



1. Project Data:		Date Posted : 05/07/2004	
PROJ ID: P001331		Appraisal	Actual
<b>Project Name :</b> Arid Lands Resource Management Project	<b>Project Costs (US\$M)</b>	25.1	24.3
<b>Country:</b> Kenya	<b>Loan/Credit (US\$M)</b>	22.0	19.4
<b>Sector(s):</b> Board: RDV - General public administration sector (57%), Other social services (15%), Agricultural marketing and trade (14%), General agriculture fishing and forestry sector (7%), General water sanitation and flood protection sec (7%)	<b>Cofinancing (US\$M)</b>	0.0	0.0
<b>L/C Number:</b> C2797; CP865			
	<b>Board Approval (FY)</b>		96
<b>Partners involved :</b> World Food Program, World Food Program (WFP), OXFAM, Great Britain (GB)	<b>Closing Date</b>	09/30/2001	06/30/2003
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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## 2. Project Objectives and Components

### a. Objectives

At appraisal the objectives were to strengthen and support community -driven initiatives:

- To reduce the widespread poverty and enhance food security in arid districts in Kenya
- To conserve the natural resource base in the arid lands (AL) through
  - improving crop and livestock resilience to drought;
  - increasing economic linkages with the rest of the economy; and
  - improving basic health services, water supply and other social services .

The Mid-Term Review (MTR) in 1999 formally amended the overriding objective of the project "to build the capacity of communities in the arid districts of Kenya to better cope with drought ."

### b. Components

The project costs in the Staff Appraisal Report (SAR) and the Implementation Completion Report (ICR) were \$25.1 million respectively, comprising:

- Drought Management (DM)** (\$10.9 million at appraisal and \$9.2 million at completion): To institutionalize DM at the national and district levels in order to facilitate the effective management at all phases of a drought, including preparedness, mitigation, and recovery . This component was enhanced at MTR with a Rapid Response Fund at the district level (for which a disbursement category was added ) .
- Marketing and Infrastructure (M&I)** (\$3.4 million at appraisal and \$1.8 million at completion): To improve livestock market linkages between the arid lands and the rest of the Kenyan economy .
- Community Development** (\$5.9 million at appraisal and \$6.2 million at completion): To increase the capacity of communities in arid lands to protect and develop their livelihoods by dealing with drought cycles in an effective way.
- Project Implementation Support (PIS)** (\$4.9 million at appraisal and \$7.1 million at completion): To establish, staff, and equip a National Project Coordination Office, a National Project Steering Committee, and a District Steering Group in each district, serviced by small District Support Units of project staff, as well as funding for a range of training activities, studies, and technical assistance .

### c. Comments on Project Cost, Financing and Dates

The project, funded by IDA, closed 2 years later than initially projected, partially attributable to a depreciated Kenyan Shilling that provided additional local funds to extend grants for water supply and livestock micro -projects. While

complete information on project costs was available to the ICR mission, these were not sorted according to project components due to the community-driven development (CDD) nature of the project, which resulted in a considerable blurring of the boundaries between the three main components and in some types of investments (such as water supply) occurring in all three components. The ICR mission judged that there was of an under-run on civil construction costs compared to the SAR estimates, an overrun on incremental operating costs, an under-expenditure for M&I, and over-expenditure on PIS (eventually 30% of project costs.) Water supply investments comprised over 43% of project expenditures.

An IDA credit of US\$ 60 million for a second Arid Lands Resource Management Project was approved by the Board in June 2003 and became effective in September 2003.

### **3. Achievement of Relevant Objectives:**

**Drought Management** . The project supported the establishment of a drought management system, including detailed arrangements for drought warning, mitigation, and recovery, aimed at reducing drought-inflicted losses and the need for repetitive emergency interventions. Changes in management and administrative processes within line agencies and special project units, facilitated by capacity building and participative planning, empowered communities and encouraged them to take a role in bottom-up planning and implementation. Improved natural resources management, health and social services, M&I and livestock husbandry, where achieved, helped communities cope with drought. The District Focus Strategy (DFS) provided encouragement to devolve implementation and an early warning system (EWS) was implemented. Overall, the achievement of this component was substantial.

