selected local BDS organizations with the mandate and capacity to reach out for MSMEs.

1.6 Project Management Arrangement

The LGN-II project is implemented by the Project Management Unit (PMU) which comprises five (5) ILO staff, namely the *Chief Technical Advisor-CTA* who is based in Nairobi-Kenya; two *National Project Coordinators (NPCs)*-one in Kenya and one in Zambia who are responsible for country-level implementation with support by an intern (one on board in Zambia and one in Kenya); and two finance and administration officers-one in Kenya and one in Zambia (currently shared with the ILO Director's office in the case of Zambia). The project team is technically backstopped by the *Decent Work Support Team (DWST)* for Eastern and Southern Africa based in Pretoria, South Africa-supported by a *Programme Officer* who provide technical backstopping and Monitoring and Evaluation (M&E) support. The ILO offices in Dar-es-Salaam and Lusaka provide the administrative support to the PMU. *Project Steering Committee (PSC)* which comprises the ILO Directors for Kenya and Zambia, the Donor, the Senior Enterprise Specialist from the DWST, and PMU core staff provides the overall guidance to project implementation. The PSC meets at least once a year while the national committees meet at least quarterly. At the national level, the PMU is supported by the national technical advisory committee (in the case of Zambia) and national and technical committees (in the case of Kenya). The project also works with selected local Business Development Service (BDS) provider organizations with the mandate and capacity to reach out for MSMEs.

1.7 Purpose, Scope and Clients of the Evaluation

This independent Mid-Term Evaluation (MTE) of the LGN-II project has been undertaken in accordance with two main provisions: (i) *Cooperation Agreement between NORAD and the ILO* as stipulated in the Project Appraisal Document (page 26), specifically requiring that a mid-term review be carried out towards the 14th month of the project cycle; and (ii) *The ILO Evaluation Policy adopted by the Governing Body in November 2005*-which requires systematic evaluation of programmes and projects in order to improve quality, accountability and transparency of the ILO's work, strengthen the decision-making process and support constituents in forwarding decent work and social justice.

In accordance with the terms of reference (**see appendix 3**), the *overall purpose and objective* of the MTE is to enable project staff, constituents and other relevant stakeholders assess the progress of LGN-II towards achieving anticipated project outcomes; identify lessons learned; and to make recommendations for improved delivery of quality and timely outputs as well as achievement of outcomes during the remaining project period.

The *primary clients* of the evaluation include: NPCs in Kenya and Zambia; the project CTA; technical backstopping staff; ILO Field Directors (Kenya, Zambia and South Africa); donors; and constituents-in particular the national technical and advisory committees in both countries. In accordance with their terms of reference, the evaluation covers (i) *Project relevance and strategic fit to development aspirations of target beneficiaries, beneficiary Governments (Kenya and Zambia), donors and other stakeholders* (ii) *Validity of project design*; (iii) *Project progress, achievements and effectiveness*; (iv) *Effectiveness of project management arrangements*; (v) *Efficiency of resource use*; and (vi) *Impact orientation and sustainability of project activities*

2.0 EVALUATION APPROACH AND METHODOLOGY

In accordance with ILO requirements, the evaluation approach was participatory involving interviews with a wide range of selected key stakeholders taking into account gender representation. The evaluation methodology, which applied both quantitative and qualitative analysis, used the following four main research instruments:

- 📌 *Literature review* of key relevant documents (**see appendix 4**);
- 📌 *Field interviews* (Kenya-from 13th to 17th August 2012 and Zambia-from 27th to 31st August 2012). The interviews entailed “*one-on-one*” and *focused group discussions* (where possible with selected key stakeholders in each of the two countries). The respondents comprised key staff in the ministries responsible for labour and MSMEs development; social partners; national and regional ILO offices; selected beneficiaries under each of the project components; staff of other selected projects and other stakeholders. The interviews also included teleconference with the Senior Enterprise Specialist of the DWST in Pretoria. The list of respondents is provided in **appendix 2**.
- 📌 *Independent field level observations* by the evaluation mission;
- 📌 *Stakeholders’ validation workshop* (one in each country);

3.0 MAIN FINDINGS

The following sections provide the main findings of the evaluation mission with respect to relevance and strategic fit of the project with other development aspirations, validity of design, project progress and effectiveness, effectiveness of project management arrangements and efficiency of resource use; impact orientation and sustainability. It also distils lessons learned and makes recommendations for more effective progress towards achievements of intended outputs, outcomes and ultimately impact on labour laws compliance and overall enabling business policy and regulatory environment for MSMEs in the target countries.

3.1 PROJECT RELEVANCE AND STRATEGIC FIT

The Evaluation Mission assessed relevance and strategic fit of LGN-II in relation to: (i) the socio-economic needs of direct and indirect beneficiaries in both Kenya and Zambia; (ii) the respective national development priorities; (iii) the ILO-linked Decent Work Country Priorities (DWCP); (iv) complementarity with other ILO country and regional-level development initiatives; (v) Development Initiatives of the NORAD development agenda; (vi) Development initiatives by other United Nations (UN) and non-UN development agencies; and (vi) the ILO and respective national level gender mainstreaming and equality strategies. The overall conclusion of the Mission is that the project's objective in not only highly relevant to the development aspirations of the target direct and indirect beneficiaries and the respective government's development agenda, but also complementary to a significant number of other ILO-labour, employment and MSME development initiatives as well as several initiatives of other United Nation agencies.

3.1.1 Needs of Direct and Indirect Target Beneficiaries

Based on information from secondary sources, firm responses by a wide spectrum of project stakeholders during field interviews as well as field-level observations, the Evaluation Mission resolutely conclude that the overall objective of LGN-II of *“contributing to a more enabling policy environment for MSME development in both Kenya and Zambia and its associated anticipated overall outcome of creating “more and better jobs in the MSME sectors”* are vitally relevant to livelihood needs of the target beneficiaries. There is overwhelming evidence to this effect and the quotes provided in **box 1** below are only meant to demonstrate the general view among direct and indirect target beneficiaries.

“Our matatu drivers and conductors suffer immensely due to non-compliance of labour laws including lack of job security which results in low productivity, poor work ethics and high mobility of employees; non-coverage under the National Health Insurance Fund-NHIF and the National Social Security Fund-NSSF; and long working hours which often causes fatigue. The list of non-compliance of labour laws in Kenya's informal sector is long. The objective of project is of great importance to us. I am 100% sure that if labour laws are complied with in the Matatu industry, over 90% of problems affecting the public service transport would be eliminated. Decent work for our members will enhance their sense of job security and belonging, increase their productivity and revenue to matatu owners, enhance sanity in the industry-which can attract more women investors and most importantly reduce road accidents and loss of live-which is partly associated with fatigue as a result of long working hours. Who would not like to see this happen?”

Kenya-Matatu Drivers and Conductors Welfare Association

“The Law-Nexus Project is extremely relevant project to us. It recognizes the potential role that the informal sector....and in this case the matatu industry....can play in national development. It has also enlightened us on how compliance with labour laws can enhance workers' welfare and increase their productivity to the benefit matatu owners. The application of labour laws in the informal economy has been very wanting and we never had anything that informed us on how best we could apply labour laws and still attain a win-win situation for business owners and workers”

Central Organization of Trade Union (COTU)

The project came at the right time when the Government of Zambia is interested in reviewing the labour laws with a view to enhancing compliance, providing an enabling environment promoting MSME development. As a Ministry, we are coming up with measures to expand coverage to include the informal sector. It is a great opportunity for us to leverage on the work of the project.

Zambia-Ministry of Labour and Social Security (MOLSS)

The Project is a very good initiative in as far as it brings to the fore labour law issues which are relevant to our needs. With enhanced compliance to labour laws, we anticipate increased productivity of our workers and more business with bigger companies and the Government.

Zambia-Association of Small Scale Contractors

3.1.1 National Development Aspirations

The overall development objective of LGN-II is not only significantly germane but also strategically in line with development aspirations in the two target countries as briefly highlighted below:

In **Kenya**, these include:

- **Kenya Constitution 2010**-which strongly emphasize labour law compliance especially in the Chapter on the Bill of Rights-especially Article 4.1 where it is stipulated that *“every person has the right to fair labour practices including fair remuneration and reasonable working conditions”*. In this regard, other relevant pronouncements include Labour Institutions Act, 2007, Labour Relations Act 2007; Workers’ Injuries Act 2007; and Occupational Safety and Health Act 2007.
- **Kenya Vision 2030**-where in section 5.7 (page 21) the Government makes a commitment to improved public transport of which the matatu industry would be a major beneficiary; section 6.1 (page 23) where one of the key strategies is to *“inculcate a culture of compliance with laws and decent human behaviour”*; and Chapter 4 (page 10) on the economic pillar where the Government states that *“the informal sector must be supported in ways that will raise productivity.....and increase jobs and owner’s incomes”*.
- **Medium Term Investment Plan (MTIP) 2008/2012 and 2013/2017**-where in relation to the latter, the ILO-through LGN-II, together with other UN agencies in Kenya have specifically contributed to the formulation of the agenda on MSME development; national social protection policy; human resource development, labour and employment towards the Government’s development aspiration of providing *“every Kenyan with decent work and gainful employment”*
- **MSME Sessional Paper No 2 of 2005**-where the Government makes a commitment to ensure an enabling legal and regulatory environment through harmonization of trade licensing, reduction of time and costs for acquiring licences; improved working conditions and promotion of business linkages.
- **Other Relevant Policies and Regulation**-including the Social Protection Policy (2011), Employment Policy (2007 and the 2012-draft), MSME Bill (2011), National Industrial Training Authorities Bill 2012), Productivity Policy (2010/2011) and the Kenya National Youth Policy (2002).

In **Zambia**, these include:

- **National Vision 2030**-whose key aspiration is *“to become a strong and dynamic middle-income industrial nation that provides opportunities for improving the well being of all, embodying values of socio-economic justice, underpinned by the principles of respect for human rights....including decent work opportunities...and positive attitude to work”*.
- **Sixth National Development Plan (2011-2015)**-whose one of the key macro-economic objectives of the Government is *“to increase decent and productive employment through deliberate emphasis on interventions that promote the creation for decent jobs and skills development particularly for young people”*.
- **National Employment and Labour Market Policy (2004)**-whose main objective is *“to create adequate and quality jobs in conditions that ensure adequate income and protection of workers’ basic human rights”*.

- **MSME Development Policy (2008)** and its **Implementation Plan (2010-2014)**-whose main objectives are “to facilitate creation and development of viable MSMEs; strengthen forward linkages between MSMEs and large scale companies; and improve productivity in the MSMEs.”
- **The Citizens’ Economic Empowerment (CEE) Policy and the CEE Act (2006)**-whose objectives are “to unlock the growth potential of citizens through business development support and empowerment initiatives in Zambia”.
- **Zambia Development Agency-ZDA Act (2006)**-whose one of the key objectives is “to provide and facilitate support to micro and small business”.
- **Private Sector Development Reform Programme-PSD-RP II (2009-2013)**-which is the country’s main instrument for improving the business and investment climate in Zambia with the aim of “promoting and facilitating the development of a competitive business environment in the country in order to contribute to job and wealth creation”.

3.1.2 Decent Work Country Priorities for Kenya and Zambia

The Decent Work Country Program (DWCP) is “a programming tool to deliver on a limited number of priorities over a defined period in order to increase the impact of the ILO’s work and to be more visible and transparent”. The DWCPs are also the primary means for ILO’s provision of assistance at the country level. The DWCPs are essentially instruments for supporting constituents, national policies and institutions in pursuit of their development agenda. As indicated below, the objective of LGN-II is well linked to some of the priority outcomes of DWCP for Kenya and Zambia respectively.

