

Country Name	<b>Project on Master Plan for Development of Dongo Kundu, Mombasa Special Economic Zone</b>
Republic of Kenya	

**I. Project Outline**

Background	Mombasa is the second largest city in Kenya having Mombasa Port which is the largest trade port in East African region, and a logistics hub for landlocked economies of Kenya, Uganda, Rwanda and other countries linked by Northern Corridor. In 2008, the Government of Kenya prepared a national development policy of the “Kenya Vision 2030” and declared to lift the country to be a middle-income country by 2030 by keeping 10% of annual economic growth. The economic plan of the Vision 2030 designated the highly prioritized twenty Flagship Projects including projects for establishing three Special Economic Zones (SEZs) in Mombasa, Kisumu, and Lamu. Land development, infrastructure development, and attraction of industries were expected to be realized by establishing these SEZs. In order to accelerate materialization of the Vision 2030, it was urgently required to establish a viable Master Plan for the development of the Mombasa SEZ.								
Objectives of the Project	Through compiling a master plan for the development of Dongo Kundu, Mombasa SEZ, the project aimed at implementation of the prioritized actions of the development projects, thereby contributing to the entry of companies in to the Mombasa SEZ. 1. Expected goals through the proposed plan <sup>1</sup> : Companies enter into the Mombasa SEZ. 2. Expected utilization of the proposed plan: The Master Plan will be approved by the Government of Kenya and prioritized actions will be implemented.								
Activities of the Project	<ol style="list-style-type: none"> <li>Project site: Mombasa SEZ</li> <li>Main activities: (1) development of the visions and concepts of the Mombasa SEZ, (2) identification of the target industries and functions of the Mombasa SEZ, (3) formulation of the plans for infrastructure development of the Mombasa SEZ, (4) decision of the operation and management of the Mombasa SEZ.</li> <li>Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Japanese Side</td> <td style="width: 50%;">Kenyan Side</td> </tr> <tr> <td>(1) Mission members: 17 persons</td> <td>(1) Staff allocated: SEZ Delivery Unit</td> </tr> <tr> <td>(2) Trainees received: 8 persons</td> <td>(2) Land and facilities: Japanese experts’ office, wireless internet</td> </tr> </table> </li> </ol>			Japanese Side	Kenyan Side	(1) Mission members: 17 persons	(1) Staff allocated: SEZ Delivery Unit	(2) Trainees received: 8 persons	(2) Land and facilities: Japanese experts’ office, wireless internet
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Project Period	January 2014 – September 2015 (Extension: April 2015 – September 2015)	Project Cost	(ex-ante) 350 million yen, (actual) 409 million yen						
Implementing Agency	Ministry of Industry, Trade & Cooperatives (MOITC) (former Ministry of Industrialization and Enterprise Development (MOIED))								
Cooperation Agency in Japan	Nippon Koei Co., Ltd., KRI International Corporation, Tamano Consultants Co., Ltd.								

**II. Result of the Evaluation**

<b>1 Relevance</b>
<p>&lt;Consistency with the Development Policy of Kenya at the Time of Ex-Ante Evaluation and Project Completion&gt;</p> <p>The project was consistent with the development policies of Kenya planned for materializing the Vision 2030. At the time of ex-ante evaluation, the SEZ Policy and the SEZ Bill for legitimization and acceleration of the establishment of SEZs including the Mombasa SEZ have been prepared for getting the approval of related authorities. At the time of project completion, the SEZ Policy was awaiting the approval from the East African Community Council while the SEZ Bill was under consideration by the National Parliament for possible enactment.</p> <p>&lt;Consistency with the Development Needs of Kenya at the Time of Ex-Ante Evaluation and Project Completion&gt;</p> <p>The project was consistent with the development needs of Kenya at the time of ex-ante evaluation and project completion. For Dongo Kundu area, the site of the project, the Kenya Port Authority who owned the area formulated an industrial development plan in 1989 for integrating the Mombasa Port and a free trade zone. In order to start practical activities for establishing the Mombasa SEZ based on the Vision 2030, the updated industrial development plan was highly required.</p> <p>&lt;Consistency with Japan’s ODA Policy at the Time of Ex-Ante Evaluation&gt;</p> <p>The project was consistent with the Japan’s ODA policy for Kenya at the time of ex-ante evaluation. One of the priority areas designated by the “Country Assistance Policy for the Republic of Kenya” (April 2012) was the economic infrastructure development. The program of “Wide-area Infrastructure Improvement” placed under this priority area aimed at development of the international corridor, smoothing of customs clearance, and development of special economic zones for vitalizing the trading of Kenya and east African countries.</p> <p>&lt;Evaluation Result&gt;</p> <p>In light of the above, the relevance of the project is high.</p>
<b>2 Effectiveness/Impact</b>
<p>&lt;Status of Achievement for the Objectives at the time of Project Completion&gt;</p> <p>The objectives of the project were achieved by the time of project completion. In the Master Plan prepared by the project, the concepts and visions of the Mombasa SEZ was formulated (Output 1); the target industries and functions of the Mombasa SEZ were identified</p>