**Marketing and Infrastructure** . The constraints to livestock market linkages were only partially ameliorated. Investments, such as stock routes, watering points, sale yards, raising of slaughterhouse standards, improved health and meat quality control, eventually comprised 7.4% of project expenditure, compared to an anticipated 13.5%. On cost grounds, the government did not approve consultant proposals to improve market information flows, and key staff were not appointed at the central and district levels. The borrower considered the design of this component to be inadequate, and confirmed that achievement of this component was only partial.

**Community Development Management** . The communities' 30% financial participation in 1200 micro-projects revealed a demand for, and confidence in, the project. However, the ICR acknowledges that the project did not have a sufficiently clear and detailed design for monitoring and evaluation, which is particularly important to assess the outcomes and impacts of a project that has a flexible, demand-driven design and that is encouraging new ways of operating and managing the flow of funds during implementation. The ICR also acknowledges the problem of elite capture at the community level, which the project team and Bank supervision addressed through improving participatory methodologies and carrying out a beneficiary assessment. The achievement of this component was intermediate between the first two components.

**Project Implementation Support** . This component was partially achieved. The M&E subcomponent was never thoroughly implemented. Two studies on the key issue of land tenure were ineffective. The adoption of GOK rules enabling more direct involvement of communities in procurement took a long time and is still incomplete.

The ERR analysis assumes that the main economic benefits from the project result from the reduction in livestock mortality rates by about 25 percent, which enables a 10-20 percent increase in livestock sales per year. Recalculating the ERR using the actual costs of the project, the actual livestock prices, and the actual sequence of droughts and related livestock mortality rates, while maintaining the other assumptions in the SAR, yields an ERR of 20-23 percent, compared to the SAR estimate of 17 percent. Acknowledging that the project covered only about 40 percent of the AL population rather than the 100 percent assumed in the SAR reduces the ERR to 10-12 percent. On the positive side, the project also had a number of non-quantifiable social benefits such as community empowerment, capacity building, increased access to schools, and improved health. On the negative side, many of the economic benefits derive ultimately from the utilization of water resources in the project area. It is not clear from the evidence provided whether this increased utilization is resulting from the more efficient and sustainable utilization of water resources or from the exploitation and unsustainable use of these resources.

### **4. Significant Outcomes/Impacts:**

- i. The project generated a wide body of knowledge and experience by piloting a system of decentralized planning, decision making and implementation at the district level, to increase the resilience of pastoral communities to cope with drought.
- ii. Through the introduction of national and district management structures, the project has improved the overall coordination of donor assistance to the arid lands, thereby shortening drought response times (particularly during the very severe 1999-2001 drought), and improving relief coordination.
- iii. Counterpart funding, a long-standing problem, was adequate and timely as a result of improvements made by the Ministry of Finance. The increased channeling of disbursements through District Steering Groups decentralized financial control and diminished the power of sectoral line ministries.
- iv. The beneficiary assessment in three districts concluded that "the AL communities perceived the impact of the project to be universally positive in terms of access to water and human health."
- v. The EWS allowed the districts to declare a drought emergency, a function previously the preserve of central government.
- vi. The project's community orientation contributed to resolving inter-ethnic conflicts, increased voice and advocacy

for the beneficiaries, and deepened national political awareness of the extreme problems faced in the Northeast .