- **Kenya DWCP (2007-2011)**-whose priority outcome 1.1 is “Creation of employment opportunities for the youth” while priority outcome 1.5 is “to enhance young women’s’ and men’s’ entrepreneurial skills for self employment and SME activities”; and **Kenya DWCP (2012-2015; zero draft)**-whose all the three priority outcomes-namely, *Enhanced social protection through policies and actions that promote social assistance; social security and health insurance; Promotion of employment and employability to enhance livelihoods and resilience of men and women, including the disadvantaged and vulnerable; and enhanced Social dialogue (industrial harmony)* are well connected with LGN-II objective;
- **Zambia DWCP(2007-2011)**-whose priority outcome 1 aims at generating “More and better employment for youth, women and people with disabilities, supported by enhanced Labour Market Information (LMI) system”; and **Zambia DWCP (201-2015; master draft- Draft Zambia DWCP (2012-2015)**-whose priority outcome 1 is “ to enhanced application of fundamental principles and rights at work to support equitable and inclusive economic growth; Priority outcome 2 is “effective social dialogue contributing to sound industrial relations and sustained economic growth; and priority outcome 3 is “more and better employment opportunities created, with focus on targeted groups” and whose output 1 is “increased employment opportunities within MSMEs “.

3.1.3 Complementarity with other ILO Projects

The project placed key emphasis on unlocking synergies and scale effects between LGN-II and other ILO enterprise development projects (PAD-page 4). In line with this provision, the Mission found the overall objective, activities and intended outcomes of LGN-II to be significantly complementary with other ILO labour, employment and MSME development initiatives in both Kenya and Zambia as briefly demonstrated below:

Table 1: Summary of Other Complementary ILO Projects and Programmes

- | | |
|---------------------------|--|
| Kenya & Zambia | <ul style="list-style-type: none"> • The NORAD-funded Women Enterprise Development & Gender Equality (WEDGE) for Southern Africa-whose core objective is “to ensure that women and men (in Kenya, South Africa and Zambia) have equal access to economic resources and business support to enable them start, formalize and grow their businesses”. • The DFID-funded Cooperative Facility for Africa (CoopAfrica)-whose main aim is to help people “to co-operate out of poverty and promotion of an enabling legal and policy environment, effective Cooperative Unions and Federations as well as demand-driven services for Cooperatives”. • The ILO-Programme & Budget (P&B) for the Biennium (2012-2013)-whose all the 19 outcomes under strategic objectives on employment; social protection, social dialogue; standards and fundamental principles and rights to work as well as on policy coherence complement very well with the objective of LGN-II. |
| Kenya | <ul style="list-style-type: none"> • The Youth Entrepreneurship Facility (YEF) of the Unleashing African Entrepreneurship Initiative (2010-2014)-which is being implemented by the ILO in Kenya, Uganda and Tanzania and whose overall objective is “to contribute to the creation of decent work for young Africans both as means of self-employment and as job creation for others”-an objective being pursued through promotion of entrepreneurship culture; entrepreneurship education; business development services for out-of-school youth; facilitation of access to finance for young entrepreneurs; youth-to-youth fund; and promotion of evidence-based advocacy. • The German/ILO funded-Youth Employment Support-Jobs for the Unemployed and Marginalized Young People (YES-JUMP) Project-whose core objective is “to contribute to poverty alleviation efforts in Kenya (and Zimbabwe) through creating decent and sustainable jobs for the youth of poor and marginalized communities in selected areas in both countries”. • ProInvest-through which the ILO is contributing to the overall objective of improving the business climate by stimulating private sector development; and enhancement of the role of employers’ organizations in private sector development. |
| Zambia | <ul style="list-style-type: none"> • The SIDA-funded Youth Employment in Zambia-whose objective is “to enhance employment and self-employment opportunities for young people through access to skills development”; • The Joint UN & ILO-led Programme on “Enhanced competitiveness and Sustainable Business among MSMEs in the Construction Value Chain” whose Outcome 3 is “enhanced capacity of MSMEs to effectively participate in the building construction and green building goods and services market”; and also its just ended predecessor-Finnish-funded Broad Based Wealth and Job Creation (BBW&JC) project-whose overall objective was to “to contribute to broad-based wealth and job creation in Zambia mainly by stimulating investment, entrepreneurship and employment creation within the MSME sector”. • The ILO Programme on HIV/AIDS (and the world of work) whose is aim is “to raise awareness of the social, economic and development impact of AIDs through its effects on labour and employment; and to help governments, employers and workers support national efforts to control HIV/AIDS and to eliminate discrimination and stigma related to HIV status”. • The EU-supported Occupational Safety & Health (OSH) –whose overall goal is “to contribute to a more inclusive and productive society through a reduction in occupational accidents and work related diseases. • The ILO Programme on HIV/AIDS (and the world of work)-whose aim is “to raise awareness of the social, economic and development impact of AIDs through its effects on labour and employment” among other things. |

3.1.4 Alignment with NORAD Cooperation Strategy

The objective of the LGN-II project of is also well linked with NORAD Cooperation Strategy (2011-2015) whose aim is “to promote the rights and improve the living conditions of children and young people in the poor countries of the world”.

3.1.5 Support to UNDAF and UNDAP Development Priority Areas

The United Nations Development Assistance Framework (UNDAF) is the common strategic framework for the operational activities of the UN system at the country level. It aims at providing a collective, coherent and integrated response of UN agencies to national priorities and the Millennium Development Goals (MDGs). The United Nations Development Assistance Plan (UNDAP) provides common business plans for UN agencies and national partners, aligned to the priorities of the host country and the internationally agreed development goals. The overall objective of the LGN-II project is notably relevant and strategically in line with UNDAF for Kenya and Zambia as demonstrated below:

- (a) **Kenya-UNDAF (2009-2013)**-where *gender equality, promotion of human rights and empowerment of women* under outcome 1.1, *increased equitable access and use of quality essential social services and protection services* and *improvement of business environment productivity and competitiveness of MSMEs* under outcome 3.1 are important elements of UNDAF's support to the country's development agenda;
- (b) **Zambia-UNDAF (2011-2015)**-where *decent employment creation* under Outcome 2, *promotion of social protection* under outcome 3, and *promotion human rights* including *gender equality* under outcome 5 are all important elements of UNDAF development strategy towards supporting the country's development aspirations.

3.1.6 Alignment with ILO and National-Level Gender Mainstreaming Strategies

The objective of LGN-II whose main aim is to *"contribute to a more enabling policy environment for MSME development in Kenya and Zambia"*, is well aligned with ILO gender mainstreaming strategy whose goal is *"to promote equal opportunities for women and men to obtain decent work which entails conditions of freedom, equity, security and human dignity"*. This goal is pursued under four strategic objectives, namely: (i) *"to promote and realize standards and fundamental principles and rights at work"*; (ii) *"to create greater opportunities for men and women to secure decent employment and income"*; (iii) *"to enhance the coverage and effectiveness of social protection for all"*; and (iv) *"to strengthen tripartism and social dialogue"*.

The objective of LGN-II is also in line with gender mainstreaming goals in both Kenya and Zambia. In Kenya, the goal as broadly enshrined in various documents including the Kenya Constitution 2010, Kenya Vision 2030 and the National Gender and Development Policy (2000) is *"to promote and facilitate gender equality and equity generally in all areas in the development processes and to enable men and women to have equal access to economic and employment opportunities"*. Similarly, in Zambia, gender mainstreaming strategies as enshrined in various documents including the Zambia Vision 2030, the Sixth National Development Plan-SNDP (2011-2015) on sustained economic growth and poverty reduction is *"to develop and implement gender responsive policies and legal framework, strengthening relevant institutions and the capacity of women to participate in all aspects of national development"*.

3.2 VALIDITY OF PROJECT DESIGN

The Mission based the assessment of validity of project design on the following criteria: (i) logic and coherence in terms of adequacy of foundational information base upon which the project was conceptualized and designed; (ii) the extent of stakeholder consultations; (iii) efficacy of the analytical and development approach adopted; (iv) adequacy of intervention-mix and causality of outputs and anticipated outcomes with project objective; (v) realism of planned project time line; and (vi) adequacy of interventions in relation to gender mainstreaming and equality.

3.2.1 Logic and Coherence of Project Design

The Mission firmly concludes that the design of the LGN-II was fairly logical and coherent taking into account the significant amount of background analytical work that had been undertaken prior to project commencement. The project's foundational information base (which was notably also broadly corroborated by the subsequent baseline surveys conducted in both Kenya and Zambia during the year 2012) provided a strong and sound basis for project conceptualization, design and implementation approach. Key among the foundational information included: (i) *The extensive background research work conducted under Small Enterprise Development Programme (EMP/SEED) by the Job Creation and Enterprise Development Department of the ILO from as far back as 2003 which gave rise to the initiation of LGN-I and which also led to substantial attention being given to this topic in 2006 by the ILO's Governing Body's Committee on Employment and Social Policy;* (ii) *ILO report on the Promotion of Sustainable enterprises provided to the 96th Session of the ILC (Geneva 2007)-which indicated ILOs strong mandate to facilitate policy and regulatory reforms in support of sustainable enterprise development;* (iii) *the ILO-supported MSME sector mapping study (2008) covering twelve (12) African countries⁷-which aimed at understanding the root causes of the decent work deficits in the sector;* (iv) *the ILO-supported follow-up and more in-depth sector case studies covering five countries including Kenya, Liberia, Rwanda, South Africa and Zambia;* and (v) *findings and recommendations of the final evaluation of LGN-I (Nov 2010).*

3.2.2 Extent of Stakeholders' Consultations

Based on literature review and the view of respondents met during field interview, the Mission observed that the LGN-II project has strongly embraced the principles of stakeholder participation, transparency and social responsibility in line with ILO policy. In this respect, the Mission noted with satisfaction that significant amount of consultations-in both countries-were undertaken with ILO Constituents- relevant government ministries, employers' and trade union organizations; target beneficiaries-employers and employees in the matatu and construction industries in Kenya and Zambia respectively; and business development service providers-mainly in capacity building and training related areas. Such consultations have taken place by way of sensitization workshops, meetings under the auspices of national advisory and technical committee meetings, and training-much of which is forthcoming with the expected roll out of the project training. The view of the Mission is that the tripartite and stakeholders' need-based approach used in project design and implementation is an excellent model that ensures broad-based ownership and support which enhances the possibility for longer term sustainability of project activities.

3.2.3 Efficacy of Development Approach Adopted

The Mission found the analytical and development approach adopted by the project, namely; the proven ILO systemic approach to MSME development which is based on analysis and action across the whole system of issues that affect the behaviour of stakeholders in the relevant sector (in this case

⁷ Covering Burkina Faso, Cameroon, Ghana, Kenya, Liberia, Mali, Mozambique, Rwanda, Senegal, South Africa, Tanzania and Zambia

MSMEs) rather than just one part of the system, to have been appropriate and of great value in terms of support towards producing positive results, particularly in terms of compliance with labour laws in the Matatu industry in Kenya and construction industry in Zambia. The systemic approach entails four (4) broad system levels of stakeholder interaction comprising the *meta-level* which is concerned with norms, values and perceptions held by stakeholders across system levels-in this case compliance with labour laws; the *macro-level* which is concerned with policy, legal and regulatory framework defining the 'rules of engagement' among stakeholders-in this case as far as the labour law is concerned; the *meso-level* which is concerned with institutional support environment to facilitate-in this case compliance with labour laws among MSMEs, including provision of labour law-specific business development services; the *micro-level* which is concerned with the 'market place' where SME interact upstream with business development service (BDS) providers and down-stream with clients that value compliance as a service/product differentiator.

