GEF EO Terminal Evaluation Review Form

1. PROJECT DATA

			Review date:	
GEF Project ID:	**573**		at endorsement (Million US$)	at completion (Million US$)
IA/EA Project ID:	**874**	**GEF financing:**	3.19	3.19
Project Name:	Removal of Barriers to Energy Conservation and Energy Efficiency in Small and Medium Scale Enterprises	IA/EA own:	0.50	0.54
Country:	**KENYA**	Government:		
		Other*:	4.59	4.59
		Total Co financing	**5.09**	**5.13**
Operational Program:		**Total Project Cost:**	**8.18**	**8.32**
IA	**UNDP**	Dates		
Partners involved:		Work Program date		07/01/98
		CEO Endorsement		12/20/99
		Effectiveness/ Prodoc Signature (i.e. date project began)		**PMIS: 04/ 2000** **First disb: 11/ 2000**
		Closing Date	Proposed: **05/01/2004**	Actual: **December 31, 2006**
Prepared by: Soledad Mackinnon	Reviewed by: Anna	Duration between effectiveness date and original closing: **48 months**	Duration between effectiveness date and actual closing: **79 months**	Difference between original and actual closing: **31 months**
Author of TE: Rona Wilkinson (Eco) & Evans Kituyi (University of Nairobi)		TE completion date: **11/10/ 2006**	TE submission date to GEF OME: **03/27/2007**	Difference between TE completion and submission date: **4 months**

* Other is referred to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.

2. SUMMARY OF PROJECT RATINGS

Please refer to document "GEF Office of Evaluation Guidelines for the verification and review of terminal evaluations" for further definitions of the ratings.

	Last PIR	IA Terminal Evaluation	Other IA evaluations if applicable (e.g. IEG)	GEF EO
2.1 Project outcomes	**HS**	**MS**	N/A	**MS**
2.2 Project sustainability	N/A	**ML**	N/A	**MU**
2.3 Monitoring and evaluation	N/A	NA	N/A	**MU**
2.4 Quality of the evaluation report	N/A	N/A	N/A	**MS**

Should this terminal evaluation report be considered a good practice? Why?
Yes. The report is very clearly presented, concrete, complies with the GEF-EO guidelines for TE, and allows the reader to understand the project context, goals, activities, and achievements. However, it does not adequately

address the financial problems of the project.

Is there a follow up issue mentioned in the TE such as corruption, reallocation of GEF funds, etc?
Yes.

In page 25, Financial Planning, ..” There has been a lack of financial continuity with figures submitted by PMU to the UNDP then being inserted onto the ATLAS system but PMU not having access to this system. This led to the situation during the last meeting in March 2006 where it was realized that there was a shortfall of almost $200,000 due to lateness of posting expenditure figures into the UNOPS ATLAS system. This meant that certain activities had to be dropped, including Project Monitoring Verification for the demonstration projects and the Project Impact Assessment, which has consequences for the verification of the GHG emissions.”

3. PROJECT OBJECTIVES AND ACTUAL OUTCOMES

3.1 Project Objectives

- **What were the Global Environmental Objectives of the project? Were there any changes during implementation?**

According to the project document, the overall development goal of the project (the project outcome for GEF) was to reduce CO_2 emissions through increased energy efficiency in Kenya’s small- and medium-sized enterprises and consequently provide growth of Kenya’s industrial sector.

There were no changes to the global environmental objectives during implementation.

- **What were the Development Objectives of the project? Were there any changes during implementation?**

According to the Project Appraisal Document, the project is designed to remove barriers to energy efficiency while increasing the institutional capability to implement energy efficiency projects. The project will specifically address the following barriers:

i) lack of experience in identifying energy efficiency options;
ii) lack of information regarding the economic viability of energy efficiency measures;
iii) lack of ability to develop bankable projects;
iv) lack of ability to secure financing for profitable projects; and v) lack of institutional capacity to mainstream energy efficiency within the SME and financial communities.

In particular, the project is designed to facilitate the learning process required for widespread application of energy efficiency and energy conservation activities in Kenya. The barriers addressed are common in many other African countries and there is significant scope for replicability.