<sup>1</sup> The degree of achievement of expected goals is not to be assessed in principle at the time of ex-post evaluation, since it is defined as the medium-to-long-term goals which will be attained as a result of crystallizing the proposed plan (“output” of the project).

(Output 2); infrastructure development plans for the Mombasa SEZ were formulated (Output 3); and organizational structures for operation and management of the Mombasa SEZ were decided (Output 4).

<Utilization Status of the Proposed Plan at the time of Ex-post Evaluation>

Although the Mombasa SEZ is not opened yet at the time of ex-post evaluation, preparations for projectization and policy and institutional setup based on the proposed plans have been progressing with the assistance mainly of Japan. The Master Plan formulated by the project was approved by MOITC in July 2015. After that, the agreement on the joint-development of the Mombasa SEZ by Kenya and Japan was made in the summit meeting held in August 2016. Based on this agreement, at the time of ex-post evaluation, the feasibility study on basic infrastructures (port and harbor, access road, power supply, etc.) in the SEZ is ongoing by the “Design Mission for Mombasa Special Economic Zone Development Project” (2016-2019 planned) assisted by JICA. Dispatch of a JICA expert (an advisor for facilitating the Mombasa SEZ development) to MOITC from 2019 is also planned. The comprehensive endeavors aiming at an early establishment of the Mombasa SEZ are progressing also in collaboration with the International Finance Corporation (IFC) which is supporting the development of legal systems relating to SEZs in Kenya. The preparations for almost all plans proposed in the Mater Plan, thus, have been commenced at the time of ex-post evaluation.

<Status of Achievement for Expected Goals through the Proposed Plan at the time of Ex-post Evaluation>

At the time of ex-post evaluation, as stated above, various approaches for projectization have been progressing based on the Mater Plan under the top-level agreement of the governments of Japan and Kenya. However, the expected goals set by the proposed plans have not been achieved because the Mombasa SEZ is not established yet. The degree of achievement of the expected goals is not to be evaluated as noted at the footnote on the previous page.

<Other Impacts at the time of Ex-post Evaluation>

Since construction works have not started yet in the SEZ, no resettlement and land acquisition, and no other negative impact have been caused by the project at the time of ex-post evaluation. The Strategic Environmental Assessment (SEA) for the master plan was undertaken in line with the legal requirements of Kenya. The specific procedures were guided by the National Guidelines for SEA (2012) and the Environmental Management and Coordination Act (1999), as well as the JICA Guidelines for Environmental and Social Considerations 2010.

<Evaluation Result>

In light of the above, the effectiveness/impact of the project is high.

Status of Achievement of Utilization Status of the Proposed Plan and Expected Goals through the Proposed Plan

Aim	Indicators	Results
Utilization Status of the Proposed Plan	The Master Plan will be approved by the Government of Kenya	(Ex-post Evaluation) Achieved The Master Plan compiled by the project was approved by MOITC in July 2015.
	The number of plans and priority issues proposed by the Master Plan implemented.	(Ex-post Evaluation) Partially achieved Aiming at the establishment of the Mombasa SEZ, the top-level agreement between the Japanese and Kenyan governments has been made based on the plans proposed by the Mater Plan. While the number of plans and issues implemented cannot be specified, for an early opening of the SEZ, the comprehensive endeavors are progressing assisted by JICA including the feasibility study ongoing, and dispatch of a Japanese expert planned.
Expected Goals through the Proposed Plan	The number of companies operating in the Mombasa SEZ	(Ex-post Evaluation) Not achieved No company has started its operation in the Mombasa SEZ because the Mombasa SEZ has not been opened yet.

Source: MOITC

3 Efficiency

Both of the project cost and period exceeded the plan (ratio against the plan: 117% and 140%, respectively) due to the prolonged demand forecast survey. The outputs were produced as planned. Therefore, efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

The SEZ Bill was approved by the National Parliament of Kenya and enacted as the SEZ Act, No.16 of 2015. The SEZ Policy, which was awaiting the approval from the East African Community Council at the time of project completion, is still under the partner states’ consultation process at the time of ex-post evaluation.