3.2.4 Adequacy of Intervention-Mix, Causality of Outputs, Outcomes and Objective

The Mission found the project's interventions (output) mix listed below to be fairly complete in nature when taken together. The Mission critically assessed work plan activities and outputs and was satisfied that there is plausible causal linkage between anticipated activities, outputs, the outcome and of realizing *"more and better jobs in the MSME sectors in each of the two countries -which in turn has the potential to feed into the overall project objective of "contributing to a more enabling policy environment for MSME development in Kenya and Zambia"*. In this respect, the project's set of interventions of the project comprised the following:

- (i) **Awareness creation, increased knowledge, promotion of consensus and "buy-in" into the objectives of the project**-as part of **immediate objective 1**-*"Nurturing respect for labour laws among MSME in the selected sectors"*-and its two related outputs: (a) *"MSMEs in priority sectors have increased knowledge on labour laws"*, and (b) *"MSMEs in priority sectors understand the business case underpinning compliance with labour laws"*;
- (ii) **Facilitating Regulatory reforms** with respect to labour laws and linkage to decent work and MSME development-as part of **immediate objective 3**-*"To facilitate sector-specific regulatory reforms and its associated outputs: (a) "Tripartite consensus on priority areas for regulatory reform", (b) "Draft regulations for review and deliberation by tripartite constituents and other sector stakeholders", and (c) "Final regulations endorsed by tripartite stakeholders and approved and disseminated by Government"*.
- (iii) **Capacity building**-whereby for the ILO constituents, this is being undertaken as part of immediate objective 2-*"Strengthening the capacity of ILO constituents to engage in social dialogue on the nexus between Labour Law compliance and MSME development"* and its two related outputs: (a) *"Increased knowledge among ILO constituents in priority sectors on how regulatory environment affects the development of sustainable MSMEs and creation of decent work"*, and (b) *"(Sub)-Committee-level structures for social dialogue on policy, legal and regulatory reforms in support of MSMEs"*; while for the it is being done part of **immediate objective 4**-*"Strengthening the capacity of MSME to comply with the revised labour law"* and its two related output- *"MSME in priority sectors have access to business development support services aimed at boosting their capacity to comply with the labour law"*.
- (iv) **Facilitating Business Linkage and Financial Access**-which is being undertaken as part of **immediate objective 4** (as above) and one of its related output-*"Compliant MSME have been rewarded with access to growth finance and access to business contracts"*.

While business linkage and access to finance are important interventions in terms of incentives towards compliance with labour laws, **the main concern of the Mission is that the project did not have the relevant business linkage and financial access (and sources) strategy** in the project appraisal document and the project is yet to develop one as part of the overall strategy maps-which are quite elaborate in terms of outputs and activities. Discussions with PMU staff revealed that some of the ideas that have been floated in an attempt to address this gap have been to leverage on resources in other ILO projects such as YEF. The Mission is of the view that this may not be feasible given financial constraints in those other projects.

3.2.5 Realism of Pilot Project Time Line

The LGN-II project was initially designed to start in August 2010 and end in March 2013. However, while the start date was rescheduled to March 2011 to allow for the redesigning of project intervention strategy, and modification of the implementation framework in accordance with the findings and recommendations of the end-term-evaluation LGN-I; the end date was also shifted June 2013 partly to allow for the administrative delays in getting the project up and running. So far the project has been under implementation for a period of seventeen (17) months and has only ten (10) months to its planned end date of June 2013.

Ex-ante determination of realism of timeline for a project is difficult given the amount of unknowns-especially in terms of the number of stakeholders to be consulted and their pre-disposition by way of attitude to project objectives and activities, depth and breadth of implementation activities and so on. The truth is that there are no two projects that are ever the same and one can not use other projects to assess the adequacy of time line for a given project. However, according to a significant number of respondents-including project staff; representatives of ILO Constituents, business owner-managers and their employees, and business development service providers, the effective time line for the project of 27 months is rather short given the size of the selected priority sectors in each of the countries and the number of actors, the apparent low level understanding of the connectivity between compliance in labour laws and business growth and the degree of pre-existing negative attitude towards the former, and the inherent long processes involved in policy and regulatory reforms-related activities. Capacity building, and in particular by way of training of trainers has just begun in Kenya and is yet to start in Zambia, MSME awareness creation is yet to attain meaningful outreach.

After serious considerations of the current level of implementation-particularly taking into account that awareness campaigns and training are just about to start, the Mission is of the view that the project would need to be extended by at least a further 24 months to enable it attain the required critical mass in terms of capacity building, awareness creation and dissemination of knowledge in the area of labour law compliance and its connectivity with business growth.

3.2.6 Adequacy of Gender Mainstreaming and Equality Strategy

With regard to gender mainstreaming and equality, the Mission reviewed the Policy of the ILO and the project's actions towards this end. In this respect, the vision of the ILO is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Thus, ILO considers gender equality as a key element in its vision of **Decent Work for All Women and Men** for social and institutional change to bring about equity and growth. The main focus or thematic areas of the ILO on gender equality coincide with the organization's four strategic goals, namely: (i) *"to promote fundamental principles and rights at work"*; (ii) *"to create greater employment and income opportunities for women and men"*; (iii) *"to enhance the coverage and effectiveness of social protection"*; and (iv) *"to strengthen social dialogue and tripartism"*. The policy on gender equality and mainstreaming in the ILO, announced by the Director-General in 1999, states that *"mutually-reinforcing action to promote gender equality should take place in staffing, substance and*

structure". The policy states that *"its implementation through the strategy of gender mainstreaming is the responsibility of all ILO staff at all levels - while accountability rest with senior managers, regional directors and programme managers"*.

With regard to the LGN-II project design, the Mission observed the following gender-mainstreaming related pronouncements for example in the PAD: (i) that *"there will be need to further analyze the link between gender, MSME development and (non-) compliance as part of LGN-II implementation"* (page 9; (ii) that *"the project strategy will furthermore be mindful of the cross-cutting concerns of the ILO for the promotion of gender equality...."* (page16); (iii) that *"the project will furthermore gender-disaggregate its monitoring and evaluation data, set gender-specific outreach targets at all system levels during the inception phase and where applicable carry out gender specific research on the link between gender, compliance and MSME growth"* (page 16); and (iv) that as part of output 2.1, *"the project will draw up a compendium of phase I research findings about the labour law in selected African countries; and where applicable commission additional research on the link between gender, SME development and compliance"*(page 19).

3.3 PROJECT PROGRESS AND EFFECTIVENESS

The overall project implementation was structured in two phases-inception and implementation phase. The following sections analyse the achievements of the project under each of these two phases, though with special focus on outputs and outcomes under the implementation phase. The evaluation assesses progress towards achievements of project objective, planned outputs and anticipated outcomes; quality of outputs; distribution of arising benefits between men and women and the likely effects (expected and unexpected) of interventions on gender relations; extent of stakeholders participation; in project planning and implementation; effectiveness of fostering national ownership of project objectives and activities; factors that influenced project effectiveness; and any unintended results associated with the project.

3.3.1 Inception Phase

The Mission observed that the project fully achieved (and in time) the key deliverables planned for the inception phase. These included operationalization the Project Management Unit (PMU) and also having national-level project implementation strategies endorsed by local stakeholders. Some of the notable activities and outputs achieved during this phase included initial consultations with key national stakeholders, drawing of national implementation plans and validation by stakeholders; project planning workshop which took place in Lusaka in September 2011, operationalization of the PMU which was in place by December 2011, sub-mission of project inception phase; and establishment of national advisory committee in Zambia, national and technical committees in Kenya comprising tripartite partners in both countries, and holding of the first PSC meeting which took place in Lusaka in January 2012.

3.3.2 Implementation Phase

As mentioned earlier, the overall objective of the project is *"to contribute to a more enabling policy environment for MSME development in Kenya and Zambia"*. According to the Log Frame in the PAD, the overall indicator of achievement of the project was that *"MSMEs reached through the project create on average one additional full time job that is fully compliant with the stipulations of the labour law"*. The anticipated overall outcome is *"more and better jobs in the MSME sectors in each of the two countries"*. The project has 4 immediate objectives, nine (9) output indicators of achievement (O-IoA) and twenty five (25) key activity indicators of achievement (A-IoA) as summarised in **table 1** below. As per the project log frame, the main indicators of achievement by the end of the project were:

- At least 75% of MSMEs reached through the project have improved perceptions towards the

labour law;

- At least two (2) proposal for regulatory reform (one per country)
- At least two (2) employers' and workers' organizations and MSME associations per country have taken active part in the policy debate on the nexus between Labour Law compliance and MSME development (with the evidence of active participation being the submission of at least one (1) proposal for regulatory reform)
- At least one (1) regulatory reform completed per country;
- At least 25% increase in levels of compliance with minimum wage determinations among MSMEs reached by the project ;
- One hundred per cent (100%) of MSMEs reached through the project comply with sector-specific Occupational Safety and Health (OSH) regulations;
- At least two (2) MSME owner-manager associations and or MSME worker associations have joined employers and workers federations in each country as result of project interventions.

Table: 1: Summary of Immediate Objectives & Outcomes, Planned Output and Activities

Immediate Objective	Immediate Outcome	Output Indicators of Achievement (O-IoA)	Activity Indicators of Achievement (A-IoA)
Immediate Objective 1: "To nurture respect for the rule of (labour) law among MSME in priority sectors"	Immediate Outcome 1: "Improved perceptions among MSMEs about the rationale underpinning the labour law of the country".	Output 1.1: MSME in priority sectors have increased knowledge of the labour law.	A.1.1.1: Consult with ILO constituents and other stakeholders on the framework for the mass media based labour law advocacy campaign
			A.1.1.2: Commission the design of the advocacy awareness campaign from a media consultant
			A.1.1.3: Support tripartite constituents to implement the advocacy campaign with professional support from the media consultant
		Output 1.2: MSME in priority sectors understand the business case underpinning compliance	A.1.2.1: Establish a compendium of best practice case studies documenting the business case underpinning compliance. A.1.2.2: Train ILO constituents and other organizations with MSME development mandate/outreach on how to convene awareness meetings on the business case underpinning compliance.
Immediate Objective 2: "To strengthen the capacity of ILO constituents to engage in social dialogue on the nexus between Labour Law compliance and SME development".	Immediate Outcome 2: Sector-specific regulatory reforms of the Labour Law that are driven by social dialogue among ILO constituents and informed by knowledge about international best practice.	Output 2.1: Increased knowledge among ILO constituents in priority sectors on how the regulatory environment affects the development of sustainable MSMEs and the creation of decent work	A.2.1.1: Draw up a compendium of phase I research findings about the labour law in selected African countries; where applicable commission additional research on the link between gender, MSME development and compliance.
			A.2.1.2: Compile a bibliography of other ILO publications/DEDC publications/ publications of other parties on the subject of labour law reform and MSME development.
			A.2.1.3: Update the training manual/course on labour law and MSME development drafted in phase I.
			A.2.1.4: Train ILO constituents in priority sectors using the new training product above.
			A.2.1.5: Convene a sub-regional workshop to widely disseminate the regional research findings and knowledge on best practice in labour law and MSME development worldwide.
Immediate objective 3: "To facilitate sector-specific regulatory reform	Immediate Outcome: 3: Sector-specific institutional structures that better balance the traditional focus on sanctions and monitoring compliance with information, education and incentives.	Output 2.2: (Sub-)committee level structures for social dialogue on policy, legal and regulatory reform in support of MSMEs	A.2.2.1: Consult with ILO constituents on appropriate structures to facilitate social dialogue on the Labour Law-MSME development nexus. A.2.2.2: Provide capacity building support for constituents to establish and operate these Structures.
		Output 3.1: Tripartite consensus on priority areas for regulatory reform	A.3.1.1: Policy advisory services for the committee to assess the likely impact of regulatory reforms suggested by the (sub-) committees.
		Output 3.2: Draft regulations for review and deliberation by tripartite constituents and other sector stakeholders	A.3.2.1: A workshop for committee members and other sector stakeholders to review the impact assessment findings.
		Output 3.3: Final regulations endorsed by tripartite stakeholders and approved and disseminated by Government	A.3.3.1: Legal advisory services for the committee to draft regulations.
			A.3.3.2: A workshop for committee members and other sector stakeholders to review and endorse the draft regulations A.3.3.3: Process management support for the committee to finalize and submit the final version of the regulation
Immediate objective 4: "To strengthen the capacity of MSME to comply with the revised labour law	Immediate Outcome 4: MSME in priority sectors that grow their businesses as a result of increased compliance levels.	Output 4.1: MSMEs in priority sectors have access to business development support services aimed at boosting their capacity to comply with the labour law	A.4.1.1: Development of sector-specific labour law compliance training & advisory services geared towards MSME A.4.1.2: Pilot-test the BDS A.4.1.3: Finalize the BDS A.4.1.4: Identify local service providers A.4.1.5: Train and coach trainer-consultants working for these local service providers in the use of the new BDS. A.4.1.6: Certify standard compliant service providers in the use of the new products
			A.4.2.1: Compliant MSME are regraded/linked to government procurement schemes.
			A.4.2.2: A business plan competition open for compliant MSME only
		Output 4.2: Compliant MSMEs have been rewarded with access to growth finance /access to business contracts	

Overall Project Performance: The project is progressing generally well but faces high risks of not achieving the main outputs and outcome targets by the end of the planned project date due to delays in delivering on some key planned or non-planned but essential outputs/activities which includes the following:

- **Regulatory Impact Assessment (RIA)** which is holding back a number of key outputs in both countries especially under immediate outcome 3 on *“sector-specific institutional structures that better balance the traditional focus on sanctions and monitoring compliance with information, education and incentives”*-and more specifically outputs 3.2.1 on *“minutes on ratification by constituents on draft regulations for reform”*; 3.3.1 on *“legal advisory meeting report”*; 3.2.2 on *“validation workshop report on the reform agenda”*; and 3.3.3 on *“submission of final dossier on regulations”*.
- **Training Toolkit** in the case of Zambia which is holding back a number of other outputs/activities including 4.1.1 on *“sector-specific labour law compliance training modules and products”*; 4.1.2 on *“pilot training”*; and 4.1.3 on *“review and refinement of training products”*.
- The **Communication Strategy** (final versions in both countries)-which is holding back output 1.1.2 on *“number and variations of new advocacy products and tools”*; output 1.1.3 on *“outreach to MSMEs with sector specific mass media awareness messages and materials”*; and output 1.2.2 on *“outreach to MSME with awareness meetings”*.
- **Business Linkage and Financial Access Strategy**-not a pre-planned output but which the Mission is of the view is highly essential for smooth implementation towards outcome 4 on *“MSMEs in priority sectors that grow their business as a result of increased compliance”*, and more specifically output 4.2 on *“compliant MSMEs have been rewarded with access to growth finance and access to business contracts”*.