According to the TE, there were no changes to development objectives during implementation. However, there are clear inconsistencies between the description of the project components given in the narrative of the project document and in the logical framework (e.g. the description in the body of the project document contains 4 components and 6 outputs; the logical framework only has 4 outputs). The listed activities are also different. This may have caused misunderstandings in project implementation.

3.2 Outcomes and Impacts

What major project outcomes and impacts are described in the TE?

According to the TE, the major project outcomes were:

- CO_2 emission reduction of 351,531 tonnes and cumulative emission reduction of 580,225 tonnes
- Assessment of energy saving potential produced; Over 100 training programmes prepared and delivered.
- Over 1200 trained from over 400 institutions
- Eight experts accredited with Certified Energy Manager (CEM) certificates
- Over 50 walkthrough energy audits and 20 full energy audits were completed
- 14 demo projects carried out in 6 enterprises
- Two other outcomes were added in 2005, after the Mid Term Review in 2003 and the Annual Planning Workshop in December 2004. These outcomes were to build capacity at KAM (to host the Centre for Energy Efficiency and Conservation) and to influence National Policy and Legislation to promote energy efficiency and conservation. The log frame was not changed.
- The Energy Bill was created in 2004 and incorporated energy efficiency.

4. GEF EVALUATION OFFICE ASSESSMENT

4.1.1 Outcomes (use a six point scale 6= HS to 1 = HU)

A Relevance	**Rating: H S**

According to the TE, the project idea and strategic concept had its origin within national, sectoral and development plans in Kenya and focused on the national environment and development interests. A wide range of policies and strategies from the Government of Kenya were under development to support industrial transformation and national development. Moreover, in 2004 Energy efficiency was incorporated in the Energy Policy, with Energy Bill. Outcomes are relevant with GEF OP 5 and 6.
B Effectiveness **Rating: MS**
According to the TE, project outputs and outcomes were achieved to a certain extent. The achievements of components such as awareness raising and training, CO2 emissions reduction and removal of the identified barriers to energy efficiency; were as per the expectations. However, the implementation of the demonstration projects was not as satisfactory as none of the demonstration projects were on SME and external financing was not secured.
C Efficiency (cost-effectiveness) **Rating: MS**
As it is stated in the TE report, in terms of cost-effectiveness the GEF component gave funds of $3.19 million and the estimated CO2 reduction over the lifetime of the production was given to the evaluators as 580, 225 tons so cost per ton of CO2 over the lifetime of the project is $5.50 per ton, which is satisfactory in terms of cost effectiveness.

4.1.2 Impacts

According to the TE, the project has had satisfactory impact in overcoming the barriers to implementing energy efficiency measures in small and medium enterprises in Kenya. An assessment of energy savings potential of industry and the hotel sector was carried out in 2002 and found a potential annual savings of 108,263 Toe (Ton of oil equivalent) financial savings of $32 million. An impact assessment carried out by GEF-KAM from 2003 to 2005 gave figures for the June 2006 of 115,447 Toe and $28.5 million which shows a substantial impact on the market The project succeeded in attracting up to KSh 20 (US$270,000) annually for 3 years from the Ministry of Energy [Memorandum of Agreement between the two institutions is available] for KAM to run energy efficiency activities.

4.2 Likelihood of sustainability. Using the following sustainability criteria, include an assessment of **<u>risks</u>** to sustainability of project outcomes and impacts based on the information presented in the TE. Use a four point scale (4= no or negligible risk to 1= High risk)

A Financial resources **Rating: MU**
According to the TE, the engagement of financial institutions was less than satisfactory. This poses substantial risk to the financial sustainability of the project.
B Socio political **Rating: L**
There is evidence of sustained political goodwill from the government and likelihood of further funding from the MoE to support energy efficiency activities, such as the running of the CEEC. However, the CEEC has not been able to retain most of the GEF-KAM project staff and may be forced to train new programme staff in the future if it is to effectively implement the activity it proposes in the Centre's programme document and work programme.
C Institutional framework and governance **Rating: ML**
According to the TE, the project effectively established a number of good partnerships and collaborative relationships with local, national and international entities There is evidence of ownership among the major stakeholders as seen from the current enrolment in the university courses and participation in the annual Energy Management Award. According to the TE, there is some instance of overall sustainability of the project activities-following training of KPLC by the project, they have been able to undertake 16 full energy audits and over 20 walk-through audits in enterprises in the country. The increase in the number of companies enrolling for assessment towards the annual Energy Management Awards since inception in 2004 when 16 firms participated, to 52 firms in 2005.
D Environmental **Rating: L**
Environmental risks to the sustenance of the project's benefits are negligible