<Institutional Aspect>

While the project (master plan formulation) was implemented with MOITC as the Kenyan side counterpart, the feasibility study ongoing for the projectizations is conducted with the Ministry of Transport and Infrastructure (MOTI) in charge of port & harbor and road constructions, the Ministry of Energy and Petroleum (MOEP) in charge of power supply infrastructure constructions, and MOITC in charge of policy and institutional preparations. Agencies under MOTI and MOEP in charge of project implementations (Kenya Port Authority, Kenya National Highway Authority, Kenya Electricity Transmission Co. Ltd.) have experiences of implementation of Japanese ODA loan projects. From their performance of loan projects implementations in the past, no concern can be found in their institutional sustainability.

As of institutional setup for establishing the SEZ, the SEZ Authority was established under MOITC in 2017 following the enactment of the SEZ Act, No.16 of 2015. However, at the time of ex-post evaluation, the number of staffs of the Authority is four under the acting Chief Executive Officer (CEO) who has the post in MOITC.

<Technical Aspect>

Technical skills and knowledge on marketing, financing, and accounting of the supporting staffs of the SEZ Authority is not necessarily sufficient for implementation of the projects proposed by the Mater Plan and management of the Mombasa SEZ. In order to cope with this situation, IFC is implementing a technical cooperation for policy and institutional system improvement for the SEZ, and JICA plans to send a Japanese expert from 2019. Cooperation activities for improving technical capacities of MOITC and the SEZ Authority are, thus, progressing. Regarding MOTI and MOEP and the agencies under the Ministries have experiences of implementation of Japanese ODA loan projects, and no concern can be found in their technical capabilities.

<Financial Aspect>

According to the interview with the MOITC officer in charge at the time of ex-post evaluation, the budget planned for the SEZ Authority for the fiscal year 2018/19 is 9 million Kenya shilling (KSH) which is not sufficient for operationalizing the SEZ Authority. Therefore, the SEZ Authority requested the National Treasury for the additional financing under the supplementary budget.

Regarding the agencies under MOTI and MOEP, the budget has been allocated to them to implement several projects in Kenya including big-scale Japanese ODA loan projects. Besides, they have properly managed the finance of construction and operation of the loan projects, and no concern can be found in their financial resources and management capabilities.

<Evaluation Result>

In light of the above, slight problems have been observed in terms of the policy, institutional and financial aspects. Therefore, the sustainability of the effectiveness through the project is fair.

5 Summary of the Evaluation

The objective of the project was achieved by the time of project completion by submitting the Master Plan. The Master Plan was approved by MOITC. Preparation works for establishing the Mombasa SEZ are progressing based on the top-level agreement between the Governments of Japan and Kenya. The Master Plan is contributing to the formulation of the common perceptions of the projects' direction. As for sustainability, while further coordination is required to improve the policy and institutional setup and to improve the capacity including financial aspect of the SEZ Authority as a managing agency, sustainability of executing agencies in charge of project implementation is high. As for efficiency, the project cost and period exceeded the plan. Considering all of the above points, this project is evaluated to be satisfactory.

**III. Recommendations & Lessons Learned**

Recommendations for Implementing Agency:

- It is recommended for MOITC to make an active coordination among related organizations to firmly realize the policy and institutional preparations for the SEZ with the assistance of IFC and JICA. The coordination is also required for accelerating the approval process of the SEZ Policy by the East African Community Council.
- It is also recommended for MOITC to work on the National Treasury and the Staff Indent to allocate proper budget and staffs for the SEZ Authority.

Lessons Learned for JICA:

- Preparation works for establishing the Mombasa SEZ are steadily progressing under the top-level agreement between the Governments of Japan and Kenya based on the proposals made by the Mater Plan. This situation has become possible because the Master Plan was formulated in consistency with the Kenyan government's highly prioritized issues. In addition, in parallel with the Master Plan, the port and harbor development master plan was in the process of formulation in Mombasa area; and the Master Plan incorporated the contents of the port and harbor development master plan. This was also made the Master Plan realistic and feasible. In this way, in case of a large-scale area development project, because a wide variety of plans and projects are related, a master plan must be formulated in line with them through the comprehensive study on the contents, progress, and prospects of progress of those plans and projects.
- In case of a large-scale area development project such as the Mombasa SEZ, it is not realistic to expect a single ministry or implementing agency to assume major roles in all plans and projects. Therefore, the coordination among related authorities is indispensable. In order to smoothly transfer plans to executions, it is recommended for JICA to get involve the related authorities from the initial stage of a master plan development and keep their commitment during the implementation of the project.