The following sections provide the Mission’s assessment of project performance under each of the four immediate objectives, anticipated outcomes and outputs of the project.

3.3.2.1 Immediate Objective 1: “Nurturing Respect for Labour Law among MSME”

Main Aim: The main aim of this immediate objective-whose direct corresponding anticipated is immediate outcome (1), was *“improved perceptions among MSME about the rationale underpinning the labour law of the country”*. The key performance indicator under this immediate objective is percentage change in levels of perception among MSMEs in priority sectors towards the labour law-where perception will be measured in terms of whether MSMEs report that compliance ‘makes sense’, (i.e. a positive perception towards labour law compliance) or not.

Summary of Findings: The project has not done well under this immediate objective in that some of the key outputs e.g. the development of advocacy products, the development of the compendium for best practice case studies and reaching out to MSMEs with awareness campaigns and meetings are either well behind schedule or are likely to be delayed. This is primarily because of the delay in completing the Communication Strategy-whose drafts were released as late as late as August 2012.

The following were the Mission’s observations with respect to each of the two (2) planned outputs under this immediate objective.

3.3.2.1.1 Output 1.1: MSME in Priority Sectors have Increased Knowledge of the Labour

Laws

As indicated below, achievements of key project outputs, namely; (i) the development of new advocacy products; and (ii) reaching out to MSMEs with mass media awareness messages have not been fully achieved. Progress towards this end has been held back by the delay in the finalization of the Communication Strategy (CS) as well as the Baseline Survey in each country-which has just been completed (albeit also with some delays) and whose findings the CS should take into account. The following were the Mission's findings based on interviews with PMU staff and monitoring and evaluation reports (strategy map and technical cooperation progress reports).

- ***The project was successfully launched in both countries in the month of March 2012*** with attendance by a wide range of stakeholders including high level Government officers (for example the Minister of Labour and Social Security and the Permanent secretary in Zambia).
- ***Five (5) consultative meetings had been by March 2012*** (3 in Zambia and 2 in Kenya) with ILO core constituents and stakeholders on mass media advocacy campaign and reports produced.
- ***Production of popular versions of labour laws whose target date was September 2012 is progressing on well and is on track as per project work plans.*** The popular and simplified version of labour laws has been produced and labour laws booklet is about to be validated.
- ***The development of new advocacy products and tools is behind schedule as per the project work plans. The development of new advocacy products and tools whose target date was April and May 2012 for Zambia and Kenya respectively has not yet been done.*** This is primarily because the Communication Strategy-which was supposed to feed into the output, has not been finalized. The initial communication strategy draft reports have also not incorporated findings of the Baseline Survey reports whose finalization was also delayed in both countries.
- ***Reaching out to 100,000 MSMEs (50,000 in each country) with sector-specific mass media awareness messages and materials by December 2012 is likely to be delayed.*** This is primarily because the Communication Strategy has not been finalized and activities to this end have started.

3.3.2.1.2 Output 1.2: MSME Understand the Business Case underpinning Compliance with Labour Laws

The two planned activities towards this outputs comprised the *publication of compendium of best practice case studies on business case underpinning compliance with labour laws, and reaching out to MSMEs with awareness meetings.* The following were the observations of the Mission.

- ***Publication of compendium of best practice case studies on business case underpinning compliance with labour law-which scheduled to take place in May 2012 in both Kenya and Zambia, has yet not been done and is behind schedule as per project work plans.*** The Mission however noted that the project is in the process of contracting a consultant to prepare a paper defining the business case for compliance with labour laws for onward dissemination to MSMEs and stakeholders as an integral part of the training and awareness creation initiatives of the project.
- ***Reaching out to MSMEs with awareness meetings-which as per the project work plans was target at reaching 500 MSMEs in both countries by February 2013; and 1,000 MSMEs in both countries by the end of the project (June 2013) is also likely to be delayed,*** again primarily because of the delays in finalizing the communication strategy.

3.3.2.2 Immediate Objective 2: “Strengthening Capacity of ILO Constituents in Social Dialogue

Main Aim: The main aim of this immediate objective-whose direct corresponding anticipated is immediate outcome (2), was “*Sector-specific regulatory reforms of the Labour Law that are driven by social dialogue among ILO constituents and informed by knowledge about international best practice*”. The key performance indicator under this immediate objective is the number of employers’ and workers’ organizations and MSME associations that have taken active part in the policy debate on the nexus between Labour Law compliance and MSME development.

Summary of Findings: The view of the Mission is that the project has done comparatively well under this immediate objective as all the planned outputs have either been completed or are on track as per the project’s work plans.

The following were the Mission’s observations with respect to each of the two (2) planned outputs towards this immediate objective.

3.3.2.2.1 Output 2.1: “Increased knowledge among ILO constituents on how the Regulatory Environment affects the Development of Sustainable MSME and the Creation of Decent Work”

- *The compendium of Phase I research findings had been validated, completed and published in both Kenya and Zambia by December 2011;*
- *The bibliography of other publications on the Labour Law–MSME development nexus had been completed in both countries by February 2012;*
- *A sub-regional workshop to disseminate the findings of LGN-1 and the best practice of in labour law-MSME development nexus (which the mission also noted was attended by stakeholders from both countries) was held in Mombasa in December 2011. While it was not possible to get an adequate sample of interviewees on this particular matter, interrogation of a few stakeholders who attended the workshop indicated satisfaction with workshop proceedings and results.*
- *Training guide had been reviewed and completed for publication in both countries by January 2012-with significant project contribution to the review and updating of the training manual and guide.*
- *Training of twenty (20) trainers in the use of the developed training products has been undertaken successfully. In this regard, the Mission also noted that: (a) By January 2012, the project had trained ILO constituents and priority sector stakeholders as well as MSME consultants in both countries on the training manual guide developed under the first phase of the project;*
- *Baseline survey report had been completed by May 2012 in Kenya and June 2012 in Zambia, and findings disseminated through workshops in both countries. The Mission noted that the quality of outputs (reports)-which was aimed at establishing the status quo in terms of labour-related laws, knowledge and awareness, benefits of compliance and linkage to MSME development among MSMEs were of reasonably good quality. However, it is the view of the Mission that the terms of reference for this exercise should have included outputs aimed at informing exactly how the identified labour-related regulation laws in each country were affecting compliance among MSMEs instead of waiting to do so through the regulatory impact*

3.3.2.2.2 Output 2.2: “(Sub-) committee Level Structures for Social Dialogue on Policy, Legal and Regulatory Reform in Support of MSMEs”

- *Social structures for social dialogue in the form of a National Advisory Committee and National Technical Committee had been established in Kenya by November 2011; while a National Technical Advisory Committee (the two combined into one but with 5 thematic sub-committees) had been established in Zambia by October 2011.*
- *Constituents meet quarterly to convene subject-specific social dialogue-with quorum reached at each meeting. In this regard, the Mission noted that this activity is on track as three (3) such meetings are planned by December 2012 versus the target date of March 2013.*

3.3.2.3 Immediate Objective 3: “Facilitating Sector-Specific Regulatory Reforms”

Main Aim: The main aim of this immediate objective-whose direct corresponding anticipated is immediate outcome (3), was “Sector-specific institutional structures that better balance the traditional focus on sanctions and monitoring compliance with information, education and incentives”. Key performance indicator under this immediate objective is the number of regulatory reforms identified, presented to government and reforms completed.

Summary of Findings: The project has performed rather dismally under this immediate objective as some of the key outputs, e.g. the preparation of the Regulatory Impact Assessment (RIA), draft and final reports on regulations for review, stakeholder ratification workshops/meetings and minutes on the same are either well behind schedule. This is primarily attributed to the fact that the RIA study has not so far been done.

The following were the Mission’s observations with respect to each of the three (3) planned outputs towards this immediate objective.

3.3.2.3.1 Output 3.1: “Tripartite Consensus on Priority areas for Regulatory Reforms”.

- **RIA Report for each country completed:** While the PMU had planned to carry out the RIA study by June 2012, the Mission observed that it has not been done to date in both countries. The only activity noted towards this end is that the requests for proposal (RFP) were recently floated in both countries and responses have received. However, the PMU informed the Mission that the only one response that was received in the case for Zambia was of very poor quality. PMU was planning for a re-advertisement. In the case for Kenya, there was one response from the Federation of Kenya Employers which was of relatively better quality. With regard to the RIA, the Mission is of the following views:
 - That in retrospect, the *terms of reference for the RIA in both countries should have been prepared jointly given that overall objective, principles of research and analyses for carrying out the study should have the same.* That way, the project would have saved time-resources.
 - That the terms of reference for the RIA study which were prepared and floated by PMU were not very specific regarding the main deliverables-which in the view of the Mission *“to provide clear and detailed information on the various labour law regulations in each country, and more importantly, exactly how each regulation affects compliance with labour laws”.* Without this, it is very likely that the reports would not have provided the required information had they been done.

- That given the short time left for the project, the fact that there is already a lot of information regarding various labour regulations in each of the countries and the importance of the RIA deliverables in terms of unlocking progress with other outputs, the Mission recommends that the PMU recruits a qualified and well experienced labour expert (preferably with vast experience with international best practices) to undertake the following:
 - Review of relevant documents and consolidation relevant information in each of the two countries; (2 days);
 - Undertake a snap shot and focused interview with a few key stakeholders-with emphasis MSMEs and labour law experts (4 days);
 - Facilitate a-two day stakeholders' workshop-with participants comprising ILO constituents, MSMEs, national level labour law experts and other relevant stakeholders) to discuss the various labour law regulations, how they exactly affect compliance, what amendments should be done (2 days)
 - Based on both review of relevant documents, interview of a few key stakeholders and the proceedings of the workshop, develop a concise labour review agenda (dossier) for validation by stakeholders and on-ward presentation to the Government through the ILO constituents (2 days).
- ***Additional Work Streams not directly related to Project Design (Zambia):*** The Mission also noted that project undertook two other (but relevant) activities under immediate outcome 3 which were not part of the original project work plan. These included:
 - The consultant's report on the adaptation of LGN-1 key messages in support of the labour code review in Zambia-whereby the project contributed the work of the national team charged with the labour code review by way of presenting and an issues paper drawing on the key lessons learned phase 1 (as agreed in the PSC meeting of January 2012).
 - A workshop report of the review team's resolutions and validation of key findings in support of the review of labour law in Zambia-which the Mission observed is likely to be delayed given that the confirmation of the key areas for regulatory reforms have not been validated by stakeholders in both countries.