4.3 Catalytic role

a. Production of a public good Knowledge is being generated on energy management at the University of Nairobi and Kenya Polytechnic **.**
b. Demonstration The aim of the demonstration projects was to raise awareness, to test and prove the new financial mechanisms and to illustrate to the SME and financial communities. According to the TE, good case studies were developed in the industrial and hotel sector. However, these demonstration projects, although having been successfully stimulated by the project, arguably have limited replication potential, across the whole SME sector, since they were mainly carried out in medium and larger companies, which had sufficient resources to implement the activities themselves. There were no demonstration projects showing how to implement energy efficiency savings in a small enterprise or

using external financing mechanism and thus no demonstration of how to overcome these barriers in such a situation.
c. Replication
d. Scaling up

4.4 Assessment of the project's monitoring and evaluation system based on the information in the TE

A. M&E design at Entry	**Rating (six point scale): MU**
The M&E plan does not include objectively measurable indicators for most of the project outputs and activities. According to the TE, a number of the project objectives, outputs and activities would have benefited from being reformulated in a verifiable and quantifiable terms. An example may be given from Activity 1.2: Seminars and Workshops. The indicators given in the project planning matrix were: • Good seminar/workshop attendance; • Presentation and open discussion of common energy use problems; • Increased dialogue between SME and financial institutions	
B. M&E plan Implementation	**Rating (six point scale): MU**
As it is noted in the TE report, "it was difficult for the project team to implement and assess progress for these activities". A number of the project objectives, outputs and activities would have benefited from being reformulated in a verifiable and quantifiable terms. In addition, methods for monitoring the impact and quality of courses carried out by the project have been lacking.	
C.1 Was sufficient funding provided for M&E in the budget included in the project document? Yes. Funding was previewed for M&E solely for the demonstration projects.	
C.2 Was sufficient and timely funding provided for M&E during project implementation? UA The evaluation team was given a printout of the complete final budget but this was not broken down by activities but with cost codes relating to the UNOPS/UNDP ATLAS system.	
C.3 Can the project M&E system be considered a good practice? No. There were problems with selecting the right indicators at the design stage.	

4.5 Lessons and Recommendations

Project lessons and recommendations as described in the TE

What lessons mentioned in the TE that can be considered a good practice or approaches to avoid and could have application for other GEF projects?
1. Public initiated programmes with social and/or environmental objectives can attract private sector participation if they are linked to economic and business motives of private sector. 2. Industrial associations are potentially very well placed to take forward the messages of energy saving and economy. 3. The Energy Management Award initiated by the project has shown excellent promise. This mechanism appears to be in high demand and have a real and positive impact on the awareness of companies. The approach is certainly worthy of replication in other countries. 4. Methods for monitoring the impact and quality of courses carried out by the project have been lacking. In future projects carrying out training, attention should be given to this aspect. 5. In the demonstration projects, no verifiable calculation of GHG savings was made. This is a significant shortcoming in a project where the purpose was the reduction of GHGs. 6. There was no demonstration project showing how to implement energy efficiency savings in a small enterprise, using external financing mechanism and thus no demonstration of how to overcome these barriers in such a situation. 7. A high level of stakeholder participation: the project outcomes required engagement and participation from Government, industry, utilities, financial institutions, companies and NGOs. The stakeholders involved in GEF-KAM were enthusiastic and continue to be supportive which was key in reaching the objectives 8. Support from the government, especially Ministry of Trade and Industry and Ministry of Energy: the ongoing support from Government was crucial in giving a high profile and authority to the project. 9. The PMU felt that although UNOPS added an extra administrative step it was a crucial component as had more flexible procedures and activities proceeded more quickly as a result. 10. PMU is key for implementation.
List (or if detailed summarize) the recommendations given in the terminal evaluation
• Under the component on awareness and training (component 1) it has become clear that mechanisms for the post project sustainability and replication are of concern. The short courses implemented by the project do not