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

- i. The weakest part of the project was monitoring and evaluation . While the project succeeded in putting in place an M&E system to generate the information needed for the monthly Early Warning Bulletins, and conducted a beneficiary assessment in three districts, the ICR acknowledges that the project's participatory focus led to inadequate attention to M&E. Insufficient detail was provided at the design stage with respect to the baseline studies and to the range and type of information to be collected on a regular basis . As a result, the M&E subcomponent was never thoroughly implemented . In spite of the wealth of information collected by the project, the limitations of the design of the data management system hindered analysis of the data for evaluation purposes and the measurement of project impact .
- ii. The absence of a water resource management strategy for ground and surface water could adversely affect the sustainability of the project. The ICR notes on pages 8-9 that water supply investments represented 43% of total project expenditures, including 779 boreholes rehabilitated, shallow wells dug or improved, water pans constructed or rehabilitated, and underground tanks constructed . The ICR further notes on page 4 that "continued care and monitoring of the effect of water points on grazing concentration and borehole water abstraction (sic.) on ground water resources will be required ."
- iii. Addressing the issue of land tenure is critical to sustainable drought management . Yet, the study on this subject was unable to provide effective recommendations and was inconclusive . A second consultancy on the same subject also did not serve the purpose . (The ICR cites political consideration as a factor .) Given the importance of the subject, Bank supervision should have given greater importance to ensuring that an effective study was carried out.
- iv. Procurement policy delayed the micro-projects by DSUs and NGOs until 2001, although participatory implementation and oversight were a core design feature . In one or two instances, districts used the Rapid Response Fund (intended to be for emergencies) for improvement of water supply, but this was discovered and corrected.
- v. At times, the annual DM workplans reflected more the priorities of the District Steering Group (DSG) than those of the communities. However, in these cases, the failures of the participatory processes were identified and corrected.
- vi. Government policy guidance for livestock marketing, animal health, land tenure and security, was lacking .
- vii. Mobile Extension Teams (METs), which were drawn from NGOs and line ministries, were not fully available and accountable to the project management team . Frequent turnover reduced the return to the project of training investments.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Moderately Satisfactory	[The ICR's 4-point scale does not allow for a "moderately sat." rating]. The project had a number of shortcomings, in particular the failure to implement a coherent M&E system. (See section 5 above).
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Likely	Non-evaluable	Sustainability depends to a large extent on the efforts that are made under the second project which become effective in September 2003. The sustainable use of the water resources is also an unknown factor in the face of an inadequate conservation strategy and a harsh environment .
<b>Bank Performance :</b>	Satisfactory	Satisfactory	Marginally so. Good supervision made up for weak quality at entry . Inadequate attention was given to M&E at entry, particularly for a project with a flexible, demand-driven design.
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Unsatisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

- i. It is very difficult to develop drought management capacity and make communities resilient to drought when they

are located in a fragile and hostile environment . The difficulty is magnified when pastoral communities are largely nomadic and deriving their livelihood from extensive pastoralism .

- ii. Arid land development programs should, at an early stage, incorporate a water strategy, environmental impact studies, and groundwater assessments, and appraise the effect of dams and diversions on sediment control and erosion.
- iii. Locating the Drought Management Secretariat under the Office of the President is an effective way of getting the attention of public servants.
- iv. When a project is burdened with more than one implicit and overarching objective, merely rewording the objective is unlikely to clarify what the project is expected to achieve .

**8. Assessment Recommended?** ☒ Yes ☐ No

**Why?** A project performance assessment (PPAR) would also provide an independent perspective of the Phase II Project and would inform a possible thematic study of water strategy and arid land development in Africa .

**9. Comments on Quality of ICR:**

The ICR is unsatisfactory . It does not clearly explain the major reasons behind the restructuring that occurred at MTR. While acknowledging that the original objectives were too broad and ambitious, its fails to clarify how the revised objective changed the expected outcomes . The ratings above are partially based on additional information subsequently provided to OED by the region -- and which should have been reflected in the ICR .

Both the SAR and ICR are very loose in citing multiple main and overarching objectives -- for instance "the over-arching objective of the project is to reduce widespread poverty and enhance food security in the Arid Lands ." Also stressed as project goals were improved drought risk management, increased government and civic institutional capacity, enhanced natural resource management, and community empowerment . While the project may have been rich in experience, the ICR does not draw on the "wealth of data available" to present a convincing evaluation . It is not clear how progress was measured .

The ICR also contains some inconsistencies . On page 5, the ICR cites the successful establishment of drought grazing reserves as a good example . Then on page 6, it refers to temporary measures (such as temporary water supplies to be replenished by tankering ) in the absence of permanent grazing reserves . The ICR lists 9 project districts on page 2, refers to 11 districts on page 5, and refers to 10 districts on page 7 (although the latter may be just for the community development component).