3.3.2.3.2 Output 3.2: "Draft Regulations for Review and Deliberation by Tripartite Constituents and other Sector Stakeholders"

- ***"Minutes on the ratification by constituents on the draft regulations for reform in each country"***. This was planned for June 2012 but is well behind schedule as per PMU's work plans primarily as a result of the delay in finalizing the RIA.

3.3.2.3.3 Output 3.3: "Final Regulations Endorsed by Tripartite Stakeholders, Approved and Disseminated by Government"

The following three (3) planned project activities under output 3.3 have not been undertaken-again primarily because of the delay in the finalization of the RIA.

- ***"Legal advisory meeting reports"***
- ***"Validation workshop (on areas for regulatory reform) reports"***

- “Submissions on the final regulations”.

3.3.2.4 Immediate Objective 4: “Strengthening Capacity of MSME to Comply with Revised Labour Laws”

Main Aim: The main aim of this immediate objective-whose direct corresponding anticipated immediate outcome (4), was “*MSME in priority sectors that grow their businesses as a result of increased compliance levels*”. The key performance indicator was percentage increase in levels of compliance with minimum wage determinations among MSME reached by the project.

Summary of Findings: The project achieved mixed results in relation to this immediate objective as out of the eight (8) planned activities, two (2) key activities relating mainly to training of MSME are behind schedule as per work plans (in the case for Zambia), and three (3) activities relating mainly to training, business linkage and access to finance are likely to be delayed. With respect to this immediate objective, the Mission has two main concerns: (a) the lack of a clear and well articulated business linkage and financial access strategy was a key concern to the Mission; and (b) the failure to develop the training toolkit for the two countries jointly-given that many of the modules are similar. Again, this would not only have benefited from synergy arising from inter-country co-operation but also save time on the part of the project staff.

The following were the Mission’s observations with respect to each of the eight (8) planned activities under immediate outcome 4-*MSME in priority sectors that grow their businesses as a result of increased compliance levels*”.

3.3.2.4.1 Output 4.1: MSME in Priority Sectors have Access to BDS Support

- **Number of sector-specific Labour-Law compliance training modules and products developed**-while the project has training toolkits-two (2) sector-specific business development services (BDS) training toolkit, one (1) generic labour-law and applicability to MSMEs toolkit, and one (1) on Occupational Safety and Health (OSH) have been developed in Kenya, this has not been done in the case of Zambia. A key concern to the mission is why the toolkits were not developed jointly. It is recommended that the development of the toolkit should utilize the toolkits developed in Kenya to avoid re-inventing the while-especially now that a notable number of project outputs are behind schedule.
- **Number of pilot trainings conducted per country**-While one pilot training of trainers has been conducted in Kenya; the activity is likely to be delayed because the training toolkits are not in place in the case of Zambia.
- **Reviewed and refined training products are finalized**-while two final training manuals have been reviewed, and refined in the case for Kenya, this is likely to be delayed in the case for Zambia due to the fact that the training toolkits have not been developed.
- **Number of MSMEs trained using developed training products**-whereby the project was supposed to train at least 1,000 MSMEs (500 in each country) by the end of the project in June 2013. While the activity is on track in Kenya, it is likely to be delayed in Zambia where the training toolkit has not yet been developed, leave alone tested, reviewed and refined for final application.
- **Number of trainer participants reporting satisfied or very satisfied with the training in new BDS products**-Some of the twenty (20) trainer participants who had undergone training (in Naivasha-Kenya in January 2012) reported high satisfaction with the training materials and

presentation approaches during interviews with Mission. However, a significant number of trainers indicated that the time allocated for the training session was rather short.

- **Number of trainers trained in the use of the new BDS products**-This output, which aims at reaching 25 trainers in each country by the end of the project is on track in both countries, but is likely to be delayed in Zambia because of training toolkits have not yet been developed. In Kenya, a labour law training toolkit for MSMEs had been developed and validated by constituents and stakeholders in by June 2012, and the toolkit for MSMEs had been pilot-tested in a training of trainers' event which was held in August 2012 in Naivasha.

3.3.2.4.2 Output 4.2: "Compliant MSMEs have been rewarded with Access to Growth Finance and Access to business contracts.

- **Number of MSMEs provided with business plan guidelines, application forms and selection processes for government procurement or other financing schemes**-This output, which aims at operationalizing the financial access and business linkage contract for MSMEs that will have complied (incentive) and for which the project targets to reach fifty (50) MSMEs in each country is likely to be adversely affected by the fact that there is no clear business linkage and financial access strategy. The strategy for operationalizing the business linkage and financial strategy has neither been articulated in the project appraisal document nor in the project's bi-monthly strategy maps (at least where the resources will come from and how exactly they will be administered). This output is likely to be delayed unless the project articulates on the strategy in advance.
- **Number of SMEs who have been assisted to secure business finance.** This output, where the project aims to reach twenty-five (25) MSMEs (12 in Kenya and 13 in Zambia) faces the same problem as the one above-namely; that there is yet no strategy in place regarding which procurement schemes the project would work with and where the resources will come from and how available resources (if forthcoming) would be administered.

In relation to these two outputs, the Mission recommends that PMU should develop (as soon as possible) and in consultation with ILO constituents and other stakeholders, a clear business linkage and financial access strategy for the project. Such a strategy should identify and agree with relevant government or other agency-supported financing schemes on the modalities of administration, terms and conditions.

3.3.3 Effects on Gender Equality and Relations

The ILO policy strongly emphasizes gender mainstreaming and equality and considers the matter as a key element in its vision of Decent Work for All Women and Men for social and institutional change to bring about equity and growth. The design of LGN-II project strongly hinged on the findings, lessons learned and recommendations of LGN-I as well as the extensive mapping work that had been undertaken across twelve countries in Africa. One of the key observations arising from these initiatives was that policy environment tend to be "gender-blind". Against this background, the LGN-II project appraisal document clearly stated that *"the project strategy would be mindful of the cross-cutting concerns of the ILO for the promotion of gender equality among other issues (page 16)*. It further stated that *"to this end, the project would forge partnerships with relevant ILO projects and also gender-disaggregate its monitoring and evaluation data, set gender-specific outreach targets at all system levels during the inception phase and where applicable carry out gender specific research on the link between gender, compliance and MSME growth"*-which was supposed to be part of output 2.1 (page 19).

Despite the above pro-gender statements of intent, the Mission observed that neither the log frame as contained in the LGN-II project appraisal document nor the project's strategy maps and periodical work plans have gender-specific indicators of achievement; and also that the PMU has neither

articulated nor developed gender mainstreaming and equality strategy to date. The Mission further observed that the selection of priority sectors ended up with sectors that are overly dominated by men—that is the “matatu” industry in Kenya, and the MSME construction industry in Zambia—partly because the criteria, which although generally sound, did not include gender-mainstreaming as one of the criteria⁸. The Mission was informed that the project is exploring the possibility of mainstreaming women through reaching out to the “matatu” Saving and Credit Cooperative Organisations (SACCOs) in the case of Kenya and providers of building materials in the case of Zambia. The Mission was further informed that the project hopes that more women will join the two sectors once their functionalities are streamlined and transformed into more women-friendly sources of livelihood.

All these expected indirect results are plausible but it should be recognized that they do not in any way replace the need for a more focused and coherent gender mainstreaming strategy for the project. Given the advanced stage that the implementation of the project has so far reached, this is probably the best way forward. However, the Mission recommends that the project should also reach out to women entrepreneurs through enhanced and focused capacity building of women organisations and individual entrepreneurs involved in the respective sectors directly or indirectly. In addition to women-owned and operated MSME construction businesses and suppliers of construction materials, the project should step up capacity building of women organisations in the MSME construction industry including the “Association of women in Construction” and the “Association of Business and Professional Women International” in the case for Zambia. In addition to reaching out to women matatu owners and employees and women-dominated SACCOs in the sector, the project should also reach out women involved in the supply of matatu-oriented spare parts, repair and maintenance works (garages). Notwithstanding the likely effects of these actions, the Mission is of the view that benefits to women arising from project activities are likely to be significantly less than benefits to men. This is partly because of the over-dominance of men in the selected sectors and the failure to build in gender (women)-specific indicators of achievement in the log frame of the project appraisal document and in the subsequent project implementation strategy maps. This is despite the hypothesis that women are likely to join the sectors if their functionalities are improved through reforms that ensure compliance with labour laws.

3.3.4 Activity and Output Sequencing Issues

It appears that the Project Management was not clear about the sequencing order of outputs/activities right from the start. In this respect, the Mission observed that the baseline survey (BS) was conducted parallel with communication strategy (CS); and the CS was done before the regulatory impact assessment (RIA). The view of the Mission regarding sequencing is that the project should have undertaken the BS first to inform stakeholders on the overall status of the labour laws and compliance; followed by the RIA so as to inform on which labour law regulations are inhibiting compliance and exactly how; followed by the CS because it needs to be informed by findings of the baseline survey and the RIA study; followed by development of the training toolkit and conducting training of trainers because findings of the baseline survey, the regulatory impact assessment and the communication strategy needs to be known by trainers; followed by training of MSMEs in the selected sectors—who need to be informed by findings of all of the above initiatives.

3.4 EFFECTIVENESS OF MANAGEMENT ARRANGEMENT AND EFFICIENCY OF RESOURCE USE

With respect to the project management arrangement, the mission looked into the appropriateness of the organisation structure, effectiveness of support services to the PMU by the DWST, PSC and technical committees, monitoring and evaluation, knowledge management and information sharing.

⁸ As observed by the Mission in reference to the Minutes of the First Consultative Meeting for the ILO/LGN-II Constituents (Oct 19th 2011);

With regard to efficiency of project resource use, the Mission looked into adequacy, qualification and commitment of project staff; adequacy of project budget and effectiveness of financial flow as well as efficiency of resource use in general.

3.4.1 Management Structure

The day to day management of the LGN-II project is undertaken by a Project Management Unit (PMU) comprising five (5) ILO staff. These includes the Chief Technical Advisor (CTA)-who is based in Nairobi-Kenya but responsible for the project in both countries; two (2) National Project Coordinators (NPCs)-one in Kenya and one in Zambia-who are responsible for country-level implementation with support by an intern (one on board in Zambia and one in Kenya); and two finance and administration (FAA) officers-one in Kenya and one in Zambia-with the one in Zambia currently being shared with the office of the ILO Director in Lusaka on a 50% basis.

Technical backstopping of the PMU is provided by the Senior Enterprise Specialist from the DWST for Eastern and Southern Africa based in Pretoria, South Africa-supported by a Programme Officer who provide technical backstopping and Monitoring and Evaluation (M&E) support. The ILO offices in Dar-es-Salaam and Lusaka provide the administrative support to the PMU. The PSC-comprising the ILO Directors (Kenya and Zambia), NORAD (donor), the Senior Enterprise Specialist from the DWST, and the PMU core team provides the overall guidance to project implementation. At the national level, the PMU works with committees in each country-consisting of representatives from the ILO constituents and other stakeholders⁹. The PSC meets at least once a year while the national committees meet at least quarterly. In addition, the project also works with selected local BDS provider organizations with the mandate and capacity to reach out for MSMEs. The overall project management structure is depicted in **appendix 1**.

According to PMU staff and some key respondents, the current project management arrangement is working generally well. However, one observation by the Mission (also corroborated by key PMU staff) is that having the project budget being administered from the ILO office in Dar es Salaam (a non-project country) and having the CTA in Nairobi (spatially detached from the budget administration point) has only tended to lengthen the process of budgetary requisition and disbursement processes. Perhaps the lesson to learn here is that whenever possible, the budget for a particular project would be best administered in the country or one of the countries where the project is being implemented as long as there is an ILO office (for example ILO-office in Lusaka in the case of LGN-II). In the same vein, it might also be more appropriate to have the CTA located in the country where the budget is being administered from-again as long as there is an ILO office. The Mission understand that in the case of LGN-II, the CTA was located in Nairobi to boost the ILO office and to support the NPC in Nairobi as the NPC in Zambia was accessible to support by the ILO administration office in Lusaka.