appear to be continuing. Efforts should be made to identify institutional mechanisms for continuation. • More innovative strategies for engaging CEOs of SMEs should be developed, since this was a significant challenge in the execution of the project. • Excellent foundation has been laid for the creation of the Industrial Energy Efficiency Network. However there is a real and present need to identify strategies, which will rejuvenate the network, now that the funding from the project (and dynamic leadership) is coming to an end. An institutional mechanism to support this should be considered. • The formalizing of partnerships/linkages among institutions (e.g. KPLC/UoN) is highly recommended to ensure better co-operation and longer term sustainability. The process could be accelerated if the UoN recognizes the need to be more proactive in pursuing collaborative linkages. • The ESCO engagement strategy for Financial Institutions is not well defined and is of concern as the project failed to engage the financial institutions and there needs to be a clear strategy on how the ESCO is going to achieve this. • The demonstration projects were arguably only really relevant to a subsection of the enterprise sector as they were all at the larger end of the SME spectrum and all had internal financing. So, although good examples are available for this section, future activities should give priority to selecting demonstration projects that include smaller enterprises, and use external financing. This will give examples for the whole SME sector on how to overcome these barriers. • Continued cooperation and participation will be required to capitalize on the successes of this project.

4.6 Quality of the evaluation report Provide a number rating 1-6 to each criteria based on: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, and Highly Unsatisfactory = 1. Please refer to document "GEF Office of Evaluation Guidelines for the verification and review of terminal evaluations" for further definitions of the ratings.

4.6.1 Comments on the summary of project ratings and terminal evaluation findings from other sources such as GEF EO field visits, etc.

4.6.2 Quality of terminal evaluation report	**Ratings**
A. Does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	5
B. Is the report internally consistent, is the evidence complete/convincing and are the IA ratings substantiated?	4
C. Does the report properly assess project sustainability and /or a project exit strategy?	4
D. Are the lessons learned supported by the evidence presented and are they comprehensive?	6
E. Does the report include the actual project costs (total and per activity) and actual co-financing used? The evaluation team was given a printout of the complete **final budget** but this was not broken down by activities but with cost codes relating to the UNOPS/UNDP ATLAS system. It was not possible to breakdown activity cost by activities. The co-financing element was also not given (as it is not normally included in the ATLAS system) but the evaluation team understands that a full financial audit is being undertaken but was not finished during their visit.	3
F. Does the report present an assessment of project M&E systems? No. It does however include some judgment on the wrong use of indicators at the design stage of the project. In the TE report, there is no section for M&E assessment. M&E at entry is included in the rating of Project conceptualization and Design; and then there is a rating for project implementation approach. Both are given a "S" rating; but no precise rating is provided for M&E.	2

4.6.3 Assessment of processes affected attainment of project outcomes and sustainability.

Co-financing and Project Outcomes & Sustainability. If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability, and if it did affect outcomes and sustainability then in what ways and through what causal linkage did it affect it?

There has been a lack of financial continuity with figures submitted by PMU to the UNDP then being inserted onto the ATLAS system but PMU not having access to this system. This led to the situation during the last meeting of the PSC in March 2006 where it was realized that there was a shortfall of almost $200,000 due to lateness of posting expenditure figures into the UNOPS ATLAS system. This meant that certain activities had to be dropped, including Project Monitoring Verification for the demonstration projects and the Project Impact Assessment, which has consequences for the verification of the GHG emissions.
Delays and Project Outcomes & Sustainability. If there were delays in project implementation and completion, then what were the reasons responsible for it? Did the delay affect the project's outcomes and/or sustainability, and if it did affect outcomes and sustainability then in what ways and through what causal linkage did it affect it?
There are no explanations in the TE report with regards to project delays or modification of closing date.

4.7 Is a technical assessment of the project impacts described in the TE recommended? Please place an "X" in the appropriate box and explain below.	**Yes:**	**No: X**
Explain:		

4.8 Sources of information for the preparation of the TE review in addition to the TE (if any)

Last PIR (2006) Project Concept Document