3.4.2 Staffing

The Mission considers the core project team to be quite small given the size of the project especially taking into account the regional nature of the project; the number of anticipated outcomes (4), planned outputs (9) and activities (at least 25); the number of stakeholders the project is expected to collaborate with; and the short time line of project. This is further complicated by the apparent high degree of ignorance among target beneficiaries regarding labour law-related regulations and the nexus between such regulations and sustainable MSME development; and also the high level of informality and non-compliance with labour laws in the selected priority sectors in each country.

⁹ In Zambia, the National Advisory and Technical Committees were combined to form the National Technical Advisory Committee with five thematic sub-committees on procurement, training, media campaign, legal reform and advocacy. In Kenya, the project maintained the structure initially proposed in the project appraisal document, namely-a technical and an advisory committee as separate entities.

The Mission found project staff to be sufficiently qualified and committed to the project objective and deliverables-though the Mission noted feelings by one respondent from the ILO administration office in Lusaka that team work and interpersonal relations need to be continuously nurtured and that the CTA should spend more time in Zambia to boost implementation. Based on the Missions field-level observations and views of key project staff as well as some respondents from ILO constituents the following actions are recommended: (a) recruitment of a programme assistant in Zambia (on short-term-output-based arrangement) to support the NPC in speeding up implementation; (b) recruit an intern in Kenya to support the in to help the NPC-especially given now that training and awareness creation campaigns are about to start.

3.4.3 External Technical and Administrative Support to PMU

PMU staff overwhelmingly described the backstopping role by the DWST, particularly in relation to the development of the project strategy map, activity planning and other forms of technical support, as having been excellent. The project staff also indicated that the administrative and financial support by the ILO offices in Dar es Salaam and Lusaka to have been quite good. However, there was a strong feeling that processing EPAs has been slow which in some instances, albeit inadvertently, has resulted in frustrating project implementation. The PMU staff also indicated that technical and administrative support by the ILO office in Lusaka has been quite good. In addition, the project staff also indicated that staff from other ILO projects in both countries has collaborated well and has provided support to LGN-II whenever required.

3.4.4 Adequacy and Efficiency of Resource Use

The total project budget of the project amounted to US\$ 2.378 million and was earmarked to cover 2 project countries for a period of over two (2) years. While adequacy of financial resources is generally a relative question, the mission is of the view that the budget is rather modest given a number of factors pertaining LGN-II, namely: (a) the vast number of planned outputs (9) and sub-outputs/activities (at least 25); (b) the apparent high degree of informality and non-compliance with labour laws in the selected priority sectors (matatu industry in Kenya and MSME construction industry in Zambia; (c) the extent of ignorance on nexus between compliance with the labour laws & MSME Growth; (d) the multiplicity of stakeholders (institutions) that need to be involved and the required coordination activities; (e) existence of many and fragmented labour-related laws in each of the countries; (f) the required depth and breadth of consultations (for ownership) and the concomitant legal reforms; and (g) the weak capacity of some of the stakeholder institutions in both countries. The Mission noted that the project has utilized only 42% of the budget total project budget after 17th months of implementation or nearly two-thirds of the project period. Nevertheless, the Mission considers that the rate of budget absorption is expected to pick up quite rapidly with the onset of the planned training and awareness campaign activities in both countries.

It was not possible (nor a requirement under the terms of reference for this evaluation) to do “*value for money audit*” as such. However, a rather cursory assessment of the financial utilization revealed that the PMU has not only been prudent in the way they have managed project resources, but has also consciously leveraged well on resources of other ILO projects. This is for example the use of transport facilities from the YEF project in Kenya; administrative support from the recently ended BBW&JC project in Zambia, and technical support from national stakeholder institutions especially under the auspices of the national committees/sub-committees-though some respondents felt that this has somewhat been pushed a bit too far given that some tasks e.g. the recent recruitment of trainers of trainers which in Zambia took three full days. The feeling of most respondents from national stakeholder institutions is that some level of compensation should be provided where specific project tasks (not regular meetings) stretch for a significant amount of time-for example the afore-referenced case. This issue is somewhat threatening support from members of national collaborating institutions. The main concern of the Mission with respect to efficiency of resource use is that it would have been

more prudent for PMU to consider undertaking certain activities jointly rather than separately in each country. This is for example the development of the training toolkit; terms of reference for the communication strategy and the RIA-all of which had some commonality in orientation and purpose.

3.4.5 Monitoring and Evaluation

While the Mission observed that the project appraisal document had clearly and sufficiently defined project targets which also complied quite well with the SMART¹⁰ principles of project monitoring and evaluation (M&E) systems, it was also very impressed with the monitoring and evaluation tools and systems in the form of elaborate integrated strategy maps/work plans as was required in the project appraisal document (page 26). The purpose of the strategy map/work plans is to inform and communicate implementation strategy and activities for the benefit of internal and external project stakeholders, help in visualizing lateral linkages between outputs in a given initiative, and to explore linkages between these outputs and outputs of other related initiatives of the ILO and other development partners in the project countries, and also track implementation progress of the initiative against set milestones. The strategy maps entail same objectives and outcomes, but changing outputs and activities in accordance with periodical work plans, and traffic lights to inform project staff whether they are on track or falling behind schedule. The mission found this to be an effective monitoring and evaluation tool¹¹.

The project has been collecting data and information regularly. It has been developing work plans on a bi-monthly basis and has been producing M&E reports in the form of Technical Cooperation Progress Reports (TCPR) on a bi-annual basis-as required in the cooperation agreement. However, the mission considers bi-annual monitoring and evaluation reporting (i.e. the TCPR for purposes of reporting to the donor via PARDEV) to be rather long considering its importance in terms of facilitating timely decision-making towards effective project management. This is particularly given the important role played by more regular and frequent project M&E and reporting in relation to effective and timely decision making and overall project management. In this regard, the Mission recommends that the project introduces quarterly M&E reporting systems as a basis for providing PMU with regular and updated information for more effective management of the project.

3.4.6 Knowledge Management and Information Sharing

The project appraisal document committed the project to ensuring systematic documentation of outcomes of its various activities, and wide dissemination of its findings both among local stakeholders and the international community through an internet-based resource platform, reports and newsletters, and at conferences and workshops (page 28). The Mission observed that the project has been documenting its activities, outputs and outcomes regularly and has been sharing such information through various channels including print and electronic media, workshops and national and technical committee meetings. However, for enhanced outreach to stakeholders (especially the direct target beneficiaries-“matatu” and MSME construction enterprise owners and employees) the Mission recommends that project adopts an “out-of-the-box” approach explore the possibility of utilizing effective and cost-efficient information dissemination channels including but not limited to print media such as “*the Zambia Employer*” magazine of the Zambia Federation of Employers (ZFE); the “*Entrepreneur*” magazine of the Zambia Chamber for Small and Medium Business Association (ZCSMBA); the “*Public Service Vehicle*” (PSV) magazine of the Matatu Owners Association (MOA)-all of which indicated willingness to include relevant information in their magazines for free. While weblink with the DWST in Pretoria should be effectively utilized to disseminate project information, the project should also take advantage of other relevant fora including regular meetings of the various

¹⁰ Which is an acronym relating to monitoring and evaluation indicators of achievement and standing for *Specific, Measurable, Attributable Realistic and Time-bound*

¹¹ The Mission was informed that the ILO is in the process of acquiring a more advanced (a digital version) strategy map.

stakeholder organizations in the two target sectors (matatu industry in Kenya and MSME construction industry in Zambia).

3.5 IMPACT ORIENTATION AND SUSTAINABILITY

Key elements of project sustainability include stakeholder ownership, commitment and “buy-in” to project objectives and interventions; institutional capacity building; business orientation and incentives of interventions; creation of sustainable business enabling policy and regulatory environment; completeness of intervention mix; effective dissemination of relevant information; and development of business networking systems; among other things. Appraisal of the LGN-II project was hinged on these and other factors. The project is notably pursuing these sustainability-oriented interventions and there is overwhelming evidence of “ownership and commitment” in both countries as indicated by responses from virtually all respondents met during field interviews and evidenced by political will-e.g. the inauguration of the project in Zambia by the Minister of Information, Broadcasting and Labour which was attended by 99 guests from a variety of stakeholders including Minister for Commerce, Trade and Industry; the Permanent Secretary-Ministry of Justice; and Permanent Secretary Ministry of Works and Supply. The inauguration ceremony was also attended by a delegation from Kenya comprising six (6) members of ILO constituents.

While it is premature to talk about impact at this stage, the Mission concluded that there are good prospects for sustainability of project activities beyond its life subject to a number of provisions. In this respect, the Mission recommends that the project undertakes at least the following actions to enhance the prospects of project sustainability and anticipated impact:

- (a) *Step up capacity building-especially of ILO constituents (many of which are still technically weak) and other stakeholders-with such capacity building including areas such as evidence- based research and lobbying;*
- (b) *Formulate a clear and well articulated business linkage and financial access strategy-which is neither a target output in the PAD, nor in the project implementation strategy maps-despite the importance of knowing how exactly this will be done by both project staff and other stakeholders;*
- (c) *Formulate a clear and well articulated sustainability and exit strategy-which was not articulated upon in the PAD and has also not been developed by PMU-despite its importance in informing the project staff and other key stakeholders on exactly how the project will exit and how sustainability of project activities will ensured.*

4.0 MAIN CONCLUSIONS

The overall conclusion of the Mission is as follows:

- That while the project has been progressing generally well, it faces high risks of not achieving its anticipated outcomes and ultimate impact if delivery on the following key outputs is not expedited: (a) The Regulatory Impact Assessment in both countries; (b) Training Toolkit in the case of Zambia; and (c) the Communication Strategy-which although drafts have been produced-are yet incorporate findings of the baseline surveys in both countries.

- That sustainability of project activities is also at risk unless the project delivers on the following key ingredients during the remaining project period: (a) adequate capacity building of ILO constituents and other stakeholders and provision of sufficient incentives for national advisory/technical committees; (b) training of adequate number of trainers; (c) formulation of business linkage and financial access strategy and plan of action; (d) formulation of project sustainability and exit strategy and plan of action.
- That the project has inadvertently not given gender mainstreaming the attention it deserves partly because of the omission of gender-specific indicators of achievement in the Project Appraisal Document and its associated Log-frame; and partly because of the omission of gender mainstreaming criterion in priority sector selection-which (although appropriate in the context of other criteria that the project applied) are by default male dominated. That notwithstanding, the project should explore effective ways and means of enhancing gender mainstreaming in project activities.

5.0 EMERGING LESSONS LEARNED

The Mission noted the following emerging lessons:

- i. That *relevance of project objectives and activities to stakeholders and use of participatory approaches enhances quick and broad-based “buy-in”*;
- ii. That *non-compliance with labour laws by MSMEs in the selected sectors in the two project countries has not necessarily been deliberate, but much more due to lack of knowledge regarding the potential benefits to all parties and linkage to business growth*;
- iii. That *appropriate sequencing of activities and outputs is critical to smooth and effective project implementation*. The view of the Mission regarding sequencing is that the project should have undertaken the BS first for purposes of informing stakeholders on the overall status of the labour laws and compliance issues; followed by the RIA so as to inform on which labour law regulations are inhibiting compliance and exactly how; followed by the CS because it needs to be informed by findings of the baseline survey and the RIA study; followed by development of the training toolkit and conducting training of trainers because trainers need to be informed on the findings of the baseline survey, the regulatory impact assessment and the communication strategy; followed by training of MSMEs in the selected sectors-who need to be informed by findings of all of the above initiatives.
- iv. That *while leveraging on free voluntary technical services from national collaborating institutions has and should be the overarching principle in ILO-funded projects, “facilitation or motivation” by way of remuneration-where extended time inputs are required should be considered and built into the project budget during design*;
- v. That being a major and long term agenda of the ILO, *strategies for mainstreaming women in project activities should always be accorded specific outputs, outcomes and SMART indicators during project design* to ensure that project staff undertake the necessary activities towards this end (otherwise it is likely to be inadvertently left out);
- vi. That being a major requirement of the ILO, a clear and well articulated *sustainability and exit strategy should always (as a matter of principle) be part and parcel of project design, project inception or implementation outputs*.

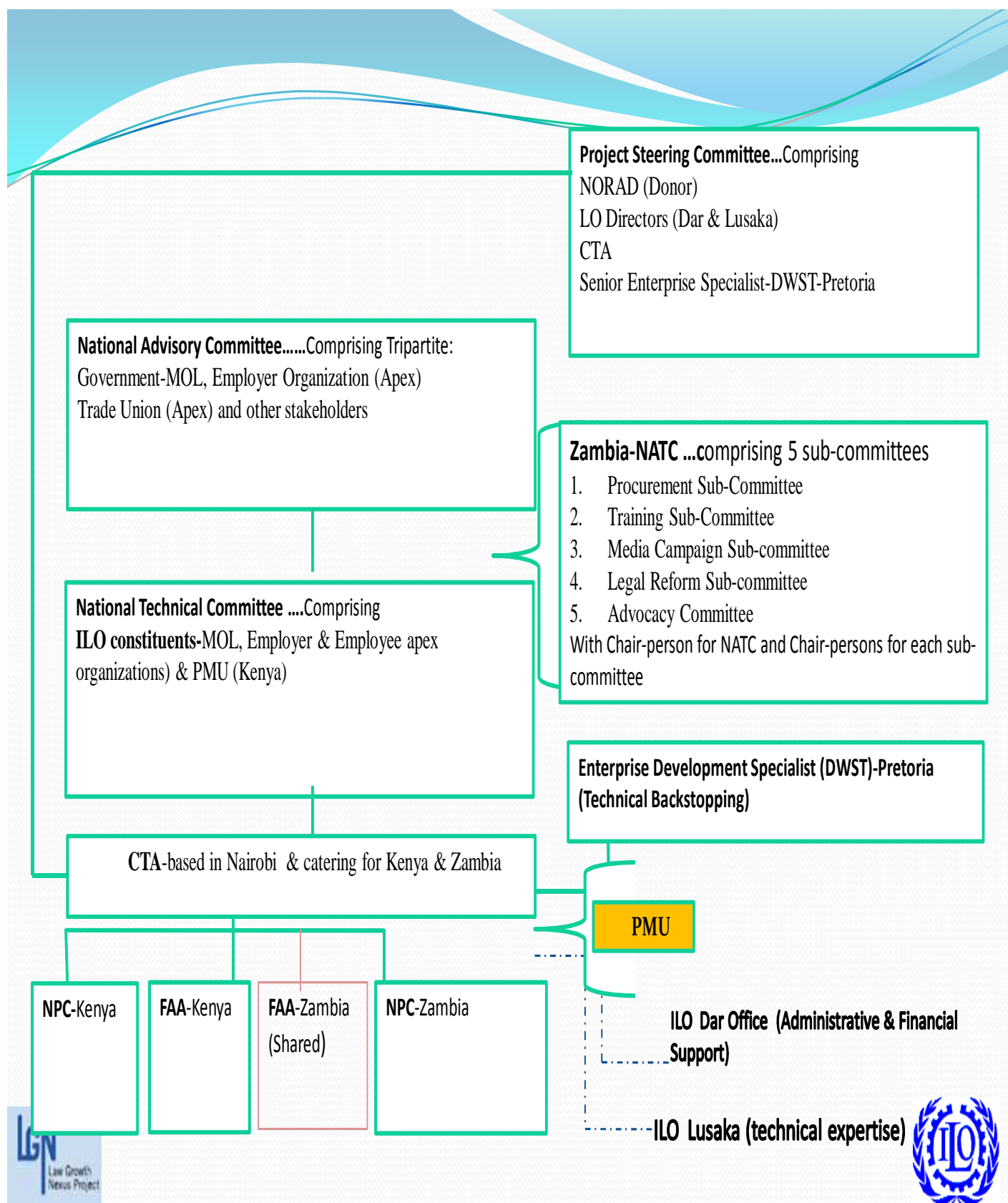
6.0 MAIN RECOMMENDATIONS

- i. The PMU to organize a **2-day stakeholder workshop** in each country before 31st October 2012-involving members of the National Advisory/Technical Committee, selected labour law experts and MSME representatives-**to provide the following deliverables on the RIA**¹².
 - *Identity and document key national-level labour –related regulations*
 - *Identify exactly how each of the regulations inhibit compliance to labour laws;*
 - *Prepare a priority list of national-level labour law regulations to form the project's initial regulation reform agenda;*
 - *Organize dialogue fora with relevant authorities*
- ii. **Develop project business-linkage and financial access strategy** by 30th October 2012 as means for delivering on output 4.2 and overall sustainability of project activities;
- iii. **Develop a clear and well articulated sustainability and exit strategy** by 15th November 2012, to provide the road map towards eventual smooth hand-over of project management to local stakeholders (tripartite and others);
- iv. Explore and implement **effective and cost-efficient information dissemination systems or channels** to expedite outreach to MSMEs and other stakeholders and incorporate **exchange visits** for key representatives to enhance awareness creation and knowledge sharing;
- v. **Step up capacity building of key stakeholder** (constituents, MSMEs & others) to enhance prospects for sector self-regulation and overall sustainability of project activities;
- vi. Explore and initiate **effective and cost-efficient strategies for mainstreaming women** in project activities in each country;
- vii. **Recruit a short term Programme Assistant/Officer**–with legal background under an output-based contract arrangement to assist the NPC for Zambia;
- viii. The PMU (with support of the DWST) to **develop a project extension concept note** by 28th December 2012 to facilitate fund raising efforts for a further 2 years-which is necessary to ensure attainment of the self-propelling status of the project as this is unlikely to be reached within the remaining 10 months
- ix. For effective implementation project activities in the case of Kenya incorporate key players in the Matatu industry that are currently not engaged including the **Traffic Police Department, Ministry of Transport, the four (4) Town Councils in the pilot towns of Nairobi, Mombasa, Nakuru and Kisumu; and also the Labour Board**-by organizing a retreat to bring the members on board in the project and for early “buy-in” and being the advisory arm of the Minister of Labour.

¹² Working with a labour law consultant to consolidate information from secondary sources, facilitate proceedings and prepare recommendation report-reform agenda

7.0 APPENDICES

Appendix 1: Indicative Organogram of Project Management Arrangement



Appendix 2: List of People Interviewed

NAME	ORGANIZATION	TITLE	EMAIL	TELEPHONE
Kenya				
Ms. Grace Sebageni	ILO	CTA	sebageni@ilo.org	+254 700 419300
Ms. Eunice Mathenge	ILO	NPC	mathenge@ilo.org	+254 717 552333
Mr. Charles Nyangute	BDS provider	Consultant	charles.nyangute@yahoo.com	+254 728 268625
Mr. George Muchai	COTU	Deputy Secretary General	bakers@form-net.com	+254 722 755027
Ms Millicent Ogula	COTU	LGN-II-Liaison Officer	---	
Mr. Samson Wainaina	MADCOWA	Chairman	madcowa06@yahoo.com	+254 724 477542
Dr Sammy Nyambari	Ministry of Labour	Commissioner of Labour	---	----
Mr. Isaiah Kirigua	Ministry of Labour	Senior Deputy Labour Commissioner	kirigua@labour.go.ke ibkirigua@yahoo.com	+254 772 235367 +254 722 235367
Mr Nicholas Mugambi	Ministry of Labour-DMSD	---	niko_mu2000@yahoo.com	----
Mr. Martin Eshiwani	Transport Licensing Board	Chief Executive Officer	---	+254 720 031220
Ms. Lucy Mathenge	Matatu Welfare Association	Secretary	---	+254 722 807622
Mr. Richard Kanoru	Matatu Owners Association	---	---	+254 722 938844
Mr. Andreas Klemmer**	ILO-Technical Backstopping Official)	Sr. Enterprise Devt Specialist	klemmer@ilo.org	+27739485474 / 0027128188044
Mr George Masese	Federation of Kenya Employers	Legal Officer	gmasese@fke-kenya.org	0720213974
Zambia				
Namucana Musiwa	ILO	NPC (LGN-II)	musiwa@ilo.org	+260 977 800905
Belinda Chanda	ILO	Programme Officer	chanda@ilo.org	---
Cosmas Mukuka	Zambia Congress of Trade Unions	Deputy Secretary General	zctu@microlink.zm	+260 965423241
Martin Clemensson	ILO	Director (Zambia)	clemensson@ilo.org	
Patience Matandiko	MOLSS	Senior Labour Officer	pency2002@yahoo.com	+260977480150
Kalobwe Chansa	Zambia Development Agency	Manager-Enterprise Devt.	kchansa@zda.org.zm	+260 966880312
Giyani Sakala	ZCSMBA	Research & Knowledge Mgt	giyani@hrdp.co.zm	+260 977880254
Obed Mbuzi	BDS Providers' Association	General Secretary	obedmbuzi@lycos.com	+260 977123539
Danny Simumba	Assoc. of Small Scale Contractors	National Secretary	zukanjisim@yahoo.com	+260 966768763
Petronella Shiaka	Zambia Women in Construction	Director: Housing Finance	petronella80@gmail.com	+260 975819391
Blessed Silavwe	Business & Professional Women International	Executive Director	mulez1972@gmail.com	+260 966763276
John Musonda	FFTUZ	Director-Research	musondaj@hotmail.com	+260 976454771
Prudence M. Tembo	National Council for Construction	Engineer	pmtambo@ncc.org.zm	+260 966438473
Harrington Chibanda**	ZFE	Executive Director	chibs19@yahoo.com	+260 977810281
Tâpera Muzira	ILO- Green Jobs in MSMEs Building Construction Value Chain Project	CTA	muzira@ilo.org ;	+260 965 849567
Pavla Jezkova	Royal Norwegian Embassy	Administration/Programme Officer	paje@mfa.no.emb.lusaka@mfa.no ;	+260 965 005566
Naomy Lintini	ILO- Green Jobs in MSMEs Building Construction Value Chain Project	Programme Officer	lintini@ilo.org ;	+260 966 774127

** Interviewed through Skype/Telephone



Appendix 3: Terms of Reference

International Labour Organization

TERMS OF REFERENCE (TOR): INTERNAL MID-TERM EVALUATION Of

Law-Growth Nexus Phase II: Labour Law and the Enabling Business Environment for MSMEs in Kenya and Zambia

1. Introduction and rationale for evaluation

This TOR is designed to support a consultant to conduct an internal mid-term evaluation (MTE) of the LGN-II project. The evaluation will assess project performance in relation to stated objectives, outcomes and outputs. An assessment of the effectiveness of management arrangements and project design, as well the efficient use of resources, and impacts and opportunities for learning will also form part of the evaluation. The evaluation provides an opportunity for mid-term course corrections to improve upon expected project deliverables and results.

The evaluation is an activity in the project cycle which attempts to determine, as systematically and objectively as possible, the relevance, efficiency, effectiveness, impact and sustainability of the project. The evaluation is expected to lead to recommendations and lessons learned for future use.

2. Brief background on project and context

The overall objective of the Law-Growth Nexus Phase II (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, and
- (4) To strengthen the capacity of MSME to comply with the revised labour law.

The design of the LGN-II Project is based on the research findings of the Law-Growth Nexus Phase I (LGN-I) Project and recommendations from said phase's final evaluation report. LGN-I carried out extensive research in 12 African countries on the root causes of the decent work deficit in the MSME sector. These findings were translated into recommendations for the design of the intervention strategy of the second project phase. LGN-II thus attempts to explore the effect of labour and labour related laws on micro, small and medium enterprises in selected priority sectors and seeks to examine the "win-win territory" where it is possible to reduce compliance costs for MSMEs and simultaneously improve protection for workers in those enterprises. 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.

- The priority sector in Kenya is the Public Transport Sector with a focus on the 'Matatu Industry',
- The priority sector in Zambia the priority sector is the Construction Sector.

The choice of priority sectors were determined by a number of criteria, including: a high level of concentration of MSME; the existence of decent work deficits (here with an emphasis of non-compliance with the labour law); MSME growth potential; employment intensity and consequently employment creation potential.

The LGN-II project strategy is based on a systemic approach to MSME development that promotes analysis and action across the whole system of issues that affect MSME behaviour rather than just one part of it. The systemic approach enables the project to identify and influence key issues that affect behaviour over time to maximize impact.

Four system levels of interaction of stakeholders are distinguished:

- i. Meta-level: Norms, values and perceptions held by stakeholders across system levels towards the (rule of) the labour law;
- ii. Macro Level: The policy, legal and regulatory framework defining the 'rules of engagement' among stakeholders as far as the labour law is concerned;
- iii. Meso-level: The institutional support environment to facilitate compliance among MSME, including provision of labour law specific business development services
- iv. Micro-level: The 'market place' where MSME interact upstream with Business Development Service (BDS) providers and down-stream with clients that value compliance as a service/product differentiator.

A number of changes, not reflected in the project document, have been made to date, and these should be taken into account during the evaluation (look for implications):

- Three countries were originally included the project design, these being Kenya, South Africa and Zambia. However, only Kenya and Zambia now form part of the project.
- At a stakeholders' workshop in November 29th –Dec 1st 2011 in Mombasa (Kenya) the stakeholders from both countries proposed to include micro enterprises into the intervention strategy. A recommendation was made to change the emphasis from SME to MSME. This was later approved and adopted by the project Steering Committee sitting in Lusaka in January 2012.
- At the same stakeholders' workshop mentioned above, Zambia stakeholders expressed the need to include additional activities related to supporting the labour law reform process underway in the country. The recommendations were brought before the Steering Committee in January 2012 and it was decided that two additional work streams, not directly related to the project design, be added. These falls under Outcome 3 and Output 3.1 (indicator: tripartite consensus on areas for regulatory reform). Activities 3.1.2 (support rendered to the national review of the Labour Law in Zambia) and 3.1.3 (review team workshop to disseminate key messages from the consultant's report in support of the labour code review) were thus added to the Zambia work plan.
- A number of changes with respect to management and institutional arrangements have taken place since the inception of the project. The CTA is based in Kenya and not South Africa as initially planned. Two NPCs were appointed, one to oversee implementation in each project country. Backstopping support (one Senior Technical Specialist and one Programme Officer) is provided from the ILO office in South Africa, whilst the project budget is held in Tanzania and not South Africa as reflected in the project document.

The LGN-II Project has a duration of 27 months and a budget of USD 2.378 million. The project is funded by the Norwegian Agency for Development Cooperation (NORAD). Effective implementation started late in the project cycle due to unavoidable delays. The project is scheduled for completion in March 2013.

3. Purpose, scope and clients of the Mid-Term Evaluation

The purpose of the evaluation is to enable project staff, constituents and other relevant stakeholders to assess the progress in delivery of project outcomes and based on this assessment, to take decisions regarding the intervention logic and emphasis of the project during its remaining time. The clients of the evaluation include: project staff (National Project Coordinators in Kenya and Zambia); the overall project manager (Chief Technical Advisor); technical backstopping staff (Senior Technical Specialist and Programme Officer at the Decent Work Support Team for Eastern and Southern Africa Office in South Africa); ILO Field Directors (Kenya, Zambia and South Africa); the donors; and constituents, in particular the national technical and advisory committees in Kenya and Zambia.

The MTE will assess five evaluation criteria as outlined below. Related to each of these criteria are a number of key evaluation questions as outlined in part 4 of this TOR.

- a. Relevance and strategic fit
- b. Validity of design
- c. Project progress and effectiveness
- d. Effectiveness of management arrangements and efficiency of resource use
- e. Sustainability

The MTE will be carried out in Nairobi, Kenya in the week of 20th – 24th August, 2012 and in Lusaka, Zambia in the week of 27th – 31st August 2012. For the purposes of an efficient logistical arrangement, it is expected, and will be planned, that the Lusaka, Zambia side evaluation be held in the week immediately following the Nairobi, Kenya side evaluation.

4. Key evaluation questions

As mentioned in the previous section and in line with ILO evaluation guidelines, the project should be assessed against five evaluation criteria. A number of questions have been developed for each set of criteria, as set out in the table below. The following key evaluation questions (second column) are expected to be answered through the MTE:

Evaluation criteria	Related key evaluation questions
a. Relevant and strategic fit	<ul style="list-style-type: none">▪ Is the programme directly supporting the national development priorities and the DWCP?▪ How well does it complement other relevant ILO project in Kenya and Zambia?▪ What links are established/being established with other similar activities of the UN or non-UN international development organizations at country level?▪ Does the project align with ILO's mainstreamed strategy on gender equality?▪ Does the project align with national gender-related goals?
b. Validity of design	<ul style="list-style-type: none">▪ Was the design process adequate?▪ Do outputs causally link to the intended outcomes/objectives?▪ Did the project adequately consider the gender dimension of the planned interventions?▪ Do the project objectives and outcomes adequately address gender concerns?
c. Project progress and effectiveness	<ul style="list-style-type: none">▪ What outputs have been produced and delivered so far, and has the quality of these outputs been satisfactory?▪ Are women and men likely to benefit from project activities?▪ What effects (expected/unexpected) are the interventions likely to have on gender relations?▪ What progress has been made towards achieving the programme objectives/outcomes?
d. Effectiveness of management arrangements and efficiency of resource use	<ul style="list-style-type: none">▪ Are the available technical and financial resources adequate to fulfil the project plans?▪ How effectively does the project management monitor programme performance and results?▪ Is information being shared and readily accessible to national partners?
e. Sustainability	<ul style="list-style-type: none">▪ Is there any progress in local partners' capacity to carry forward the project and is there a growing sense of national ownership?▪ Does the project succeed in integrating its approach into local institutions?▪ Does the project succeed in developing a replicable approach that can be applied with modifications to other sectors?▪ What are the possible long-term effects of the project on gender equality?

5. Methodology to be followed

The evaluation will employ three methodologies:

- Document reviews,
- Key informant interviews and
- One stakeholders' validation workshop in each project implementation country.

The methodology to be followed should include multiple methods, with an analysis of both quantitative and qualitative data. The different needs and views of men and women should be considered throughout the evaluation process.

The three methodologies as alluded to above are:

i) Document review

The evaluator shall familiarize him/herself with the project through a review of relevant documents. These documents include inter alia: Project Document, minutes of meetings (steering committee and country advisory committees), workshop reports, work plans, strategy maps, progress reports and monitoring reports. More information is also available on the project webpage at <http://www.ilo.org/public/english/region/afpro/pretoria/what/projects/lgn.htm>. Selected documents will also be made available to the evaluator via e-mail.

ii) Key Informant Interviews

- a. The evaluator will be available in Kenya and Zambia to carry out at least ten key informant interviews per country. Gender representation should be taken into account in the selection of interviewees.
- b. Interviews will use a simple questionnaire designed to solicit feedback on opportunities and constraints to the delivery of project outcomes.
- c. The questionnaire will be developed by the evaluator in consultation with project staff and tested with two interviewees (one in each project country) nominated by project staff before use.
- d. Interviews will be conducted face-to-face or by telephone. Project staff will arrange the interviews and where necessary provide a venue and communication facilities.
- e. Interview categories include project staff (CTA, NPCs, technical back stoppers in Pretoria), constituents in each country, other stakeholders (donors), beneficiaries, and selected other ILO staff. A list of interview categories will be given to the evaluator for selection.

lii) Stakeholders' validation workshops

- a. One stakeholders' validation workshop will be held in each project country. The workshop will be attended by key stakeholders who did not form part of the interview process. Gender representation should be taken into account in the composition of the workshop participants.
- b. The evaluator will develop a workshop programme in consultation with project staff. The workshop will be designed in such a way as to solicit feedback from attendees on the opportunities and constraints to the delivery of project outcomes.
- c. The evaluator will consult with the CTA and NPCs on the group to attend the workshop. Project staff will arrange the workshop and provide venue and workshop facilities as requested by the evaluator.

LGN-II project staff in Kenya and Zambia will be available on the ground to facilitate the MTE as required by the evaluator. Further logistical and technical support will be provided remotely by the programme support official in South Africa.

6. Main outputs

The evaluator will provide the following main outputs:

- A draft report for comment
- One stakeholders' validation workshop in each project country
- A final report

The evaluator will produce a concise final report according to the ILO evaluation guidelines and reflecting the key evaluation questions. The expected structure of the final report is outlined below:

- Title page
- Table of contents;
- List of acronyms or abbreviations [as appropriate]
- Executive summary
- Body of the report

Introduction

1. Brief background on the project and its logic
2. Purpose, scope and clients of evaluation
3. Methodology
4. Review of implementation
5. Main findings

5.1. Relevance of strategic fit

- 5.1.1. Is the programme directly supporting the national development priorities and the DWCP?
- 5.1.2. How well does it complement other relevant ILO project in Kenya and Zambia?
- 5.1.3. What links are established/being established with other similar activities of the UN or non-UN international development organizations at country level?
- 5.1.4. Does the project align with ILO's mainstreamed strategy on gender equality?
- 5.1.5. Does the project align with national gender-related goals?

5.2. Validity of design

- 5.2.1. Was the design process adequate?
- 5.2.2. Do outputs causally link to the intended outcomes/objectives?

5.2.3. Did the project adequately consider the gender dimension of the planned interventions?

5.2.4 Do the project objectives and outcomes adequately address gender concerns?

5.3. Project progress and effectiveness

5.3.1. What outputs have been produced and delivered so far, and has the quality of these outputs been satisfactory?

5.3.2. What progress has been made towards achieving the programme objectives/outcomes?

5.3.3. Are women and men likely to benefit from project activities?

5.4. Effectiveness of management arrangements and efficiency of resource use

5.4.1. Are the available technical and financial resources adequate to fulfil the project plans?

5.4.2. How effectively does the project management monitor programme performance and results?

5.4.3. Is information being shared and readily accessible to national partners?

5.5. Sustainability

5.5.1. Is there any progress in local partners' capacity to carry forward the project and is there a growing sense of national ownership?

5.5.2. Does the project succeed in integrating its approach into local institutions?

5.5.3. Does the project succeed in developing a replicable approach that can be applied with modifications to other sectors?

5.5.4. What are the possible long-term effects of the project on gender equality?

6. Conclusion

6.1. Conclusions

6.2. Lessons learned

6.3. Good practices

6.4. Recommendations

7. Appendices

The evaluator is required to append the following items:

- Terms of Reference
- Data collection instruments
- List of meetings attended
- List of persons or organisations interviewed
- Attendance registers of stakeholders' workshops
- List of documents / publications cited
- Any further information the evaluator deems appropriate can also be added.

The evaluator is responsible for reflecting any factual corrections brought to his/her attention prior to the finalization of the final report. Therefore, in order to ensure that the report considers the views of all parties concerned, is properly understood and factually correct, the evaluator shall submit a draft report to the no later than three weeks after completion of the evaluation mission. The Evaluation Manager will solicit and revert promptly with collective feedback from project staff and partners in order for the evaluator to finalize the report. The quality of the report will be assessed against the ILO evaluation checklists 4 and 5 (see annex). Adherence to these checklists should be considered a contractual requirement when submitting evaluations to ensure full remuneration of the contract. All evaluation report submissions must include a MS Word and a PDF version.

The final report shall be shared with the Steering Committee and technical/advisory committees in each project implementation country.

7. Management arrangements and work plan

The evaluation process is expected to be concluded within six weeks. Evaluation missions of duration of one week in each project country will take place during the 20th – 31st August 2012 as set out in the work plan below. The CTA and NPCs in each project country will be the direct focal points for support during these missions. Following these missions, two weeks are allocated for development of the draft report.

The draft report should be submitted for comment by latest 14th September 2012 to the Evaluation Manager, Ms Jane Maigua via maigua@ilo.org. One week will be allocated to concerned parties to provide inputs, where after the Evaluation Manager will return the draft report to the evaluator for finalization. The final report will be submitted to the Evaluation Manager and the CTA, Ms Grace Sebageni (sebageni@ilo.org), copying the Senior Technical Specialist (klemmer@ilo.org) and Programme Officer (lestrade@ilo.org), by latest 28th September 2012.

The programme support official, based in South Africa, will be focal point for all general, logistical and programme queries related to the evaluation. Said official can be contacted on email: lestrade@ilo.org, office tel. 0027-12-818 8075 or cell no. 0027-725812082.

Appendix 4: Bibliography

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